



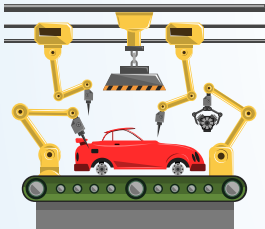
SUSTAINABILITY REPORT 2019





AAPICO's Vision

Our vision is to become a lean **green** happy and digital world class organization with 4 fundamental values of Happy Customers, Happy Employees, Happy Shareholders, and Happy Public.



**MANUFACTURING
CAR RETAILING
RESEARCH & DEVELOPMENT**

**LEAN, GREEN, HAPPY, AND
DIGITAL WORLD-CLASS
CORPORATION**



Happy Customers

- S : Safety
- Q : Quality
- C : Cost
- D : Delivery
- E : Engineering
- M : Management

Happy Employees

- Teamwork
- Look at problems as opportunities
- Love Family, Company and Country
- Loyalty and Honesty
- Mutual Respect

Happy Shareholders

- Profitability
- Reasonable Dividend

Happy Public

- Corporate Social Responsibility

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About the Report

AAPICO Group strives to publish the Sustainability Report annually as a mean to effectively communicate the Company's sustainability performance on the subject of economy, environment, social responsibility, and corporate governance to the Company's stakeholders. This 2019 Sustainability Report covers the Company's performance from 1st January 2019 to 31st December 2019.

Credibility of the Report

This report has been prepared in accordance with the GRI Standards: Core and Option. It will be able to provide the stakeholders with the necessary information to understand the nature of the Company's operations and its management of sustainability issues – including the Company's performance and its related impacts. Furthermore, the Company's operations included within this report were conducted with the UN Sustainable Development Goals in mind as the standards and guidelines. The information in this report has been reviewed by the Company's management prior to the publication in order to ensure the accuracy and completeness of the report.

Scope of the Report

This report will cover all of AAPICO Group's operations, both within Thailand and overseas; and will cover all 3 main fields of operations of the Company: OEM Auto Parts Manufacturing Business, Car Dealership Business, and Internet of Things (IoT) Connectivity and Mobility Business. The report will also include the Company's new business operations that have recently been established or otherwise acquired in 2019, which are as follows:

OEM Auto Parts Manufacturing Business

Company	Abbrev.	Main Products	Main Customers	Capital	% Equity	Country
AAPICO Maia, S.A.	AMI	Iron castings and machining	<ul style="list-style-type: none">▪ Volkswagen▪ Peugeot▪ Citroën▪ BMW▪ Ford▪ Mercedes▪ Renault▪ Continental▪ Dana Spicer	€ 6 Million	100	Portugal
AAPICO Águeda, S.A.	AAG	Iron castings and machining	<ul style="list-style-type: none">▪ Mercedes▪ Volkswagen▪ Peugeot▪ Citroën▪ Ford	€ 8 Million	100 (Held by AMI)	Portugal

Car Dealership Business

Company	Abbrev.	Main Products	Main Customers	Capital	% Equity	Country
Able Motors Pakkret Co., Ltd.	AMPK	Showroom and Service centre for Mitsubishi vehicles	▪ Consumers	฿ 15 Million	100	Thailand
Able Motors Pathumthani Co., Ltd.	AMPT	Showroom, Body & Paint and Service centre for Mitsubishi vehicles	▪ Consumers	฿ 15 Million	100	Thailand
Vroom Co., Ltd.	VROOM	Importer and distributor of Bajaj, Husqvarna and KTM motorcycles	▪ Consumers & motorcycle dealers	฿ 100 Million	40	Thailand

Determining Report Content and Topic Boundaries

The process for defining the report content in this report has been prepared in accordance with the GRI standards, meaning that the contents covered within this report have been considered for their relevance on the principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness; and were deemed to be the most suitable topics to include in this report. The final contents included within this report have been qualified through the following steps:

- 1. Determine the Relevancy of the Topics to the Company's Business Operation** – Identifying which topics are suitable to be included in the report by judging if the topics are directly associated with the Company's fields of operations. The topics that are irrelevant will then be left out of the report.
- 2. Rank the Significance of the Topics to the Company's Business Operation** – Out of the topics that are relevant to the Company's operations, only the topics that are significant to the operations are chosen to be reported.
- 3. Approval by the Company's Executives** – The chosen topics and their respective contents are to be sent to the Company's executives for revision and approval before being included in the report.

As the Company did not publish a Sustainability Report for the year 2018 and the year 2017's Sustainability Report was not reported according to the GRI Standards, the material topics and topic boundaries covered in this report will be deviated and adjusted from the 2017 Sustainability Report to be more in line with the GRI Standards.

Further Information Contact

If you require more information or have any suggestions for us, please feel free to contact us via the email: aapicohitech@aapico.com



Message from the President and CEO

The AAPICO Vision is to be a Lean, Green, Happy & Digital world-class corporation. The concept of Sustainability is therefore entirely in keeping with our long-standing commitment to economic, social and environmental improvements for the benefit of all. In fact, Sustainability is a common thread which has always run horizontally through the AAPICO Group's core values and core operations alike. Sometimes this thread is clearly visible, running closer to the surface. In other areas the thread runs deeper, more obscured from view, but sustainability practices are to be found quietly at work all the same.

Moreover, "Sustainability" itself can seem like a vague term, which often seems to be used in a way that covers everything without really meaning anything. This is categorically not the case at AAPICO. I therefore take particular pleasure and pride in publishing this 2019 Sustainability Report, precisely because it is an opportunity to highlight what Sustainability means at our Company, and how meaningful this concept is to us.

Another major guiding principle at AAPICO is of course that of strong corporate governance. We always strive to follow international best practices in that regard, and our Sustainability Report is no exception. Prepared in accordance with Global Reporting Initiative (GRI) standards, and referencing United Nations Sustainable Development Goals, this report is a rigorously reviewed record of our Sustainability objectives, initiatives and achievements to date.

At the heart of this report lies the Sustainability Management framework, spanning the five key topics of Innovation, Resource Conservation, Environmental Protection and stakeholder engagement with our Employees and with Society at large. This matrix lays out our specific activities and objectives in each area and encompasses diverse projects ranging from the high-level, top-down Digital Transformation of our factories and offices into state of the art, zero waste facilities, to grass roots initiatives such as employee blood donation drives and community tree-planting activities.

Underpinning our Sustainable Development objectives is our philosophy of Sustainable Management. Apart from our standard good corporate governance practices, AAPICO has a dedicated Sustainability Committee which reports directly to me. This Committee is tasked with identifying relevant Sustainability issues, formulating appropriate policies and ensuring these are implemented and observed. Its mandate is to ensure global best practice is followed throughout.

I invite you to learn more over the following pages about both the overarching economic, social and environmental framework AAPICO has put in place to guide our Sustainability efforts. There is of course always more to be done, but as the old saying goes, "where there's a will there's a way". It is my sincere hope that this report makes very clear both our commitment to the Sustainability cause, at every level of the organization, from board room to factory floor, and that it outlines the way forward for AAPICO on this important journey. After all, we are creating our world of tomorrow, today.





Company Overview

Company General Information

Name of the Company / Name in Stock	AAPICO Hitech Public Company Limited / AH
Products and Services	<p>OEM Auto Parts Manufacturing Business</p> <ul style="list-style-type: none"> - Stamped or Pressed Parts - Forged and Machined Parts - Plastic Parts and Plastic Fuel Tanks - Stamping Dies - Assembly Jigs - Casting Parts <p>Car Dealership Business</p> <ul style="list-style-type: none"> - Ford - Mitsubishi - Honda - Proton - Hyundai (Distributor) - Bajaj, Husqvarna, and KTM motorcycles (Distributor) <p>Internet of Things (IoT) Connectivity and Mobility Business</p> <ul style="list-style-type: none"> - Car Navigation System - POWERMAP Tracking - Rack Tracking System - GIS Consulting Services
Location of HQ	99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-In Ayutthaya Province 13160
Location of Operations	<ol style="list-style-type: none"> 1. Thailand 2. Malaysia 3. China 4. UK 5. Portugal 6. Germany 7. Taiwan 8. Singapore
Number of Employees	4,019 employees
Net Revenue	19,304 THB Million
Total of Capital	322,649,160 THB
Membership of Associations	Thai Auto-Parts Manufacturers Association (TAPMA)

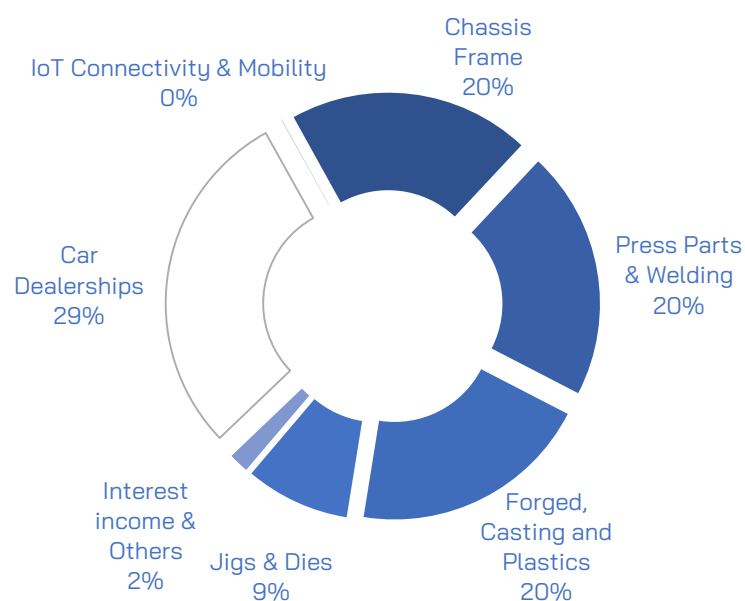
Main Business

AAPICO's main business is the manufacture and distribution of automotive parts to automobile manufacturers and assemblers in Thailand and overseas. The Company produces a broad range of products with different processes and technologies for vehicles, including passenger cars, pick-up trucks, agricultural machinery and the electronics industry. The Company's products are stamped or pressed parts, forged and machined parts, plastic parts, plastic fuel tanks, jigs and dies, and casting parts.

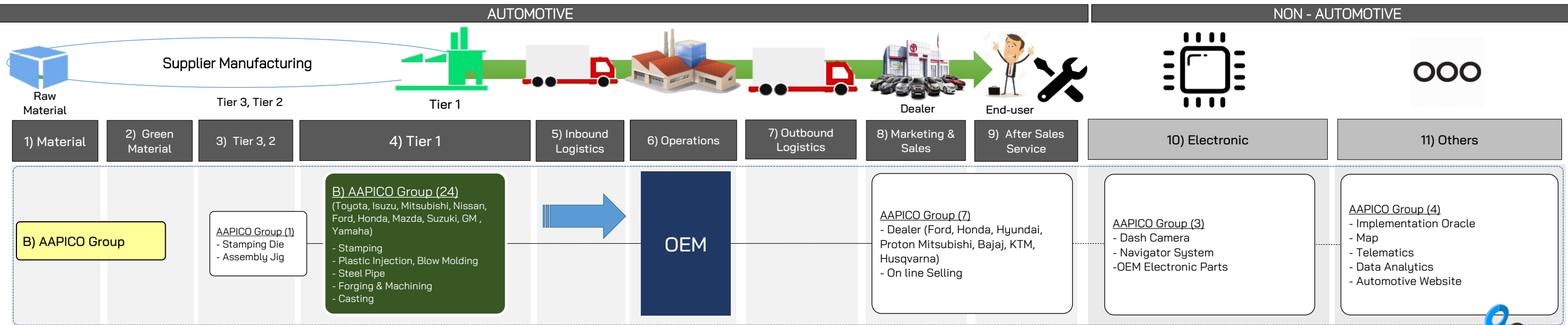
AAPICO also operates car dealerships in Thailand and Malaysia. Its showrooms and service centres are equipped with modern facilities and provide excellent sales and service support to customers. In Thailand, the Company has dealerships for Ford and Mitsubishi vehicles. The Ford showrooms and service centres are located at Ramindra road and Sri Nakarin Road. The Mitsubishi showrooms and service centres are located at Navanakorn, Pakkret and Pathumthani. The Pakkret and Pathumthani locations are 3S centres (showroom, service, and spare parts), while the Navanakorn location is a 4S centre (showroom, service, spare parts, and body shop).

In Malaysia, the Company has dealerships for Honda and Proton vehicles. There are two Honda showrooms – one in Kajang, which is a 3S centre (showroom, service, and spare parts) – and another one in Petaling Jaya, which is 4S centre (showroom, service, spare parts, and body shop). In April 2019, the company incorporated a new company as a 3S Proton dealer in Cheras, Kuala Lumpur.

