

Corporate Sustainability Report 2015

Sanko Diecasting (Thailand) Public Company Limited



About This Report

This corporate sustainability report of Sanko Diecasting (Thailand) Public Company Limited for the year 2015, had been prepared separately from the annual report. This is the 2nd report since 2014 which was when the Company had produced the 1st corporate sustainability report.

The scope of this report is to communicate to the shareholders and all the Company's stake holders about the visions, policies, strategies, selections and the priorities for the work on sustainable development and the approach in managing all aspects of the Company, leading to Organizational sustainability in the future. This reflects to the stakeholders, the will and determination of the Board of Directors and the staffs in order to add long term value to all sections of the stake holders, including creating the mutual values for the economy, society and the environment. The Company had selected and prioritized the more significant issues on sustainability through the meeting between the stakeholders within the Organization (Board of Directors, Executives and staffs), and outside of the Organization (shareholders and trade partners) who are the stakeholders through the shareholders meeting, various visits, customers questionnaires, events and other activities by exchanging opinions verbally and via answering the questionnaires. The Company took the issues of sustainability and select, evaluate and prioritize the importance of the sustainability issues in order to adequately meet the demands and the expectations of the stakeholders and in accordance with the Company's business operation.

This report shows the results of the corporate sustainability operation of Sanko Diecasting (Thailand) Public Company Limited, which is related to the operation of the Organization during 1st January – 31st December 2015 and had been prepared under the guidelines of the 4th Global Reporting Initiative (GRI – G4).

For more information, please contact;

Community Relations Department

Sanko Diecasting (Thailand) Public Company Limited.

3/14 M. 2, Rojana Industrial Park (Ban Khai), T. NongBuu, A. Ban Khai, Rayong, 21120

Telephone: 038-961-877-880 Fax: 038-961-876 E-Mail: csr@sankothai.net

The Company had prepared and publicized the corporate sustainability report of the year 2016 in both documents and the electronic files format which can be downloaded at www.sankothai.net.

VISION

Sanko is determine to be the leading company for the diecasting industry, to be acknowledged internationally and also help developing new innovations in all aspects and finally being able to sustainably create products under the Company's trademark which are accepted by the customers for their quality and services.

SUSTAINABILITY MISSIONS

1. Excellence in all aspects
2. Utilize new technologies and innovations for designing and developing the manufacturing process.
3. Bring out the potentials and the abilities of the staffs in the Organization in order to create the Company's trademark by the year 2019.

CORE VALUE

- Innovation
- Proactive Working
- Achievement Orientation
- Sense of Belonging

CORPORATE SOCIAL RESPONSIBILITIES

Sanko Diecasting (Thailand) Public Company Limited operates in manufacturing automobile parts. The Company determines to operate responsibly to the effects in all aspects caused by the business operation of the Organization by upholding business transparency, ethical, accountable and is respectful to the human rights and the benefits of the stakeholders. The Company strives to produce quality automobile parts, safe for the consumers and always be considerate of the effects to the society and the environment by following the laws, regulations and other related international practical guidelines, including aiming to develop and improve in order to sustainably and continuously build up the foundation of responsibility towards the society.

Stakeholders Engagement

All sections of stakeholders are important to the continuing progress of the Company's business operation and share the significant parts in order for the business to grow sustainably both presently and in the future. The Company had analyzed and estimated the expectations of all stakeholders both internally and externally for the purpose of acknowledging their demands and also to determine the trends of their expectations which may change in the future. To this, the Company had assigned the stakeholder and also engages those stakeholders from all significant sectors and can affect the Company as follows;

Stakeholders	Engagement	Expectations / Demands	Response / How to Build Up Relations	Results
Employees - part time - Permanent	- Executives meet up with the staffs every quarter. - Listen to advice and opinions, KAIZEN - Trainings and seminars for skills improvement according to the annual master plan. - Morning Talk session before work. - Annual safety day and energy day events. - SDT News magazine.	- Salary increase and suitable remunerations - Appropriate benefits - Safety and risks reduction in terms of healthcare. - Occupational stability and opportunity to grow in career paths. - Developing knowledge and skills - Positive work environment. - Can enjoy a good lifestyle after retirement.	- Fair remunerations and salary, including all benefits (food, petrol, hot work). - Fair treatment and the respect of human rights. - Establishing the Saving and Credit Cooperative of Sanko Thailand Limited - Establishing the Friend for Friend project. - Provident Funds - Insurance for staffs by Krungthai-AXA Life plc. - Provide carrier Path / Succession chart. - Happy Workplace activities for staffs - Operate under the international standard for occupational health and safety in work place	- Staffs relationship to the Organization. - Reduce the rates of staffs quitting the job. - Staffs are happy and have work securities. - Staffs are safe in the work place.

Stakeholders	Engagement	Expectations / Demands	Response / How to Build Up Relations	Results
			OHSAS/TIS 18001 -Environmental Management under the international standards ISO 14001.	
Customers - Internally - Externally	- Visit customers -Customers' satisfaction questionnaires - Provide technical knowledge to customers. - Joint activities with the customers such as KAIZEN and PREMA - Invite customers to visit and see the manufacturing process. - Listen to complaints - Communicate through various channels	- Receive quality products and services. - Products with adequate price - Compete transparently on price - Products with adequate price - Fair contracts - Compete transparently on price - Customers confidentiality	- Good corporate governance, transparent, fair and accountable - Manufacture automobile parts with standard quality ISO/TS 16949 - Be ethical about the customers' confidential information - Welcome the factory visits / inspections by the customers - Meet the requirements of the customers -Customers' satisfaction questionnaires	- Customers are satisfied with the services of the Company - Customers place long term or continuous orders.
Shareholders - Major - Minor - Investor	- Hold the annual shareholders meeting - Prepare annual report - Announce the business performance quarterly	- Dividends (profits) and growth - Manage the Company ethically under the principle of good governance	- Good corporate governance, transparent, fair and accountable - Pay out the dividends adequately - Disclosing the information	- Growth in the business operation - SET Sustainability Awards

Stakeholders	Engagement	Expectations / Demands	Response / How to Build Up Relations	Results
	- Invite investors to visit the manufacturing process - Respond to inquiries via phone or emails		- transparently - Anti-corruption policies and enforcement - Operational results and returns from investments - Build confidence for shareholders and investors.	
Supplier Vendor	- Communicate through various channels - Give advices for improvement - Inspect the manufacturing process and the quality of the ingredients	- Receive information accurately and in a timely fashion - Compete on price fairly and transparently - Follow the contracts fairly	- Anti-corruption policies - Follow the purchasing agreements policy - Develop the vendors together. Provide knowledge and understanding at least to the required standards.	- Continuous trades relationship - Mutual business growth - Treat the partners fairly and equally.
Community - Communities around the factory -Distant community	- Investigate the needs and the satisfaction of the community. - Organize dialogues or meetings with the community - Allow the community to visit the factory - Joint activities with the community - Join the monthly community meeting to	- Become good friends - Support the community's activities. - Follow the principle of human rights and oppose corruption. - Not causing negative effects and take care of the	- Create trusts and mutual understanding - Support public activities. - Create staffs with service minds to help with public activities - Human rights policies - Anti-corruption policies - Environmental Management under the international standards ISO 14001.	- Be accepted by the community and the society - No complaints to the Company's business operation

Stakeholders	Engagement	Expectations / Demands	Response / How to Build Up Relations	Results
	propose ideas and participate	community's environment. - Create income and progress to the community - Operate the business transparently	- Energy management following the Energy Conservation Promotion Act (edited B.E. 2550).	
Securities and Exchange Commission (SEC)	- Resolution from the relevant meetings - Financial statement -56-1 , 56-2 and SD Report	- Strictly follow the laws and regulations related.	- Strictly follow the laws and regulations related.	- Deliver documents as requested by the SEC - Follow the regulations of the SEC
Competitors	- Exchange information, news of the products, material sources and the machineries for production.	- Compete in the business fairly and transparently.	- Follow the business principle in order to operate fairly and transparently.	- Treat the competitors according to the business ethics.
Press / Media	- Information disclosure - Interviews	- Receive the Company's information continuously, accurately, equally and on time. - Provide the information to all	- Manage the information disclosure and the press engagement so that all information is received accurately, fully, equally and on time.	- Receive the Company's information continuously, accurately, equally and on time.