Furthermore, AAPICO has world-class expertise in location-based data, as evidenced by our successful partnerships with HERE, TomTom, Grab and GH Bank. Moreover, automotive OEMs including Mitsubishi, Nissan, MG and Hyundai have chosen our digital maps to power their on-board navigation systems in Thailand and/ or Malaysia. As the importance and relevance of location-based data has increased in recent years, thanks to the rise of the Internet and Big Data, AAPICO has been able to build upon its original core competence in location-based data and digital mapping to expand into GPS Tracking, Smart Logistics, Industrial Asset Tracking for Smart Factories, and even Smart Farm analytics. From its beginnings as a player in the navigation space, AAPICO has developed into a data company, dedicated to driving smart decisions.



Business Value Chain



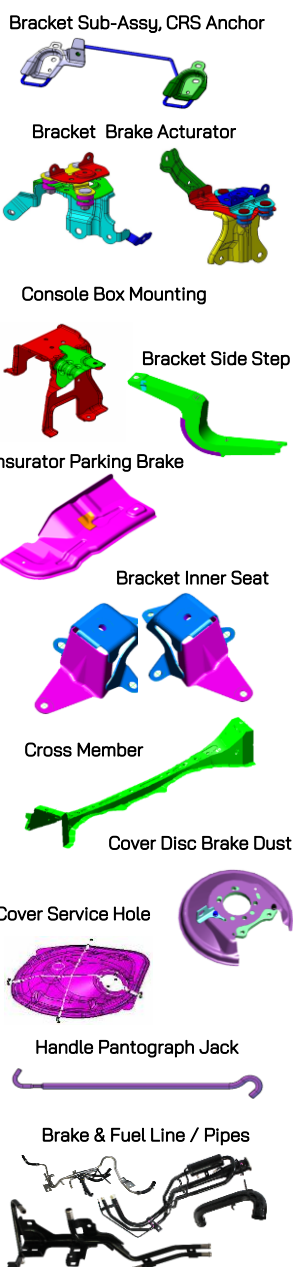
Core Business Segments



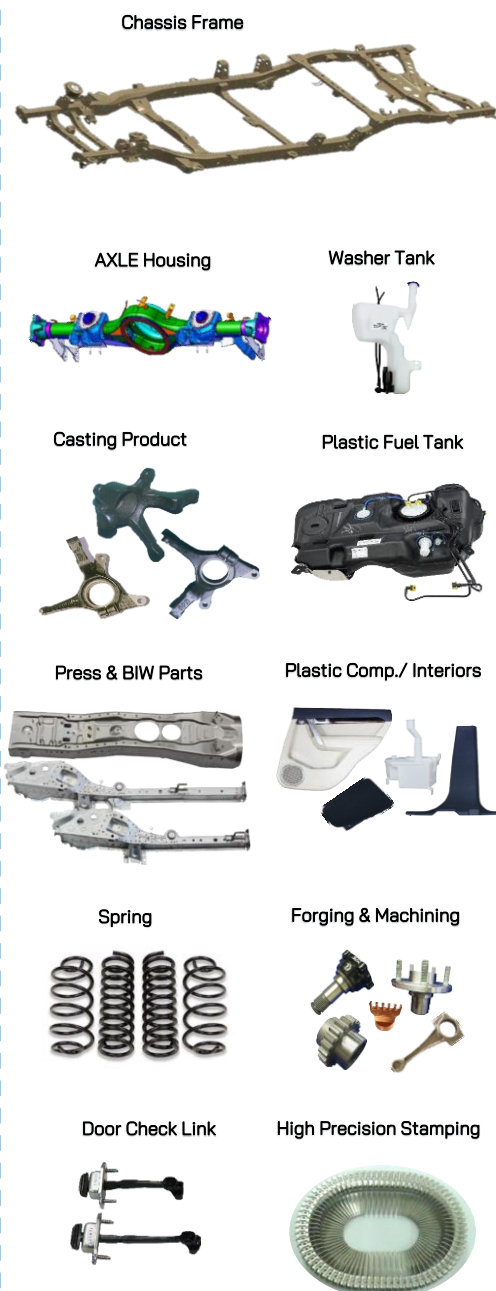
Global Manufacturing Footprints



AH Products



Other Plant Products



Smart School Bus System



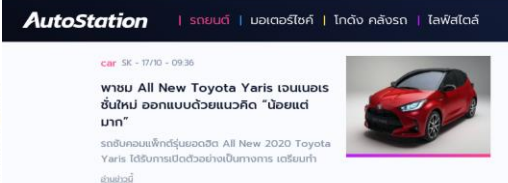
Automatic Counting of Oil Palms Using Drone



Automotive Accessories

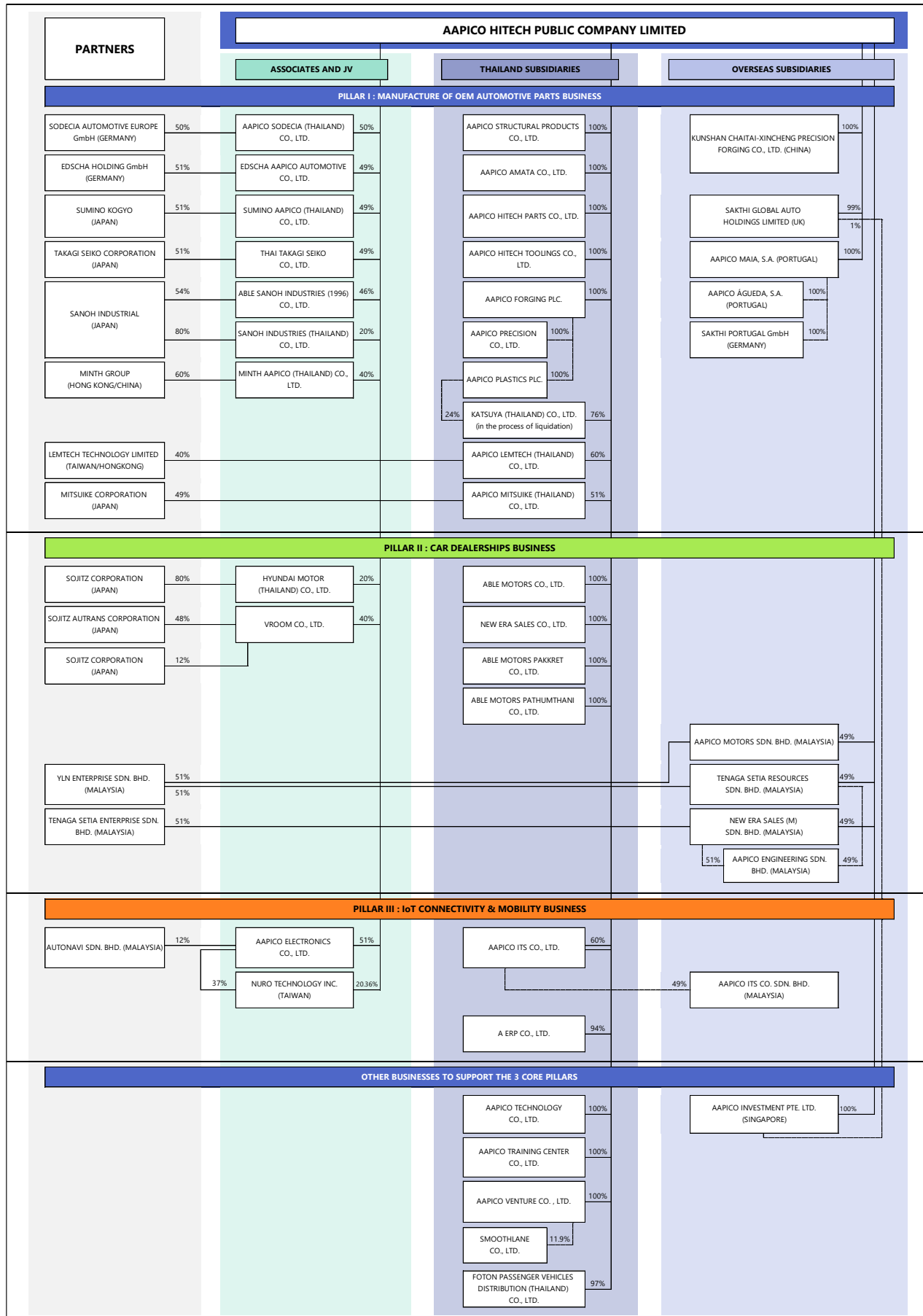


Automotive Content Platform



ORACLE Implementation

AAPICO HITECH COMPANY HOLDING STRUCTURE



1985	<ul style="list-style-type: none"> Registered Able Autoparts Industries Co., Ltd. and started as Ford assembler and distributor.
1997	<ul style="list-style-type: none"> Completed the first AAPICO factory at Hitech Industrial Estate, Ayutthaya, and established the first JV with Sanoh (Japan) named Able Sanoh Industries (1996) Co., Ltd.
2002	<ul style="list-style-type: none"> Listed on the Stock Exchange of Thailand (SET) under the name AAPICO Hitech Public Company Limited (AH).
2003	<ul style="list-style-type: none"> Purchased a chassis frame company from Dana Corp. and renamed it AAPICO Amata Co., Ltd.
2004	<ul style="list-style-type: none"> Expanded to China by acquiring Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.
2006	<ul style="list-style-type: none"> Established AAPICO Hitech Parts Co., Ltd. Invested in a car navigation company, AAPICO ITS Co., Ltd. (60% equity). Invested in Jackspeed Corporation (Singapore). Established JV with Mitsuike Corporation (Japan)
2007	<ul style="list-style-type: none"> Acquired forging and plastic businesses from KPN PLC and renamed it AAPICO Forging PLC and AAPICO Plastics PLC. Signed technical agreement with Edscha (Germany) to produce door checks, hinge, and parking brakes.
2008	<ul style="list-style-type: none"> Established JV with Minth Corporation (China).
2009	<ul style="list-style-type: none"> Established AAPICO Structural Products Co., Ltd. to manufacture chassis frames.
2010	<ul style="list-style-type: none"> Celebrated AAPICO 25th Anniversary and commenced operations of AAPICO Hitech's 2nd factory in Rayong. Established JV with Takagi Seiko (Japan).
2011	<ul style="list-style-type: none"> Completed the 3S showroom for Honda dealers in Malaysia.
2012	<ul style="list-style-type: none"> Commenced operations at the new 20,000 square meters factory in China.
2013	<ul style="list-style-type: none"> Established 4 JVs with Lemtech Holding (Taiwan), Edscha Holding (Germany), Sumino Kogyo (Japan), and Sodecia SGPS (Portugal).
2014	<ul style="list-style-type: none"> Acquired 25% equity in Quantum Inventions (QI) Singapore. Established AAPICO Training Center Co., Ltd.
2015	<ul style="list-style-type: none"> Initiated TURBO Target to increase revenue and profit for 2020. Reorganized non-core businesses. Achieved BBB+ TRIS Rating and issued debenture.
2016	<ul style="list-style-type: none"> Explore opportunity in start-up businesses.
2017	<ul style="list-style-type: none"> Acquired 25.1% of Sakthi Global Auto Holdings Limited (SGAH) (UK) and form a strategic partnership with Sakthi Group to expand the automotive part business globally. Disposed investment in Jackspeed Corporation (SG) and Quantum Inventions (QI).
2018	<ul style="list-style-type: none"> Acquired 20.36% equity in Nuro Technology Inc. (Taiwan). Established JV with VINFAST to set up press shop and assembly plant to produce body-in-white parts for the first 2 models of VINFAST vehicles in Vietnam. Acquired 24.89% additional equity of Sakthi Global Auto Holdings Limited (SGAH) to support and strengthen the partnerships to growing business the automotive part business in the global market.
2019	<ul style="list-style-type: none"> Acquired 100% equity of Sakthi Global Holding Limited (SGAH). Acquired 100% shares of AAPICO Maia, S.A. (Portugal) and two subsidiaries, namely AAPICO Águeda, S.A. (Portugal) and Sakthi Portugal GmbH (Germany). Opened Proton showroom and service centre in Cheras, Kuala Lumpur.



Sustainability Management

Sustainable Development Policy

The OEM Auto Parts Manufacturing Business plays an important part in helping drive the country's industry forward. Many different businesses – such as materials, equipment, machines, parts manufacturer, and transportations – are involved in the supply chain. However, as the business operations can both positively and negatively affect the economy, social, and environment – be it directly or indirectly; the Company has taken care to set in place the Sustainable Development Policy to encourage sustainable growth and development within the Company which entails the consideration for the topics of economy, social, and environment as follows:

1. Conducting business according to both short-term and long-term plans, while also considering both internal and external risk factors.
2. Conducting business with transparency and good governance.
3. Conducting business with consideration to the stakeholders and the environment.
4. Conducting business by increasing values with innovation.

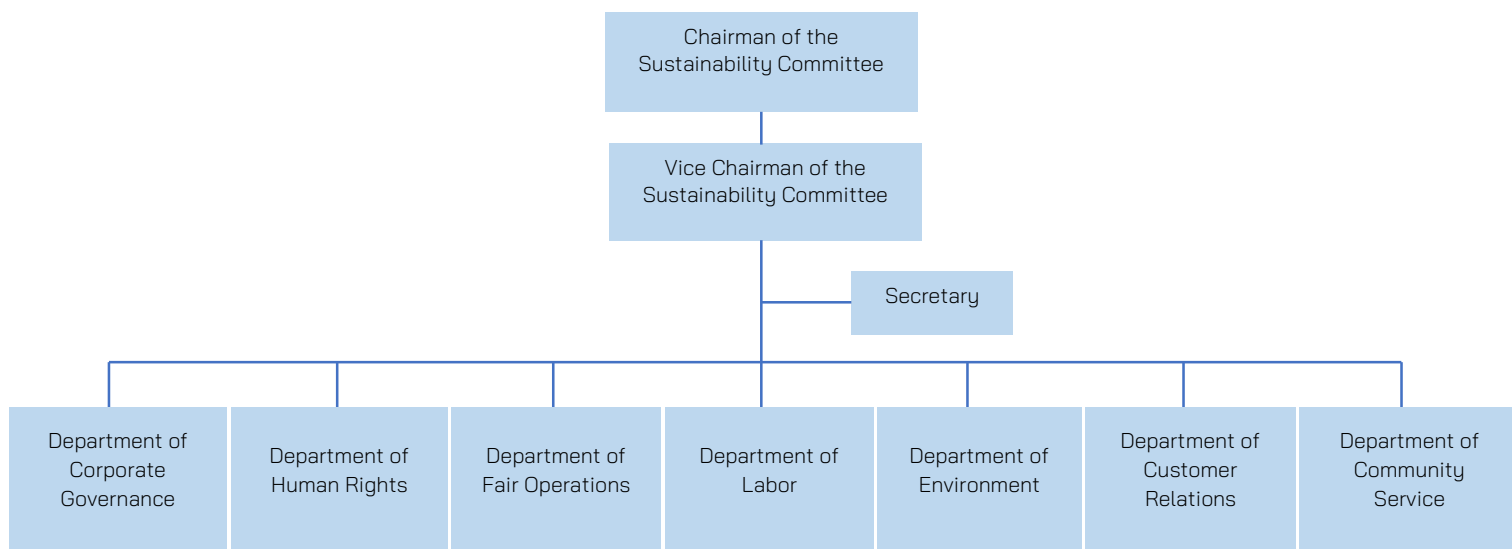
Sustainability Management's Structure and Guidelines

AAPICO Group has combined risk management and risk analysis of the Company, which are important parts of sustainable development, with sustainability management. For risk analysis, the topics of economy, social, and environment will all be analyzed; of which the dimensions of business strategy, business operation, finance, and regulation will be covered. The Board of Directors will be responsible for analyzing the risks and providing management advice to the CEO and each departments, with the performance follow-up taking place at least once annually.



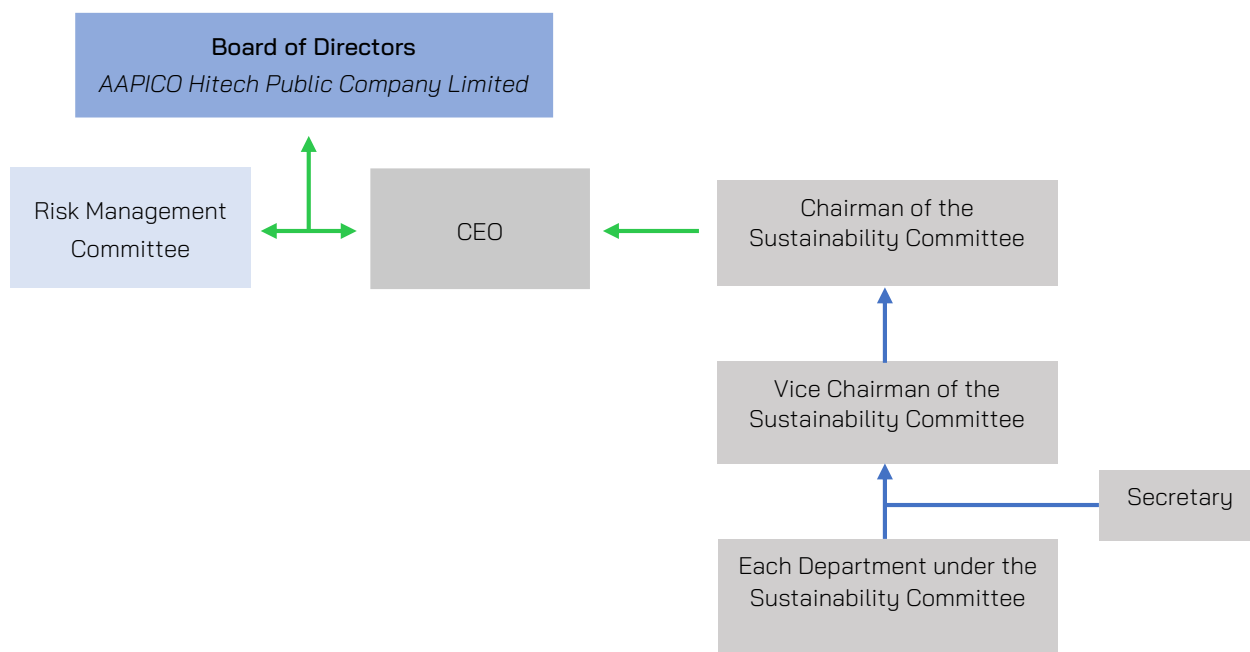
Sustainability Committee's Structure

The Sustainability Committee have continuously been driving the Company's operations concerning the sustainability of the business; with a member of the top management acting as the committee's chairman, and the middle management and the representatives from every department acting as the committee's members – with the duties, authorities, and responsibilities to make sure that the operations are in line with Sustainability Policies and to coordinate with each department in promoting the Company's employees and stakeholders to become aware of the importance of operating business with consideration to social responsibilities and sustainability.



Management Performance Follow-Up and Report

For the process of following-up and reporting the management performance, each department will report the results of their follow-ups to the Chairman of the Sustainability Committee, which the Chairman will then report to the Company's CEO, and the CEO will finally report to the Board of Directors for consideration and evaluation in order to further improve upon the management guidelines.



Sustainable Management Strategies

AAPICO Group operates in accordance with the Company's vision and mission by placing importance on operations' efficiency, along with continuous expense control and cost reduction, while also be on the lookout for new markets and opportunities in order to expand the Company's business into the global market. The Company strives to improve so that it may reach the development goals set in the Company's strategies, which are the Turbo Challenge and the Double Turbo Challenge as follows:

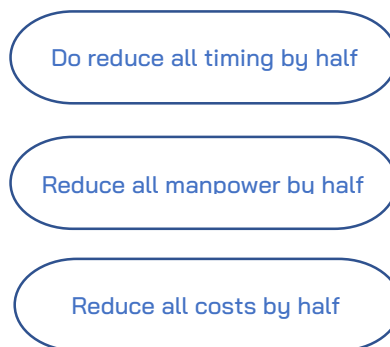
TURBO CHALLENGE



and
our



DOUBLE TURBO CHALLENGE



...with same output...

Sustainable Development Goals

AAPICO Group sees the importance of operating business side-by-side with sustainable development and has therefore implemented the United Nations' Sustainable Development Goals (SDGs) as a part of the Company's visions, strategies, and goals.

The Company has specified the important Sustainable Development Goals that cover the topics of economy, social, and environment, which are then grouped into 5 categories: Innovation, Resource, Employee, Environment, and Social.

In each category, The Company has set the Sustainable Development Goals to be in line with the United Nations have put forth, as follows:

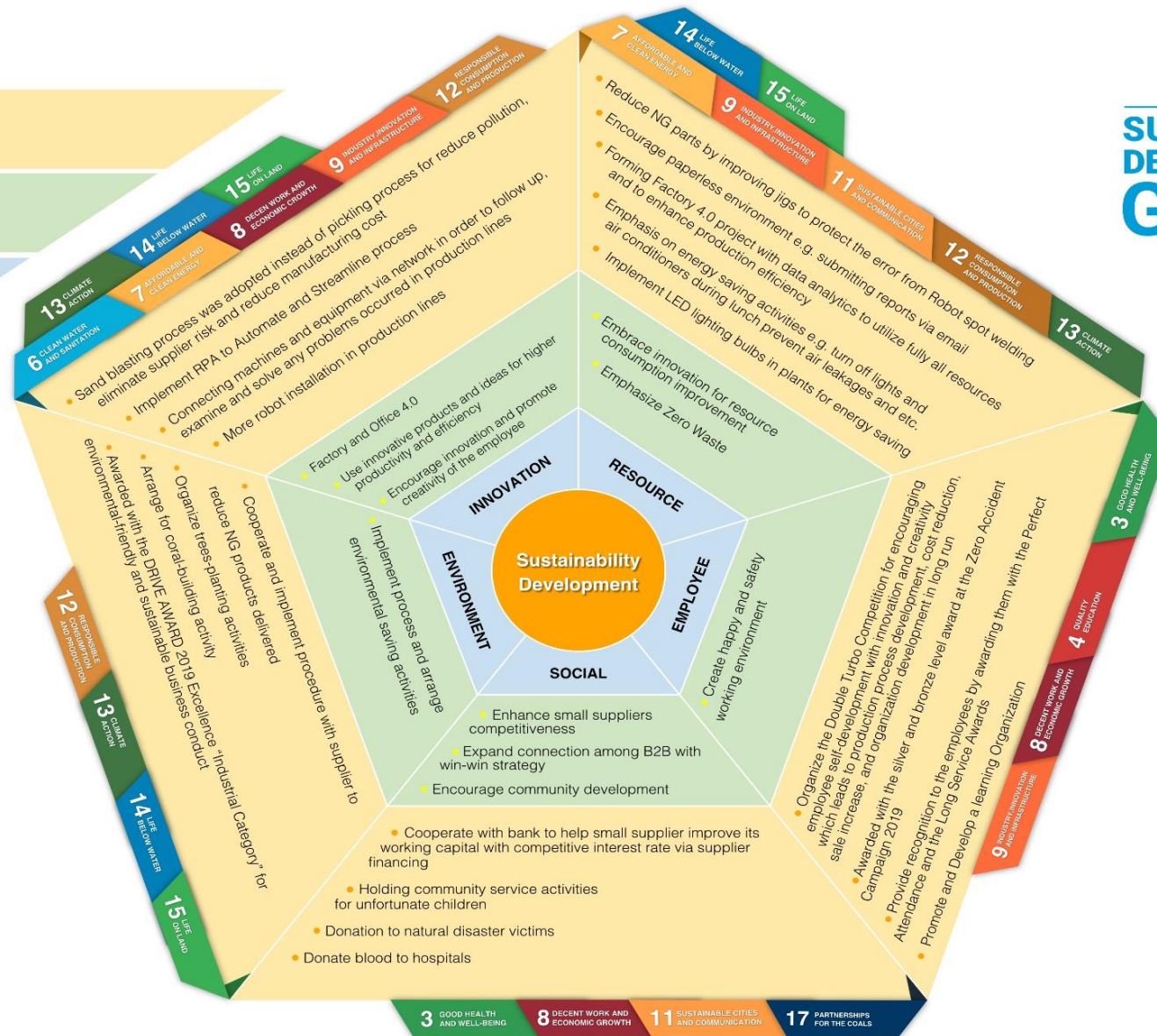


SUSTAINABLE DEVELOPMENT

What we do

Goals

Issues



Stakeholder Engagement

AAPICO Group utilized the Global Reporting Initiative Standards (GRI Standards) and the 4 sustainable happiness of the Company's vision – which are Happy Customers, Happy Employees, Happy Shareholders, and Happy Public – in considering the topics that the Company's stakeholders are interested in and are being affected, including important issues that may affect the Company's operations. In managing sustainability, the Company places great importance in meeting the stakeholders' needs and establishing relationships with stakeholders through various channels in order to meet their expectations.