Stakeholders	Engagement	Expectations / Demands	Response / How to Build Up Relations	Results
		medias equally		
Government Sector	- Provide reports in accordance with the law - Allow Company visits from the government sector.	- Strictly follow the laws and regulations related. - Set an example to other companies in terms of good governance, safety and environmental friendly - Not causing negative effects to the society and the environment.	- Strictly operate the business transparently, honestly and fairly. - Strictly follow the laws and regulations related.	- Provide reports in accordance with the law - Follow the governments regulations.

Sustainability Issues

The Company is aware and emphasizes on the selection and prioritizing the sustainability issues. As for the selection in this year, the Company held a meeting to discuss among the stakeholders both within and outside of the Organization, such as the Board of Directors, Executives, staffs, shareholders and trade partners through various channels for example, in the meeting, visits, customers' questionnaires, Board of Directors', Executives' and staffs' questionnaires, and also the issues relating to the risk of the Company's business operation had been selected, evaluated and prioritized the significance for the sustainable operations, in order to meet the demands and expectations of the stakeholders appropriately and in accordance with the Company's business practice.

In addition, the Company had studied and implemented the sustainability issues following the Global Reporting Initiative (GRI – G4) into account for evaluation as well.

Significant Sustainability Issues for 2015

Important to Stakeholders	Very Important	- Fair competition - Information and reports disclosure - Responsibility to stakeholders - Fair treatment to stakeholders -Remunerations and benefits to stakeholders - Equality and respects of human rights	- Good corporate governance - Sustainable business - Healthcare and safety at work place - Energy management -Manufacturing process and services that are environmental friendly - Sustainable business growth - Wastes management - Anti-corruption - Training and human resource development - Listen to complaints and requests
	Important	- Mutually develop trade partners -Conserve the resources and the environment - Business operation's indirect side effects - Support and donate for the community and the society - Business operation's indirect side effects	- Risks management - Take care of staffs - Business operation that is related to the environment - Follow the laws and regulations - Build confidence and Company's image - Respond to demands and create customers' satisfaction - Developsupplier chain
	Important	Important	Very Important
Important to Sanko			

Important Issues		Management Guide Lines	Results
1	Sustainable business growth	- Increase efficiency and expand the products to meet the various demands of the customers	- Change the injection machines in order to improve efficiency. - Purchase products inspection machines in order to improve products quality - Produce original products under Sanko's brand.
2	Sustainable business operation	- Overseeing the operation with regards to the economy, society, environment and corporate governance.	-CSR department is responsible for following up all activities according to the designated plan. - SET Sustainability awards for 2015 with 55% score (mean average at 48%) - Honorable awards for the Watsangsuk Konsangchat Bhuddasangjai campaign for the year 2015 from the Technology Promotion Association (Thailand - Japan).
4	Good corporate governance	-Consider the development and improvement of the corporate governance following the advice of the internal auditors as appropriate to the business operation.	- Corporate governance is being evaluated quarterly every year by the financial and production inspector.
5	Training and human resource development	- Set operation plans and training courses to develop skills and knowledge of the employees.	- The Company holds training courses both inside and outside of the Organization by using the speakers from within the Organization and from other sources about the course on Company's

Important Issues		Management Guide Lines	Results
			operation, CSR and opposing corruption.
6	Anti-corruption	- Proceed under the anti-corruption policies. - Implement system that opposes corruption.	- Anti-corruption personnel have followed up with the operation and reports to the Audit Committee.
7	Healthcare and safety at work place	- Organize events that promotes healthcare and safety at work - Prepare operational plans for the purpose of safety and happiness at work place.	- Annual safety day activity - Prepare master plans and activities to create happiness in the work place annually
8	Energy management	- Raise awareness in order to reduce the wasting of resources and energy. - Organize activities to promote energy conservation - Implement energy conservation policies in all areas	- Employees become aware of using the resources such as water, electricity, natural gas and using the energy inside the office - Annual energy day activity - Prepare energy conservation plans for the Ministry of Energy every year.
9	Listen to complaints and requests	- Proceed with the complaints and leads on offenders.	- In the past year, no complaints or leads were found and had further been reported to the Board of Directors and the Audit committee for inspection.