Steps in Analyzing the Stakeholders

Identifying the Stakeholders

By considering various factors, such as responsibilities, relations, and their influence on the Company's operations

Identifying the Company's impact to the stakeholders

By considering the economy, social and environment factors

Identifying the stakeholders' influence on the Company

By considering the Company's finance, strategies, operations, regulations, and fame

Ranking the Importance of the stakeholders

By considering and identifying the appropriate cooperation guidelines

Steps in Analyzing the Stakeholders

Stakeholders	Expectations	Treatment of Stakeholders	Communication Channel	Sustainability Issues
Customers	Quality Products, Low Cost, On-time Delivery, Safe Working Conditions, Good Cooperation, Transparent Operations	1) Improving the qualities of products and services to meet the customers' demands 2) Managing good relations with customers	<ul style="list-style-type: none"> Conference Meetings Reports Training / Seminar 	<ul style="list-style-type: none"> Managing good relations Improving products quality Implementing innovations in the Company's operations
Employees	Good pay and welfare, Fairness, Participation, Human Rights, Safeties, Good quality of life, Self-improvement, Advancement in position	1) Managing good pay and welfare 2) Managing work environment and safeties 3) Developing employees' skills to fit the Companies' growth 4) Improving the employees' quality of life	<ul style="list-style-type: none"> Weekly conference Minor conference Intranet Email Employees' training Employees' relation activities Whistle Blower 	<ul style="list-style-type: none"> Safe working conditions Personnel development Human Rights Loyalty to the Company

Stakeholders	Expectations	Treatment of Stakeholders	Communication Channel	Sustainability Issues
Shareholders	Remunerations, Transparency in management, Future investment plans, Business' sustainability	1) Building up the investors' confidence 2) Disclosure of traceable factual information 3) Reporting corporate social responsibilities	<ul style="list-style-type: none"> Shareholders' meeting Annual report Investor relation activities Website Factory visits 	<ul style="list-style-type: none"> Corporate governance Business ethics Risk Management
Business Partners	Profits, Business stability, On-time payment, Transparent business conduct, Fair and clear business contracts, Improving along with the customers	1) Managing the Company's credibility and the business partners' confidence 2) Improving business partners' capabilities by increasing competitiveness 3) Communicating anti-corruption policy and CSR policy 4) Improving relations with win-win strategy	<ul style="list-style-type: none"> Annual conference Visiting the business partners' company Meetings Arranging social activities with business partners Training / Seminar 	<ul style="list-style-type: none"> Managing business partners
Community / Social	Health safeties, No pollution to the community, Participation in community development	1) Managing complaints 2) Arranging community activities 3) Building good relations between the factories and the surrounding communities	<ul style="list-style-type: none"> Community visit Accepting complaints Activities' support Providing assistance 	<ul style="list-style-type: none"> Community development Encouraging community activities Taking care of the community's environment
Government	Fully abiding by the law, Paying taxes, Giving cooperation, Managing complaints with the community	1) Following the government's regulations 2) Cooperate with the government	<ul style="list-style-type: none"> Joining seminar conference Visiting in important occasions 	<ul style="list-style-type: none"> Coming up with and enforcing regulations for clean factories Encouraging recycling for zero waste
Competitions	Fair competitions	1) Transparent and fair business operations	<ul style="list-style-type: none"> Becoming member of an association Meetings and sharing experience 	<ul style="list-style-type: none"> Corporate governance Code of conducts

Evaluation of Important Topics

The evaluation of important business topics by utilizing the GRI Standards the 4 sustainable happiness of the Company's vision to enable the Company to effectively manage the stakeholders' needs.

Steps in Evaluating Important Topics

Identifying Important Business Topics

The Company collects the important sustainability issues that concern the Company's operations – both from inside and outside – by referencing the Company's sustainable goals.

Evaluating and Ranking Importance

The Company ranks the topics by considering the impact on Company's operations – both in long-term and short-term – and the impact on the stakeholders on the topics of economy, social, and environment.

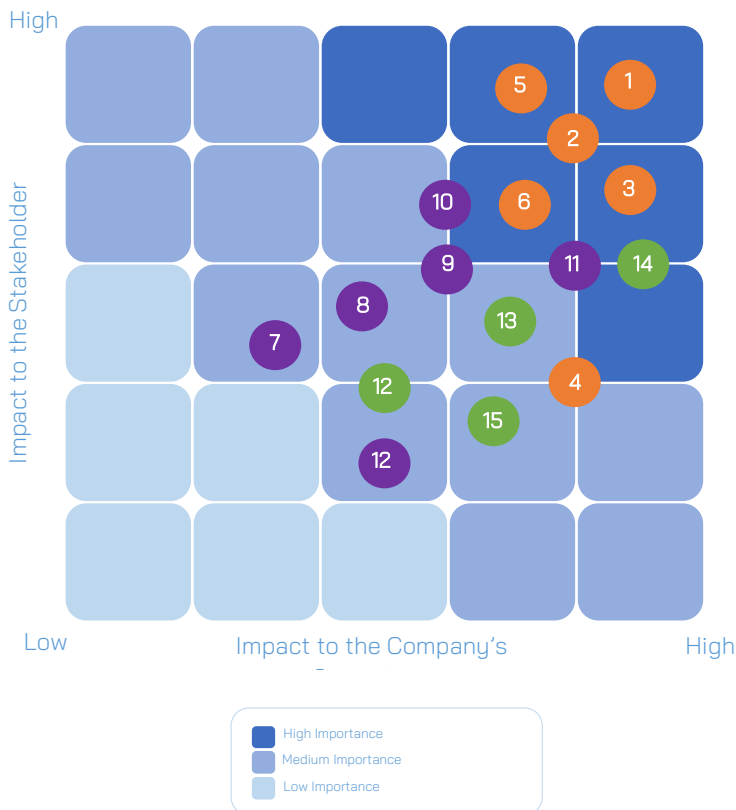
Reviewing the Correctness

The Company reviews the importance ranking of sustainability topics and present to the management for approval.

Sustainable Development

The Company is determined to develop its business along with sustainability and has reviewed the important sustainability topics. The comments and suggestions from the stakeholders will be used to further improve next year's report

Topics Evaluation Results



Economy	
1.	Corporate Governance and Business Ethics
2.	Risk Management
3.	Managing Relations with Customers
4.	Using Innovations to Improve Operations
5.	Improving Products' Qualities
6.	Business Partners Management
Social	
7.	Improving the Community and Encouraging Community Activities
8.	Supporting Human Rights in the Company
9.	Work Safeties
10.	Developing Company's Personnel
11.	Encouraging Employees' Loyalty to the Company
Environment	
12.	Continuously Encourage Environment Saving Activities
13.	Coming up with and Enforcing Regulations for Clean Factories
14.	Using Innovations to Manage Efficient Resource Usage
15.	Encouraging Recycling for Zero Waste

Important Topics and Company's Indicators

Important Topics	Impacted Stakeholders							Company’s Indicators
	Customers	Employees	Shareholders	Business Partners	Communities / Social	Government	Competitions	
Economy								
1. Corporate Governance and Business Ethics	■	■	■	■		■		The numbers of CG complaints
2. Risk Management	■	■	■	■				- Business stability - Remunerations - Quality and cost - Salary and welfare
3. Managing Relations with Customers	■		■					Customer satisfaction survey
4. Using Innovations to Improve Operations	■	■						Ratio of expense cost reduction
5. Improving Products’ Qualities	■			■				Customer satisfaction survey
6. Business Partners Management				■				Partner satisfaction survey
Social								
7. Improving the Community and Encouraging Community Activities					■			- The numbers of complaints - Community satisfaction survey
8. Supporting Human Rights in the Company		■				■		The number of Human Rights violation complaints
9. Work Safeties		■			■			Statistic of accidents in work area
10. Developing Company’s Personnel		■						The ratio of training hours
11. Encouraging Employees’ Loyalty to the Company		■						The ratio of resignation
Environment								
12. Continuously Encourage Environment Saving Activities					■	■		Community satisfaction survey
13. Coming up with and Enforcing Regulations for Clean Factories	■	■						The ratio of waste from operational procedures
14. Using Innovations to Manage Efficient Resource Usage			■					The ratio of resource consumption
15. Encouraging Recycling for Zero Waste			■	■				- The ratio of resource consumption - The ratio of waste from operational procedures

Evaluation of Stakeholder Importance

The above table could be implied the importance and impacts of stakeholders to our business. This evaluation shows the order of magnitude and influence of stakeholders to our company's operation.





Good Corporate Governance

At AAPICO, we are committed to conducting our business responsibly and with integrity, honesty, transparency, and fairness. AAPICO's business principles are defined by its ethical framework and continuous improvement in response to changes in the economy, society, environment, and corporate governance circumstances.

Credibility of the Report

AAPICO places great importance on having good corporate governance. Over the years, the Company has continually improved its governance practices and standards across the organization to gain and maintain shareholders' trust and confidence in its operations. The Board of Directors is responsible for developing corporate governance policy, overseeing the drafting process thereof and approving the final version. The Board also ensures that the Company adheres to good corporate governance principles and acts in compliance with its corporate governance policy in the following 6 key areas:

- 1.) Rights of Shareholders
- 2.) Equitable Treatment of Shareholders
- 3.) Role of Stakeholders
- 4.) Disclosure and Transparency
- 5.) Information on the President & CEO Position
- 6.) Responsibilities of Directors

Structure of the Board of Directors

The Company sets the size of its Board of Directors to be appropriate to the size of its business. The AAPICO Board of Directors consists of eight members, of which two members are executive directors and six members are independent directors. The Board of Directors also comprises two female members. The Company ensures its Board composition reflects diversity of gender and skillset, as well as experience in different areas of the Company's business.

The Company ensures that the number of independent directors constitutes more than half of the total number of directors. Each director holds the necessary qualifications required by law and does not indicate any disqualifications against being entrusted with the administration of the Company.

Board of Directors' Meetings

The Company plans the schedule of board meetings for the year in advance. The Board of Directors is scheduled to meet at least six times per year, four of which are general meetings to consider and approve financial statements and two are performance review meetings to review the business operations and business plans. In case there are other matters requiring board approval, special meetings may be arranged on an ad hoc basis. Directors are kept informed of the board meeting schedule to ensure their availability.

In the voting procedure, the Chairman allocates sufficient time to discuss each agenda item carefully and thoroughly. Directors are encouraged to give comments and express their opinions freely and openly before casting their votes. Each director has one vote. The meeting requires at least two-thirds of the total number of directors to be present for voting on each agenda item. Any director who has a vested interest in a particular agenda item is excused or shall abstain from voting on that agenda item.

Committees

The Board of Directors has delegated some of its duties and responsibilities to its committees, comprising of independent directors, to assist the Board in reviewing and providing their independent opinions on particular matters. These committees are:

Committee	Members	Main Duties and Responsibilities
1. Audit Committee	<p>Comprised of 3 independent directors, consisting of:</p> <ul style="list-style-type: none"> - 1 Chairman - 2 Members 	<ul style="list-style-type: none"> ▪ Establish and review the corporate governance policy ▪ Review the Company's financial statements every quarter and on an annual basis ▪ Review and ensure the appropriateness and effectiveness of internal control systems to be in compliance with rules and regulations ▪ Review disclosures of information, particularly related transactions or transactions that may have conflicts of interest, to ensure the information is transparent, correct, and complete ▪ Review complaints and concerns from stakeholders
2. Nomination and Remuneration Committee	<p>Comprised of 3 independent directors, consisting of:</p> <ul style="list-style-type: none"> - 1 Chairman - 2 Members 	<ul style="list-style-type: none"> ▪ Consider the criteria and procedures for the nomination of qualified directors and management ▪ Review proportion and size of the Board of Directors ▪ Consider criteria, type of remunerations, and other benefits provided to the Board of Directors and its committees ▪ Establish guidelines for evaluating performance of directors and adjustment of directors' remuneration ▪ Consider succession plan for CEO and executives in key management positions
3. Risk Management Committee	<p>Comprised of 3 independent directors, consisting of:</p> <ul style="list-style-type: none"> - 1 Chairman - 2 Members 	<ul style="list-style-type: none"> ▪ Establish the Company's risk management policy and determine risk appetite ▪ Establish the management, strategy, and risk tolerance ▪ Conduct risk assessments and review corporate risks and follow up on the risk management plan ▪ Review and make recommendations to the Board of Directors on overall risk management and standard practices in order to improve risk management processes of the organization

Performance Evaluations

The Board of Directors conducts a self-assessment of its own performance on an annual basis. The Company applies assessment criteria according to the guidelines of the SET. There are three sets of assessment forms, for the evaluation of the Board of Directors as a collective body and as individuals, and the assessment of committee performance. The Board of Directors are assessed in 6 areas as follows:

- 1.) Structure and characteristics of the Board
- 2.) Roles and responsibilities of the Board
- 3.) Board meetings
- 4.) The Board's performance of duties
- 5.) Relationship with management
- 6.) Self-development of directors

The self-assessment of directors' performance for the year 2019 was conducted with full participation of the directors. The assessment results have shown improvement for the performance of the collective Board of Directors and individual directors. However, the results for individual committees have decreased from the previous year.