Anti-Corruption

Sanko is aware and emphasizes on opposing the corruption both within and outside of the Organization. The Company upholds transparent, ethical and accountable business operation in every step of the procedures, including the implementation of the anti-corruption policies which had been communicated to all levels of employees. The Company's code of ethics encourages the employees to be aware of corruption since it destroys the business, society and the country.

All levels of Executives are responsible for promoting good and ethical practices and setting themselves as examples including listening to opinions open-mindedly about ethical practices, train the employees to be responsible, prepare management systems in accordance with the laws and regulation of the Company and also making sure that the procedures in each department are operating under the regulations created. The offenders will receive disciplinary actions according to the regulations of the Company, and if the action is against the law, the offenders will undergo legal actions.



Measures for controlling corruption

1) Defensive measures – This is achieved by arranging the organizational chart in a way that it is appropriate to control and manage the business, arrange for written code of ethics and promote ethical conducts, prepare good internal control system and evaluate the results of internal control in each department including introducing the complaints system.

2) Inspection – This authorizes the managers in each level with the responsibility to protect, investigate the corruptions and the mistakes in the work operation, including having an independent internal auditor to investigate the compliance with the regulations and to notify any risks involved.

3) Fair treatment – The investigation of the corruption will be held in the panel for the sake of fairness to the accused and gives adequate protection to the whistle-blowers.

From the implantation of the above effective measures, in 2013, no complaints or corruption investigation were made.



By mail

Sanko Diecasting (Thailand) Public Company Limited
3/14 M. 2, Rojana Industrial Park (Ban Khai),
T. NongBuu, A. Ban Khai, Rayong, 21120

By website

www.sankothai.net

Significant Sustainability Development Projects (2015)

Categories	Project Plans	Results
Economy		
1. Internal system development	- Invest in the research and development from the manufacturing process.	- Hire consultant from the National Metal and Materials Technology Center (MTEC)
Society		
1. Supervising and developing personnel	- Create better quality of life for the employees and improve skills to increase efficiency (Happy Workplace)	- Human rights policies - Employees quitting rate - Increase efficiency in the work
2. Healthcare and Safety	- Improve Health & safety management :OHSAS/TIS18001	- Rates of accidents - Employees health check up. - Moning Talk activities
3. Community development	- Cooperate and support the community as much as possible.	-Safety day activities - Activities that support the community such as the

Categories	Project Plans	Results
		Watsangsuk Konsangchat Bhuddasangjai campaign - Signed the MOU on the Cooperative Education campaign.
Environment		
1. Manufacturing procedures and services that are environmentally friendly	- Improve the metal molding process - Join the Participatory Energy Conservation campaign (Department of Alternative Energy Development and Efficiency)	- Reduce energy consumption - Reduce natural gas consumption - Reduce the GHG emission to the atmosphere - Prepare measures concerning heat and electricity
2. Energy management	- Organize the 'Wastes Bank: Recycle for All' for the 2 nd year	- Submit the energy management report to the Department of Alternative Energy Development and Efficiency, before the 31 st Match annually.
3. Wastes management	- Organize the 'Green office and factory space' campaign	- Reduced in recycling wastes
4. Environmental care	- Organize the '3R for the Environment' campaign - Permanent Reforestation Project in Celebration of His Majesty the King	- Increase in green area around the factory - Manufacture wastes products into usable wooden products - Increase in green area for the community

Respects of Human Rights

The Company upholds the ethical and moral principles when conducting its businesses by emphasizing on the respect of human rights which is the basic rights when dealing with employees and all stakeholders to be treated freely and equally. The Company has no policies to limit the basic rights, be it nationalities, religions, political ideals, gender, age or people with disabilities, including allowing the employees and all stakeholders to freely express their opinions via the channels which the Company provided.