Assessment Type	Average Score (%)		Assessment Rating
	2018	2019	
Collective Board of Directors	91	92	Excellent
Individuals	90	92	Excellent
Committees	87	86	Very Good

In addition, the Company had also joined the corporate governance assessment through the Corporate Governance Report of Thai Listed Companies 2019 survey project; in which the Company got the average score of 83%, representing

Directors Training and Development

The Company encourages directors to continuously develop and enhance their skills and knowledge in relation to their duties and responsibilities by supporting directors to attend basic trainings as required by the SEC. Such training provides an overview for directors of their roles and responsibilities, the concept of corporate governance, applicable laws, financial reporting, risk management, strategy and effectiveness of the board.

Training Program	Directors Attended
Director Certification Program	4
Role of Chairman Program	2
Director Accreditation Program	2
Board that Makes a Difference	1
Role of Compensation Committee	1

The Company has foreign directors who attended the following training programs:

1. Listed Company Director Program, by Singapore Institute of Directors
2. Master Class for Directors, by Institute of Directors (IOD) India
3. Corporate Governance & Board Leadership, Masterclass by Ram Charan

Code of Conduct

The Company has the intention to operate business with integrity, honesty, fairness, and transparency; while also being responsible to the shareholders and stakeholders under the frameworks of the law and the Company's code of conduct. Therefore, the Company has set in place the policy and guidelines for good corporate governance for the employees to follow, which will be in line with the principles for good corporate governance by the SEC as follows:

- Support and encourage personnel of every level to see the importance of countering corruption and to develop the mindset to do so, while also setting up internal control system to countering corruption, coercion, and all forms of bribery.
- Conduct business with the benefits of the Company and the Stakeholders in mind by setting guidelines to demonstrate the intention to operate with transparency and traceability, and avoid involving in operations which may potentially result in conflict of interests that might cause the Company to lose profits or reduce the Company's performance.
- Focus on building up customers' satisfaction and confidence of receiving quality products and services at an appropriate price and to continuously raise the standards, while also maintaining good and lasting relations, arranging for systems to receive customers' complaints on products and services' qualities, and protecting customers' confidence not to be used for own or others' benefits without consent.
- Treat business partners as equals and with honesty in business operations. Protect the Company's and business partners' benefits by strictly abiding by the law and the initially agreed-upon regulations. Establish good relations with business partners and/or creditors, while operating on the standards that are fair to both sides and with the Company's own best interest in mind. Avoiding situations that may cause conflict of interests, while strictly following the terms of contracts in order to achieve mutual benefits.
- Treat competitors according to the national and international guidelines and standards under the law of business competition which emphasizes fair business competition.
- Give importance to the government, which is one of the stakeholders, by avoiding inappropriate conducts when having to contact or negotiate with the government or its units.
- The receiving and giving of presents, resources, or other valuable benefits – such as accepting/arranging parties from/for business associates – are only condoned by the Company during appropriate festivities and only if the gifts are reasonable in value. Otherwise, the Company forbids such acts unless the gifts are the Company's operational due. This is to prevent the possibility of bias in operational decisions.
- Take care not to violate intellectual property rights by respecting the owners' rights and by prudently and carefully using communication technologies as permitted by the law and organizational standards.

Anti-Corruption

Anti-Corruption Policy

AAPICO Group intends to conduct business with integrity by abiding with social responsibilities and responsibilities to all stakeholders according to good corporate governance. The Company therefore encourages anti-corruption for the personnel to understand and adopt the determination to counter corruption in all its forms.

In order to keep in line with good company management, the Company assigned a committee to manage complaints on illegal actions in order to police for wrongdoings with the Company.

Duties and Responsibilities

The Board of Directors and the Audit Committee are responsible for approving policies and supporting anti-corruption measures within the Company to promote everyone's understandings and awareness of the problems that may arise from corruption. In the case that the Audit Committee reports a case of corruption, the Board of Directors and the Audit Committee will be responsible for considering and advising the course of actions and deciding the punishment for the offenders.

Guidelines for anti-corruption policy

The objective of the anti-corruption policy is for the employees, stakeholders, shareholders, customers, and business partners of AAPICO Group to strictly abide by the anti-corruption policy and to refrain from involving themselves with acts of corruption, be it directly or indirectly.

AAPICO Group therefore promotes everyone in the Company to take part in anti-corruption policy and notifies everyone in the Company to acknowledge and follow the Company's policies, while also disclosing information on the anti-corruption policy to the publics. The Company's related policies are as follows:

▪ Whistle Blowing Policy

The Company intends for the whistle blowing policy to be the channel for the employees, stakeholders, shareholders, customers, and suppliers of the Company to report their concerns to the Company and promoting the highest standards in ethical and lawful operations, while also acting as a surveillance for wrongdoings which is a good method to promote corporate governance within the Company.

The employees and stakeholders of the Company are supported to disclose or report evidence of wrongdoings that violate Company's regulations or the law. These wrongdoings covers – but are not limited to – fraud, corruption, financial wrongdoings, dishonesty, criminal offence, and inappropriate conducts. In any case, the report must be based on good intentions and believable evidence.

Types of inappropriate conducts include fraud, sexual harassment, corruption, financial tampering, unauthorized usage of confidential information, actions or inactions that are in conflict with the Company's regulation or the law, and the concealment of previously mentioned wrongdoings

▪ *Policy of Purchase*

The Company has informed the employees of the policy and guidelines on receiving gifts, favors, gratuities, and business amenities ("Gifts") from business partners or related individuals. The Company's employees may receive Gifts from business partners and related individuals as expressions of appreciation for the business relationship in order to maintain a healthy business relationship, given that such Gifts are given voluntarily and involve normal sales, promotion, advertising, or publicity.

Employees are expected to report and promptly turn over all Gifts received from business contacts or third parties to HR department of their respective companies, who will distribute Gifts to other parties in the appropriate manner.

▪ *Policy of Tax*

The Company sees tax as an important part of its responsibility to stakeholders. The Company has established the AAPICO tax policy to provide guidelines and practices for the Group's operations. AAPICO aims to be a tax compliant company and our tax policy reflects and supports our business. All taxes are paid in a timely manner and according to the laws and regulations of the local jurisdiction where the Company operates.

▪ *Policy of Intellectual Property*

Intellectual property refers to creations of the mind that result from the innovativeness and creativity of individual or team, and which are within the legal rights of that individual or team to manage with as they see fit. With this in mind, the company has therefore set out company policies to promote respect for both the Company's own intellectual property rights and the rights of others – policies which the Company strictly requires every director, manager, and employee to follow. Creations, knowledge, or ideas born from creativity will be treated as property of the Company. Employees are forbidden from duplicating, modifying, or do anything with said property – be it for their own benefit, or the benefit of others. The Company disapproves of any act of violation of others' intellectual property rights and stated that it is the duty of every employee to prevent any violation of the Company's intellectual property rights from coming to pass.

Contact Channels for Reporting Corruption

1. The reporters can report suspicious behaviors or events to their superiors or managers.
2. In the event that the reporters are uncomfortable with reporting to their own superiors or managers, the reporters may report to those higher in the chain of commands or directly to the Board of Directors via the email AC@aapico.com or at the following address:

Chairman of the Audit Committee
Room 2812, 28th Floor, the Offices at Central World
999/9 Rama 1 Road Pathumwan, Bangkok 10330

3. The Reporters may choose to report their names or not as they wish.

Investigation Steps and Punishment

When notified, the Board of Directors and the Audit Committee will be the ones to investigate the truth, with time limit on how long the process may take at the maximum. If it was determined that the accused individuals indeed committed the offence as was reported, the individuals will be disciplined according to the Company's regulation. If the report was found to be reported with malicious intent, the reporters will be disciplined according to the Company's regulation if they are the Company's employees, or if it was an outside source and the Company is affected by the event, the Company will take the legal steps as necessary.

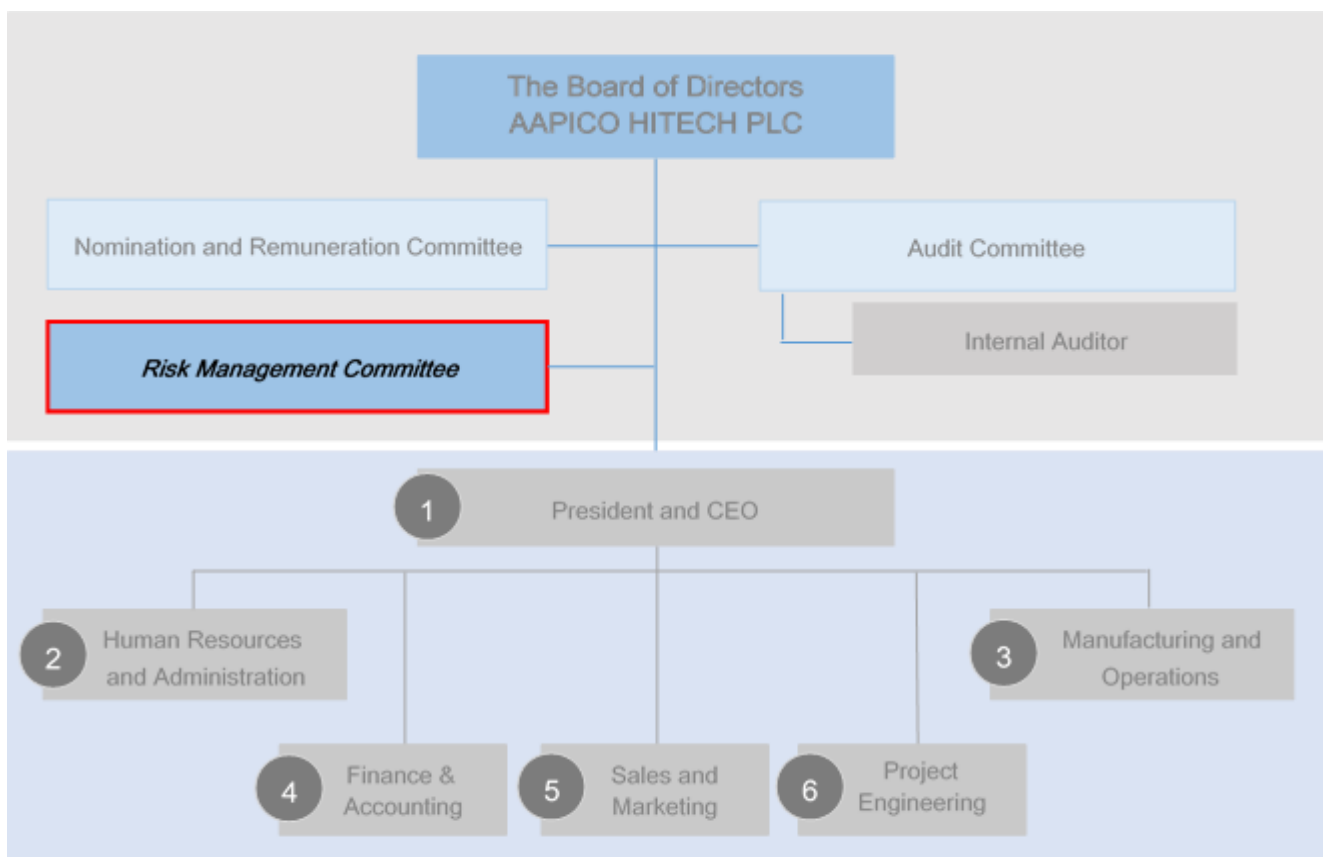
The Notification of Anti-Corruption Policy

To ensure that everyone in the Company is informed of the anti-corruption policy, the Company will notify the personnel through various channels, such as the Company's website, email, and 56-1 documents. The anti-corruption policy will be reviewed annually and the Company's business partners will also be informed of the subject.

Risk Management

AAPICO's risk management procedures and operations are under the direct supervision of AAPICO's Risk Management Committee as parts of the committee's duties and responsibilities to the Company. AAPICO considers its risk management and risk assessment processes as being mission critical in order to drive sustainable growth of the organization.

Risk Management Structure



In 2019, the Risk Management Committee reviewed the Company's internal control processes, in line with quality management standards, and has evaluated and identified the Company's potential risk factors. With reference to developments and changes in the business environment, the Risk Management Committee has assessed the likelihood of occurrence and financial impact of each risk and determined the appropriateness of internal control to mitigate these risks to an acceptable level. The Company has identified its key risk factors as follows:

<p>Strategic Risks</p>	<p>Government Policy Risk</p> <p>Government Policy is a crucial risk factor of the Company due to the fact that Government Policy can play a part in either increasing or decreasing the Company's revenue – be it directly or indirectly. In the event that the Government implements policies that support investment for car manufacturers or increase spending within the country, the total orders for the Company's automotive parts may rise as a result. On the other hand, if the Government does not have any supportive policies or introduce policies that affect the demand for automobiles inside and outside the country, the total orders for the Company's automotive parts may reduce as a result – thus subsequently reducing the Company's revenue.</p> <p>In any case, Government Policy undeniably has a hand in causing the demand for automotive parts to increase or decrease. Therefore, the Company preemptively plans its production – including materials and manpower – to match market demand in each period, and to be able to supply enough products to meet market demand.</p> <p>Overseas Investment Risk</p> <p>Given the Company's strategic goal of becoming a global company, the Company must therefore evaluate the risks arising from business ventures with partners and investments in other countries – as conflicts with business partners may affect the Company's operations and profits, including the Company's investment values and reputation with its customers and business partners. The formation of joint business ventures and business operations in foreign countries may pose risks from political uncertainties and policies that may affect business operations and profits.</p> <p>The Board of Directors has defined criteria and guidelines for the management to perform a feasibility study for each project to ensure that the management evaluate new investments carefully. The agreements with business partners must be clear and agreed upon by the management, including the roles and responsibilities of each party in the joint venture.</p> <p>New investments that are significant in value or which are considered an important part of the organization must be considered and approved by the Board of Directors according to the values set out in the notice from the Stock Exchange of Thailand. Subsequently, the management should engage in the performance review process to provide necessary support and ensure that operations are carried out smoothly and generate the appropriate returns to shareholders.</p>
<p>Business Risks</p>	<p>Automotive Industry Competitive Risk</p> <p>Competition in the automotive parts industry runs relatively high during the change of car models. Automotive part suppliers compete to win orders from OEM automakers in order to secure the guaranteed income from the production cycle of a car model. Therefore, the Company is exposed to the risk that it may lose customer orders to other automotive parts suppliers. This could have a significant impact on the Company's operations and its reputation in the market.</p> <p>Being a large Tier 1 automotive part supplier in Thailand, with high standards of operations and commitment to its stakeholders; the chances of the Company losing orders is very slim. However, the Company still ensures that it manages good relationship with</p>

customers and maintains high standards of operations, good product quality, competitive price, and punctual delivery to build up the customers' confidence and trust and ensure the continuation of orders for future models. Awards and achievements from customers over the years are proof of the Company's excellent performance.

Customer Concentration Risk

The Company is inevitably exposed to the risk of customer concentration due to a relatively limited number of major automakers in Thailand. Although the Company supplies automotive parts to various automakers, the majority of its revenue was contributed by three major customers, which are Isuzu, Auto Alliance (AAT), and Nissan. This implies that the Company's performance is largely related to the performance and market share of these major customers and losing orders from any of these customers could significantly impact the Company's profit.

For the year 2019, the Company evaluated that the chances of losing orders and the impact of this risk were relatively low because its major customers performed well in the past year; and this year, the Company has increased sales from tooling sales to Vinfast, which is a customer from Vietnam. Additionally, the Company has set up plans to increase revenue from every product line and to expand its customer base to diversify its product portfolio and customer base in order to alleviate the risk of relying on a few customers and to maintain the Company's long-term profit.

Automotive Industry Trend Risk

The Company always pays close attention to the impact of changing trends within the automotive industry in order to determine the appropriate strategy for driving the continuous growth of the business. These trends include the development and production of electric vehicles, for which the industry received investment promotion support from the government ; advances in material science technology geared towards producing pliable, lightweight products that can still meet tensile strength safety standards; the development of new digital technology such as on-demand mobility applications; the increasing connectedness of cars; autonomous vehicles, and changing consumer mobility behavior with less demand for car ownership. All these trends and developments present risks that may impact the Company's operations.

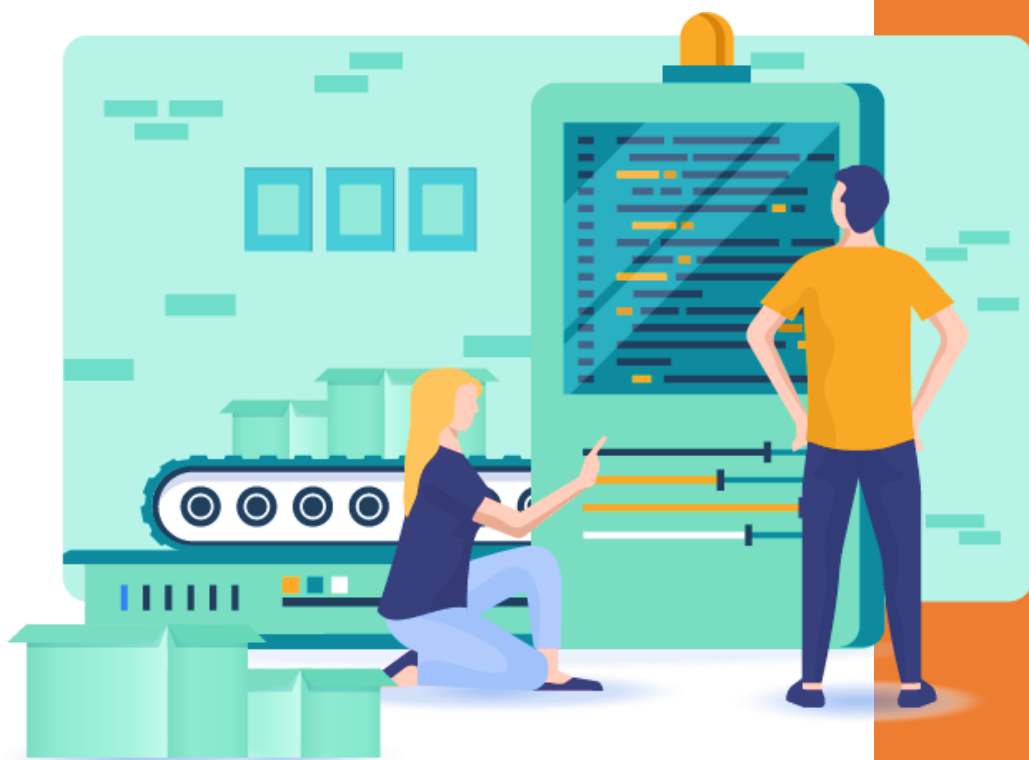
The Company has assessed that these disruptive trends will not significantly impact the Company's operations in the short term, as these technological changes are still in the early stages of development and it will take time before they will be commercially available at scale. As for electrical vehicles, the increasing demand for new energy vehicles will not have a significant impact on the business either because the demand for the Company's automotive products, which are mainly body stamping and frame components, will endure regardless of changes in demand for any particular vehicle powertrain e.g. electrical vehicles, hybrid electrical, or traditional internal combustion engine vehicles.

In any case, the Company is fully aware of the risk to its competitiveness in the long run. Therefore, it has established a Research and Development function within the organization to assess the impact of these changing trends in order to support the growth of the core businesses in the OEM automotive part and the car dealership sectors. The Company has also set up the "Internet-of-Things (IoT) Connectivity & Mobility" business as its third core business pillar to ensure that it is able to follow the industry's changing trends going forward.

<p>Operational Risks</p>	<p>Raw Material Price Fluctuation Risk</p> <p>The Company is exposed to the risk of fluctuation in steel prices for its automotive part business. The volatility of steel prices can have a significant impact on the Company's profitability, as steel is the primary raw material which accounts for approximately 70-80 % of the product costs. The Company has therefore taken actions to mitigate this risk by adopting a centralized purchasing policy. Under this policy, the Company has negotiated with its customers to purchase steel from approved suppliers at a mutually agreed price. When the steel prices changes, the part price paid by customers will then be adjusted according to the change in price of the raw material. The Company therefore passes on this risk to car automakers and reduces its potential impact on profitability of the Company to a low level.</p> <p>Labor Shortage Risk</p> <p>The Company has assessed the risk of labor issues due to the shortage of skilled labor and issues with the Labor Unions, which can have a significant impact on production and the delivery of products to customers – hence damaging the Company's reputation and credibility and disrupting automotive production supply chain. The Company places great importance on its employees and values them as an important foundation of the Company, which fosters improved quality of life for employees via remuneration, welfare, and training. The Company is careful in its management of issues relating to the Labor Unions in order to be fair and avoid conflict. Thanks to the Management's care and good relations with the employees, the risk of labor conflict and its impact on business operations is currently at a low level. In addition, the Company plans to utilize automation and artificial intelligence in the production process in order to replace and reduce its dependency on its labor workforce, while also increasing long-term production efficiency.</p> <p>Product Quality Risk</p> <p>The Company places great importance on maintaining an excellent standard in producing and delivering quality products to its customers. The Company has been certified and operates in accordance with the quality management standard IATF16949. The Company has set a target of zero defect delivery to its customers and has motivated and encouraged employees regarding quality awareness, which ensures that risks relating to product quality are well managed and controlled. Furthermore, the Company also provides a warranty for defective parts and product liability insurance coverage to mitigate any related financial risk to the Company.</p>
<p>Financial Risks</p>	<p>Foreign Exchange Risk</p> <p>The Company is exposed to the risk of fluctuation in foreign currency exchange rates due to revenues from its export business being in foreign currencies. For its normal operations, this risk is considered insignificant, despite the high volatility of currency movements during the year, due to affected revenues being less than 5% of total revenue. However, the Company is still impacted by foreign exchange risk on its US Dollar loan to Sakthi Global Auto Holdings (SGAH), which incurred a net unrealized loss in 2019.</p> <p>The Company has a policy to match income and expense in the same currency to naturally hedge its foreign exchange rate risk. This policy is applied to all transactions including loans to related parties. Where the risk cannot be completely hedged, the Company</p>

	considers using forward or option contracts to mitigate the risk. However, the Company does not have a policy of trading in derivative financial instruments for speculative purposes.
Compliance Risks	<p>Safety, Environmental & Social Risks</p> <p>The Company is aware of the issues concerning safety, the environment, and the surrounding community and has established policies and procedures to ensure good management of employees' health and safety, and compliance with environmental laws and regulations. The Company has promoted safety awareness to all employees and has initiated activities and campaigns related to health and safety throughout the organization. These activities include Safety Week, the Completely Check Completely Find out (CCCCF) initiative to search for and eliminate harmful activities, the 5S initiative to create a safe, clean, and easy to environmentally friendly workplace, the white factory campaign for a drug-free workplace, the equipment maintenance schedule and annual health checks for all employees. The Company has initiated kaizen activities and projects to reduce waste and energy consumption. These projects include the study of solar power usage and the use of LEDs in all factories to reduce electricity consumption. The Company's ISO14001 certification and safety requirements are both a testament to its commitment and credibility on its safety and environmental management.</p> <p>Corruption Risk</p> <p>The Company is well aware of risks related to bribery and corruption arising from a lack of transparency, which can significantly and negatively impact the Company's operations and result in unnecessary costs to the organization. The Company is committed to conducting business with integrity, honesty and fairness and has expressed its intention to fight corruption. The Company has issued an anti-corruption policy as a guideline for operational transactions across the organization including sales, services, purchasing, recruitment, donations, support services and the offer & acceptance of hospitality events, entertainments and gifts. The Company has reviewed its activities in compliance with working procedures and audits them on an annual basis. The Company also encourages employees and third-party stakeholders to report their suspicions of wrong doings or inappropriate actions directly to the Audit Committee via the Whistle Blowing Policy.</p>

Economy



Economic Distribution

Reporting Boundary

AAPICO Group aims to operate business by considering the benefits of the Company and the stakeholders. This report presents information on AAPICO Group's management and performance – both within Thailand and overseas – and covers the 3 main business pillars of the Company: Manufacturing of OEM parts, Car dealerships, and Internet of Things connectivity and mobility business (IoT).

Management Approach

The Company emphasizes encompassing economic distribution to stakeholders in order to meet the stakeholders' expectation and show responsibility to the economy, social, and environment. The Company doesn't only pay dividends to the shareholders and remunerations to the employees, but also considers the benefits of the customers, business partners, communities, and government.

Performance

In 2019, the Company's revenue is 19,428 million baht, 19,304 million baht of which came from sales. The total cost for products and services is 19,067 million baht, which can be divided into 16,703 million baht for products and service cost, 1090.78 million baht for management and sales, 303.93 million baht for other expenses and dividend. 224.23 million baht was paid to the government as corporate income tax.