All of the Company's employees will be treated equally. The Company states the regulation clearly that all employees are to be protected based on their basic rights equally without prejudice on genders or the states of the body or mind, for example, the rights to receive health insurance, annual health checkup, medical treatment and the rights to take training courses in order to develop skills, knowledge and experiences.

Employees Development Policies

The Company prioritizes employees' development in order to increase knowledge, skills and expertise for better quality of work and services which will greatly benefit the whole operation. The Company encourages the employees to continuously train and develop themselves appropriately to their fields of work for both the executives and the general staffs.

To this, the Company had arranged for trainings within the Company by inviting experienced speakers from outside, including sending the employees to be trained in other institutions as well. In 2015, the Company had arranged trainings both internally and externally at institutions for staffs and Executives to a total of 63 trainings, 2 of which is held externally, which was the course about the regulations of the listed companies, utilizing management system and disclosing the information of the listed companies and preparation course before evaluating the sustainability of the companies.

In 2015, the Company's employees' development fund was 82,240 Baht with the average of 310 hours / person / year.

Training Courses

Employees Training	2015
Numbers of Employees	380
Hours trained per year	117,776hours
Hours trained per person	310hours / person
External training courses	52courses
Internal training courses	11main courses (373sub courses)
Total training expenses	82,240Baht
Training expense per person	216Baht / person / year

Happy Workplace

Happy 8 is one way of managing the life to have sustainable happiness, create positive perspectives to life, living with others, be responsible to the society and become a good member of the family, the Organization and the society. This results in individuals with excellent health, able to take care of themselves and not burdening others, kind, be professional, loving and care for their family, Organization and the society. In 2015, the Company had introduced various activities in order to promote the concept of Happy Workplace by dividing into 8 categories as follows;

1) **Happy Body** – To be healthy both physically and mentally. This derives from knowing how to live the daily life, such as eating and sleeping sufficiently. The activities involved were ‘No Smoking Campaign’ and healthcare training in the workplace.



2) **Happy Heart** – To be kind and generous. This promotes friendliness and generosity between colleagues in the workplace, leading to unity. The activities involved were 'Sanko Family Support' campaign which allows staffs to purchase consumption goods at a low price and 'Pass on the Love' campaign by the Mirror Foundation.



3) **Happy Relax** – To relax from all other stressful activities. This promotes recreation in order to relieve stress from work and helps boosting the morale of the employees. The activities involved were the New Year celebration event and various sports events such as Volleyball, tug of war, Petanque and Football.



4) **Happy Brain** – To yearn for knowledge. The Company encourages the employees to continuously improve their skills, experience and knowledge from various sources and opportunities in order to be more professional and develop steady progress in their career paths. The activities involved were the 'Morning Talk' sessions and the Safety Energy & CSR Day.



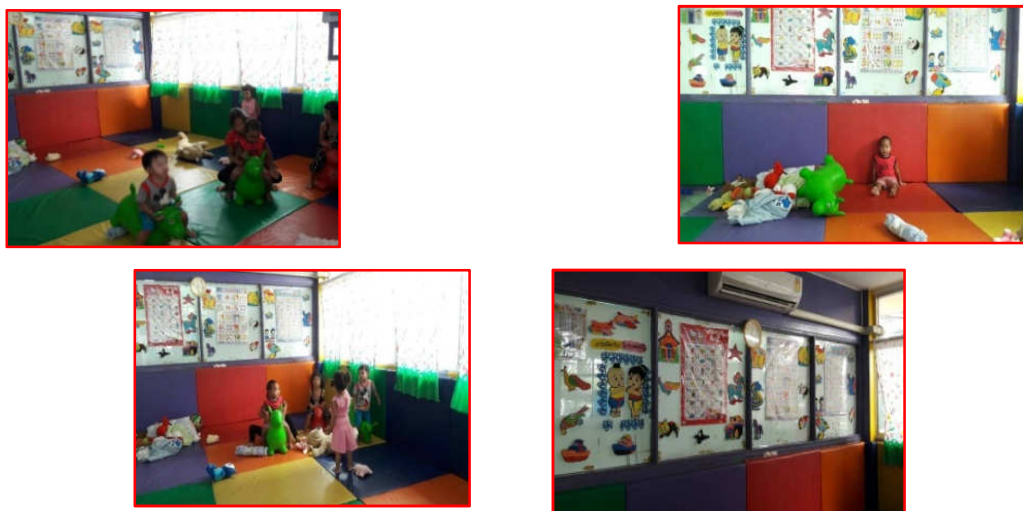
5) **Happy Soul** – To have faith in religions and live morally. This promotes the moral and ethical values to the employees so that they can have a peace of mind and live together harmoniously. The activities involved were 'Happy Workplace Campaign' by PhraMahaSompong and the Makha Puja Day (2015) celebration.