Stakeholders	Economic Benefits
Customers	Low cost quality products
Employees	Wages and Welfare Provident Fund Scholarship funds for employees' children Personnel development cost
Shareholders	Dividend
Business Partners	Profits and on-time payment Business stability
Community	Community development project
Government	Corporate income tax
Competitors	Experience exchange

Economic Values (Million Baht)				
Sales Revenue	Total Expense for Costs and Management		Dividend	Corporate Income Tax
	Products & Service Cost	Management Expense		
19,304	19,067	1,090.78	303.93	224.23



Indirect Risk Management

Reporting Boundary

Risks in business operations are inevitable. It goes without saying that the Company has come up with strategies and management plan to prepare for direct predictable risks. However, indirect risks are also non-negligible and can potentially severely affect the Company. This report will talk about potential indirect risks and the guidelines and results of the indirect risk management of companies within AAPICO Group, including Thailand, Malaysia, and China. However, this report will not include businesses that were recently established or taken over in 2019.

Management Approach

The Company's audit committee has evaluated the financial impacts and possible events that may pose indirect risks to the Company in order to prepare measures and reduce the chance of a risk – or the impact from a risk – to be at an acceptable level. Possible indirect risks are as follows:

- **Risk from Labor Shortage**

Cause: The shortage of skilled labor and issues with the Labor Unions can have a significant impact on production and the delivery of products to customers – hence damaging the Company's reputation and credibility and disrupting automotive production supply chain, which may affect financial fluidity of the Company.

Management: The Company supports the employees' remuneration, welfare, and training. The Company is careful in its management of issues relating to the Labor Unions in order to be fair and avoid conflict. In addition, the Company plans to utilize automation and artificial intelligence in the production process in order to replace and reduce its dependency on its labor workforce, while also increasing long-term production efficiency.

- **Safety Risks**

Cause: The Company is aware of the issues concerning safeties in workplace, as accidents during operations in the manufacturing chain are always a possibility and may affect the employees' safeties, work performance, and economic value of products manufacturing.

Management: The Company is aware of and values employees' safety and has established policies and procedures to ensure good management of employees' health and safety, and compliance with environmental laws and regulations. The Company has promoted safety awareness to all employees and has initiated activities and campaigns related to health and safety throughout the organization. These activities include Safety Week, the Completely Check Completely Find out (CCCCF) initiative to search for and eliminate harmful activities, and the 5S initiative to create a safe, clean. The Company's ISO14001 certification and safety requirements are both a testament to its commitment and credibility on its safety and environmental management.

- **Risk from Corruption**

Cause: The Company is well aware of risks related to bribery and corruption arising from a lack of transparency, which can significantly and negatively impact the Company's operations and result in unnecessary costs to the organization.

Management: The Company is committed to conducting business with integrity, honesty and fairness and has expressed its intention to fight corruption. The Company has issued an anti-corruption policy as a guideline for operational transactions across the organization including sales, services, purchasing, recruitment, donations, support services, and the offer & acceptance of hospitality events, entertainments and gifts. The Company has reviewed its activities in compliance with working procedures and audits them on an annual basis. The Company also encourages employees and third-party stakeholders to report their suspicions of wrong doings or inappropriate actions directly to the Audit Committee via the Whistle Blowing Policy.

Performance

The Company has taken procedures to manage indirect risks as was evaluated and planned by the Board of Directors, which can be seen as follows:

1. Supporting the Remuneration, Welfare, and Development of Employees

AAPICO sets appropriate compensation and welfare benefits for the management and employees based on the cost of living, economic conditions, and benchmarking against other companies in the automotive industry. The Company ensures fairness to employees and considers compensation based on capability, skill, and experience, and scope of responsibilities and accountabilities to be in line with peer companies. Remuneration to management and employees is in the form of salary, wages, bonus, social security contributions and provident fund. The Company also provides incentives for long services as well as post-employment compensation and gratuity benefits to employees upon retirement in compliance with labor laws and the long-term employee retirement benefit plan. Other than these monetary remunerations, other welfare benefits provided to employees include lunch, medical, transportation, uniform, and others.

Remuneration	2018	2019
Wage and Welfare	1,545 Million Baht	1,719 Million Baht
Provident Fund	32 Million Baht	32 Million Baht
Total Number of Employees	4,028 People	4,019 People

AAPICO Training Center has been assigned to coordinate and manage the overall human resource development program and training courses for the AAPICO Group. The Company has more than 290 in-house training courses made available under 7 training topics.

Training Courses	
Technical Training	Management Training
Participative Management Training	Quality of Life Training
Language Training	Computer Training
Safety and Environment Training	

2. Employees' Safety Management

The Company sees the importance of employees' safeties. Should any one of the employees meet with an accident during work, the Company will lose valuable working labor and that respective sector may even have to halt its operations, which will further affect other sectors and therefore affect the economic value of the Company.

The Company utilized the standard from the American National Standard Institute (ANSI) in calculating the statistic on work safety, which is the calculation of the Injury Frequency Rate (IFR). The calculation and the results are as follows:

Injury Frequency Rate (I.F.R.)

$$= \frac{(\text{No. of employees that have to take leave due to injuries} \times 1,000,000)}{\text{No. of total working hours for that department}}$$

	2018	2019
Average Number of Injured Employees	5	6.454545
Total Working Hours	1005096	716351
IFR	4.974648	9.010311222

3. Reporting Acts of Corruption

The Company has set up channels in which the employees can report the evidence or suspicious events to their superiors and the top management or the Board of Directors. The reporters can send their complaints to the email AC@aapico.com, or send the mail to the Chairman of the Audit Committee at Room 2812, 28th Floor, the Offices at Central World, 999/9 Rama 1 Road Pathumwan, Bangkok 10330.

The investigation process is that when the Company received the complaints via any channel, the Company will have to investigate the facts and evidence. If the complaints is found to be true and there is enough evidence, the involved individuals will be investigated and the reporters will be notified of the investigation results via various communication channels. If the offender is found to be guilty, the management will punish them appropriately according to the Company's regulations.

In 2019, from these 2 channels, there is no report or complaints of any acts of corruption. In any case, the Company reviews the Anti-Corruption policy annually and notifies it to the Company's business partners as a standard procedure.



Innovation for Improvement

Reporting Boundary

Innovation is the factor that will help increase manufacturing and work productivity, while also decreasing resource usage and expenses, including saving up on the costs. The information in this report is the guidelines that the Company used innovation in the manufacturing process in order to increase productivity and effectively manage the costs and resources. This will only talk about the Manufacturing of OEM auto parts in Thailand, as it is the main business that first implemented innovation.

AAPICO Group always does the operational problems assessment, creates new methods, does the researches and experiments those methods with our operations and eventually leads to create “process innovation” in which we do focus on our products’ quality together with work efficiency improvement and increased productivity.

Furthermore, the Company is following the target of sustainable development in establishing smart factories and offices by using equipment, technology, and innovative thinking; while supporting the implementation of innovation and creativeness in the manufacturing process to increase productivity and work performance. The Company also support effective recycling in accordance with the goal of becoming zero waste factories.

The smart factory and smart office project is made up of numerous sub-projects which were planned in 2019 and proceed into 2020, some of which have already been implemented. This report will talk about the planning and experiment that occurred in 2019 before being fully implemented in 2020.

Management Approach

The Company has the policy to establish smart factories and offices in accordance with the Company’s vision and mission by coming up with, researching, and searching for innovations that can be implemented in all factories and offices of our group to the benefits of both the Company and the customers. The main goals of the smart factories and offices policy are:

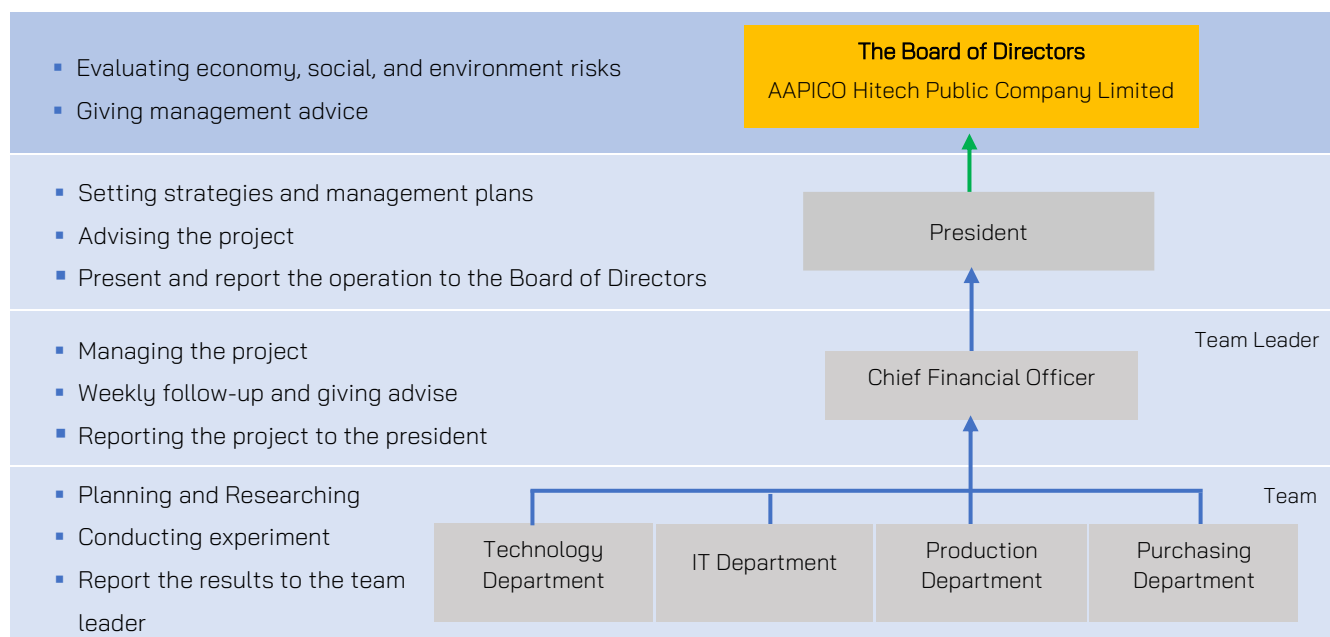
- 1) Increasing operations performances and flexibility
- 2) Increasing qualities and quantities of products
- 3) Effective recycling in accordance with the goal of becoming zero waste factories.

In this respect, the Company focuses on creating innovations in 2 levels which are 1.) to create innovations in their own factories by participating QCC (Quality Control Circle) activity 2.) to create innovations following the target of sustainable development in establishing smart factories and offices in AAPICO Group

In both levels of innovation creation, they have similar structure and process which is setting up a team consisted of specialists with knowledge in technologies, IT, communication, production, and purchasing in order to brainstorm and take care of assignments based on their specialties, with top management

as supervisors who plan, manage, follow-up, and advice the team; while also evaluating each project's economical values and presenting the operation performance to the Board of Directors.

Project Management and Follow-up Structure



Operation Process

Evaluation of Problems and Researching Technological Innovation

Each department research and evaluate the problems and loss in the factories and offices, be it economically, socially, or environmentally; and research interesting technological innovations.

Brainstorm, summarize problems and innovations, and researching sub-projects

The team brainstorm studied innovation and group them into sub-projects. Then presents innovations' aims, duration, cost, and expected results.

Presenting Sub-Projects to Team Leader, Experiment, and Follow-up on the Results

Presenting sub-projects to team leader for evaluation and approval. Approved sub-projects will proceed with models, experiments, follow-ups, and weekly meetings in order to fix any problems. Unapproved sub-projects will be advised by the team leader on how to approve.

Reporting the Sub-Projects to the President

When sub-projects' experiments succeeded as planned, the team leader will present it to the president. If there are any comments, the team leader will bring it back to correct it. If the sub-project is approved by the President, the sub-project will be presented to the Board of Directors.

From the aforementioned operation structure, we could clarify those 2 levels of creating innovation achievements as following;

1.) Innovation Creation in their own factories one of innovation has implemented as below;

Project	Objective	Method	Value/Benefit
Rolling Machine	To improve operation method by applying new technology in manufacturing process in order to increase productivity	Utilizing the Rolling Machines to assist in the operations	<ul style="list-style-type: none"> Utilizing material with cost effectiveness and support zero waste factories Increasing productivity Reducing the manufacturing costs and enabling lower products' prices for customers

2.) Innovation Creation following the target of sustainable development in establishing smart factories and offices in AAPICO Group

It can be seen that in 2019, the team has mainly been researching, planning, and experimenting with the sub-projects – most of which are in the process of experiment and correction. However, there is 1 sub-project that has been approved in 2019 and is now being used in the Company's operations. Therefore, in this section, this particular sub-project will be looked at.