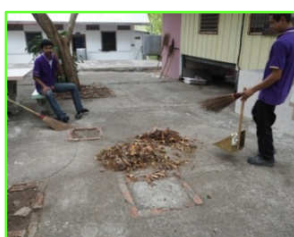
6) **Happy Money** – To save and spend money wisely with no debts. This promotes the employees to spend cautiously and have enough savings for emergencies. The activities involved were the 'Happy Money' campaign by inviting financial institutions to educate the employees and utilize the saving and Credit cooperative of Sanko to provide services for disposals and withdrawals with the interest rates lower than that of the commercial banks.



7) **Happy Family** – This promotes the love and care within the family and the good relationship between the employees' family and the Organization. The activities involved were the 'Good Kids Room' campaign which is a nursery for children between 1 – 3 years old where the mother can come in to visit and lessen the financial burden of the members.



8) **Happy Society** – A good society promotes the love, unity and the generosity to colleagues at work, the community they live in and to help the society around them. If the surrounding society is good, then the Organization within the society will also be a happy one. The activities involved were ‘Service Minds to Clean the Temple’ campaign.



Occupational Health and Safety Management

The Company strives to promote safety for the employees and relating stakeholders in order to prevent accidents, injuries and sickness from work and to continuously search for and eliminate or control the insecurities which are related to the Company's business operation. The Company had set up the occupational health and work environmental policy in order to be the practical guidelines for the employees and also to publicize the information to all the stakeholders through the website (www.sankothai.net) as well.

The Company is aware of the significance in operating its business while promotes the safety of the employees. Therefore, the main objective for the occupational health, safety and environmental operation is the zero accident policy where the employees in every level had given significant cooperation by help searching and eliminating the insecurities in the workplace. However, the results in the year 2015 was not achievable with the number of accidents reduced 40% from 2014 (9 accidents to 5). The Company determines to reduce the accidents to zero as planned through safety measures and safety promotion campaigns as follows;

- 1) **Safety Energy & CSR Day** – A recurring event hosted in the Organization in order to raise the employees' awareness regarding their safety and healthcare (held on the 29th October 2015).



2) Legal Trainings – Compulsory trainings that educates the employees with necessary skills and knowledge relating to the machineries and specialized equipment so that they can operate them correctly and safely. These include the fire escape drills, wastes separation techniques, crane controlling techniques, safety training and how to use the ear-plug correctly.



3) Workplace Inspection – The Company will inspect the conditions of the workplace, for example, noise, light, heat and amount of pollution every year.



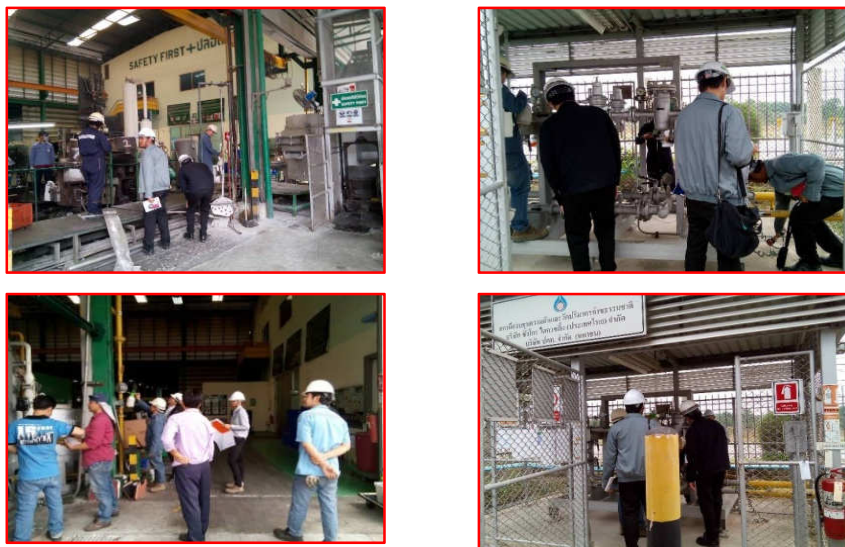
4) Annual Health Checkup – The Company arranges additional checkups especially for employees with the age of 40 years old or more and for each employees specifically in each area according to their risk factors.



5) Tetanus Vaccine Immunization – The Company prepares immunization for the employees and the members of the community in the surrounding area.



6) Gas Pipeline Inspection – The pipelines are inspected daily by the safety officer and annually by the working team from PTT.



7) Sending the Employees Home for Songkran – Activity that raises awareness about driving and using the road safely for employees during the holidays.



Environmental Management

The Company emphasizes on caring for the environment and saving the natural resources by raising the awareness of the employees through educational communication and promoting the basic methods for managing the environment, for example, saving water and electricity, using the resources adequately and separating the wastes in order to be mutually responsible for the environment.

Saving Energy and Natural Gas Promotion

The Company promotes to its employees the saving of natural gas and electricity, which is mainly for goods production. The ratio of using the natural gas to electricity is 3:1. The Company had prepare the energy saving measures every year and in the office, steps are taken for electricity to be turned off during lunch hour or when there is no work, including saving the water for utilizing and consuming.

Energy Conservation Measures (2015)

Energy conservation measures	Costs saved	Payback period
1.) Use LED 18 watt light bulbs instead of fluorescent 36 watt at the Machine Department.	12,526.01 Baht	1.17 Years
2.) Turn off 112 LED 5 watt bulbs during lunch hour at the Accounting and Sales Department.	591.45 Baht	5.07 Years
3.) Use floodlight LED instead of the spot light on the side of the Quality Control Department.	10,165.34 Baht	1.50 Years

Utilize the Resources Beneficially

The Company encourages the employees to reduce wastes under the 3R concept as follows;

- Reduce – Decrease the overall amount of rubbish wastes, for example, use goods with large packaging instead of smaller ones such as 100 litre spray or 200 litres hydraulic barrel and use product that have the least effect on the environment.



- Reuse – Use the products repeatedly, for example, turn the leftover pallets into shoes shelf, equipment containers or decorate the work place for better atmosphere, use the other side of the A4 paper, use the product's packaging on other items, use the plastic or

paper back repeatedly or use the papers as packaging for the products during the manufacturing process.



- Recycle – Recycle the wastes so that it can be used again by organizing the wastes bank which separates and collects the rubbish from the office that can be recycle such as glass, plastic, steel and aluminum and sell them to other relating parties.



Community Supports and Development

The Company promotes and supports the development of the community and the society by participating in various activities which affects in the development and the good of the community. In 2015, the Company had helped the community and the society through these activities as follows;

- 1) Children's Day – Distribute carton milk to 3 schools which are Wat Nong Grub School, Ban Hin Kong Prajanugroh School and Ban KlongYaiMaung School on the 9th of January 2015.



2) Donation – The Company donated electrical goods, clothes and toys to the Mirror Foundation, Bangkok on the 27th of March 2015.



3) SDT Blood Donation Campaign – Annual blood donation campaign through the Red Cross, Rayong. The donors were consisted of the 81 Company's employees and the villagers in the surrounding communities, resulting in 39,960 cc of blood on the 30th of June 2015.



4) Watsangsuk KonSangsuk Bhuddasangjai Campaign – Helping the temples with cleaning up and improve the environments around the community. This results in the peaceful state for both the body and the mind. The project lasted 7 months at the Hong Yont Square and dining room of Pibplewanaram Temple, Bah Khai, Rayong.