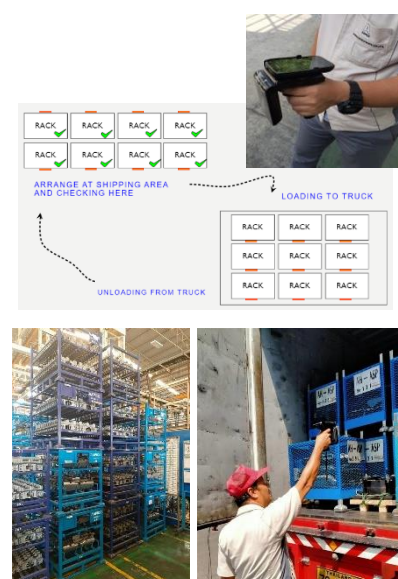
Rack Tracking System

Apart from the automotive parts which are valuable products from the factories, the storing racks are also valuable as well. As the Company has to store the products in clean, durable, and secure packaging to prevent damages to the products when delivering them to the customers, the price of such storages are therefore higher than normal as a result. Most of the time, some these storage racks are missing when they were returned by the customers, forcing the Company to order new batches of racks to replace lost ones. This, in turn, increases the expenses for the Company. In each year, the Company has to pay a considerable amount for this issue.

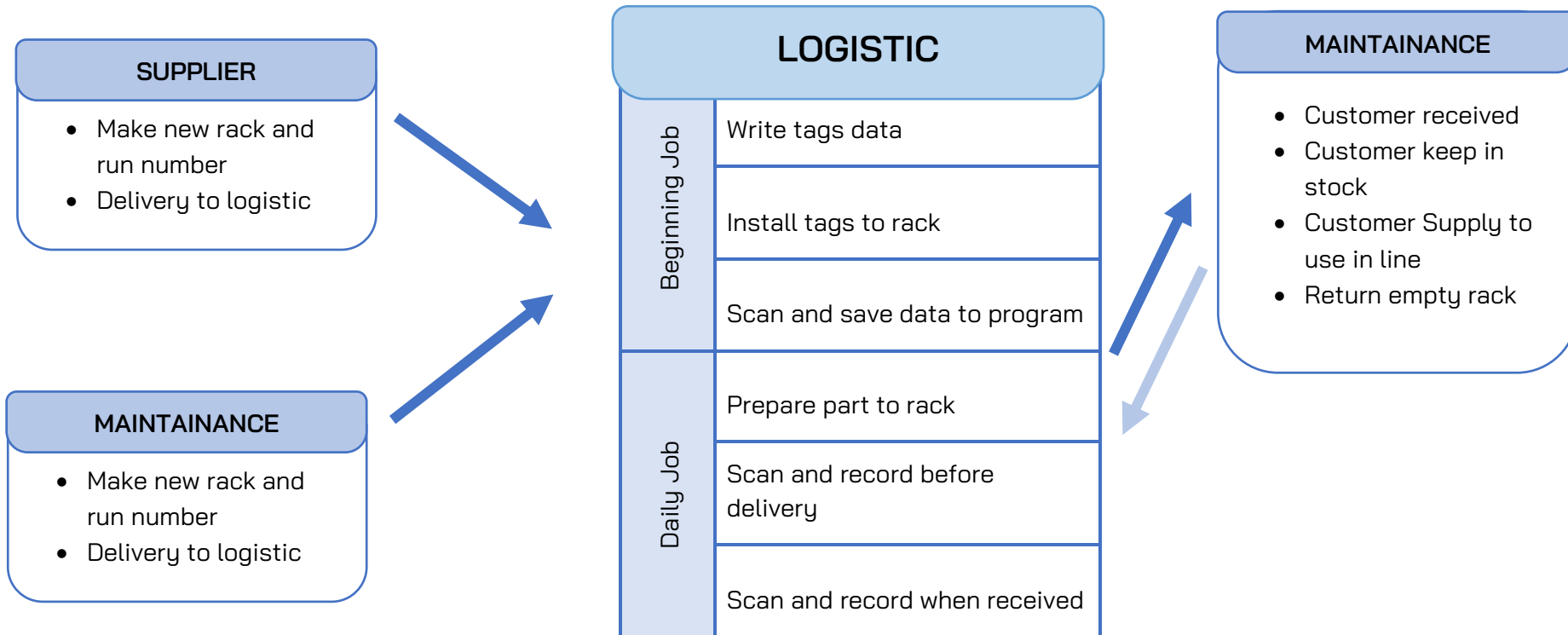
In order to solve this problem of lost storage racks and unnecessary expenses, the Company came up with the project to track the entry and exit of each storage rack to monitor them. This was done by implementing the innovation called Radio Frequency Identification (RFID) into the Company's own original program.

This tracking system operates as follows: A program was developed to track storage racks by utilizing RFID system. Then, coding plates were built for each storage rack – 1 coding plate per 1 rack. These coding plates were attached onto each storage rack, which means that each rack will have its own unique code. These codes were registered into the previously mentioned Company's program, and the program will monitor the entry and exit of every racks at all time through these codes. If a rack exits the Company's area, the program will show that the storage rack had left the Company and has not yet return. Should a rack fails to return to the Company's area within a set amount of time, the employees will then know to follow-up on the missing storage rack with the customers. Furthermore, this system can also show if the employees returned the racks properly to the storage area or not, as the program will inform the supervisor if the racks were left out of place.

The team had experimented, researched, adjusted, and reported the results over and over until the results are consistent and satisfactory before the team leader can present this project to the president.



Supply Chain with RFID Rack Tracking System



*If Customer keeps our rack for more than 10 days,
The Logistic team will follow up the return.

Customer Relationship Management

Reporting Boundary

Customers are one of the Company's important stakeholders. Therefore, the Company needs to have customer relationship management in order to ensure that the Company's business operations are progressing sustainably. The information in this report will talk about activities and customers' satisfaction with the Company. This will only include the Company's business of OEM auto parts manufacturing in Thailand, as it is the Company's main business with many important customers and long relationship.

Management Approach

The customers' satisfaction, or "Happy Customer", is one of the Company's main mission. The Company therefore focuses on building good relationship with customers and placing priorities on listening to the customers' opinions in order to continuously raise the customers' satisfaction. The Company utilized the SQCDM principle to manage this good relation as follows:

S Safety

Safe Working Operations. The Company places great importance on safety during operations – be it the safety of the Company's own employees, contractors, or suppliers. 100% of new employees and suppliers are required to first receive safety training before taking part in an operation.

Q Quality

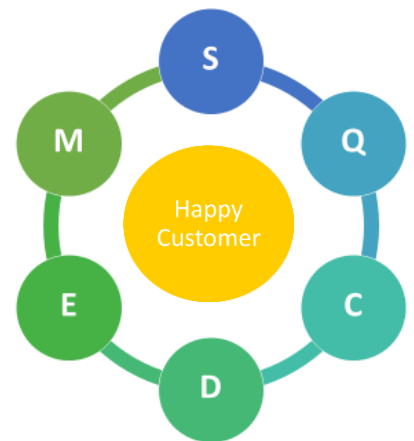
Produce products that meets the customers' demands. The Company places great importance on putting out products that fit the customers' requests, including the products that were made by the Company's suppliers. Every product is traceable to the manufacturing line to build up customers' confidence in the case of a problem.

C Cost

Appropriate and competitive products' cost. The Company is well aware of the matter of fair competition, and is also striving to improve manufacturing process to set the products' cost within the customers' satisfaction.

D Delivery

100% on-time delivery to every customer. The Company is aware that late delivery can greatly affect the customers' operations. Therefore, the Company always strive to maintain a 100% on-time delivery standard.



E Engineering

Continuously improving engineering – be it the process, techniques, methods, or implementation of new technologies – to improve products' qualities, reducing cost, enable on-time delivery, and minimizing impacts on the environment.

M Management

Good internal management. The Company has received ISO/ TS 16949: 2009¹ quality standard, environmental management system ISO 14001: 2004 and ISO 14001: 2015², and occupational safety and health OHSAS 18001: 2007³.

In addition, the Company also set policies for intellectual property and customers' confidential information to ensure that the Company will not take advantage of the customers for the Company's own benefits.

Performance

In 2019, the Company established and managed customer relations through managing and participating in the following activities.

- Arranging customer relations activities



Isuzu & AAPICO Group Friendship Golf
At Royal Lakeside Golf Club on 17th January 2019



AAT & AAPICO Group Friendship Golf
At Subhapruek Golf Club on 15th September 2019

¹ Companies that received the ISO/ TS 16949: 2009 standard include AH, AHP, AHR, ASICO, AL, AA, ASP, AF, APC, AP and APR, and every company is in the process of changing to IATF 16949: 2016

² Companies that received the ISO 14001: 2004 standard include AH, AHP, AHT, ASICO, AF, APC, AP, APR and AA, and the ISO 14001: 2015 standard includes AL

³ Occupational safety and health OHSAS 18001: 2007 is AP

- Participating in activities with customers to build up customer relations



TCC Rally 2019
Samut Prakarn – Khao Yai on 8th June 2019



Isuzu Rally 2019
Bangkok – Cha Am on 23rd -24th November 2019

- Attending and congratulating the customers' new models Grand Opening



All New Isuzu DMAX Grand Opening
On 11th October 2019

- President and CEO of AAPICO Group was invited as a guest speaker under the topic “Inspiration Talk” for the management team of Toyota Daihatsu Engineering and Manufacturing on 6th December 2019.



The Company also made a customer satisfaction survey to pinpoint areas for improvement and to get a good idea of the customers' satisfaction level, then use these information to improve the Company's operations. The customer satisfaction survey results of 2019 show a score of 89.53%, which is lower than the previous year. However, this score still exceeds our set target for this year and the Company is resolved to correct and improve on any mistake to continuously maintain the customers' satisfaction.

Satisfaction	2013	2014	2015	2016	2017	2018	2019
Target %	75.30%	85.00%	85.00%	85.00%	85.00%	85.00%	87.10%
Quality %	75.00%	83.26%	89.38%	88.00%	88.26%	92.08%	91.04%
Price %	74.70%	78.89%	80.94%	85.00%	84.98%	84.44%	84.24%
Delivery %	-	-	-	-	88.82%	97.71%	91.46%
Marketing Department %	74.98%	85.56%	83.44%	85.00%	89.10%	97.71%	86.88%
Accounting & Finance Department %	75.93%	86.25%	86.88%	86.00%	90.76%	98.33%	93.47%
Production Department %	75.88%	88.26%	86.88%	86.00%	90.28%	93.33%	91.04%
Quality Department %	75.31%	86.25%	88.13%	88.00%	90.21%	92.08%	91.04%
Average Satisfaction Level %	75.30%	84.75%	85.94%	86.33%	88.43%	92.59%	89.53%

Table 1. Customers' satisfaction level in 2013 – 2019 of the company AH, AHP, และ AHR

Rewards from Customers



- Best Delivery award from Ford Thailand Manufacturing to AAPICO Hitech Public Company Limited
- 100% Delivery Performance of the Year 2019 award to AAPICO Plastic Public Company Limited



- Q1 Award from Auto Alliance Thailand to AAPICO Hitech Public Company Limited
- Q1 Award from Auto Alliance Thailand to AAPICO Plastic Public Company Limited



- Supplier Excellence (Quality Performance) award from American Axle & Manufacturing (Thailand) to AAPICO Precision Company Limited



- 2019 TCC Risk Management Business Continuity Plan (BCP) Step-1-10 and Exercise plan award from Toyota Co-Operation Club to Able Sanoh Industry Company Limited

Business Partner Relationship Management

Report Boundary

The Company values business partners as invaluable business associates, as they play an important role in helping the Company to achieve sustainable business development. The information in this report will talk about the activities and evaluations of business partners' operations, environment system, work safety, delivery, engineering, and cost management. This will only include information from the Company's OEM auto parts manufacturing business in Thailand, as it is the Company's main business with numerous important business partners and the materials and products from these business partners are crucial to the Company's operations.

Management Approach

As the Company sees business partners as important business associates, the Company therefore arranges for business partners to join meetings and taking parts in activities together in order to inform them of important Company's details, such as quality price and delivery policy, transparent business conduct policy, anti-corruption policy, corporate social responsibility policy, and safety policy. It also serves as an opportunity to inform the business partners of previous year's cooperation evaluation, in which the purchasing department of the Company evaluated the risks, opportunities, and manage these risks according to IATF 1949 standard in order to evaluate and review the performance of the purchasing department and business partners. If any problems are detected, the Company can then correct and set the guidelines for reducing that risks and inform the business partners further.

Risks and Opportunities Evaluation and Management Steps

■Risks and Opportunities Evaluation and Management

The purchasing department evaluate the risks and negative impacts, both on the intensity and probability of that impact. Then follow the IATF 1949 standard to reduce that risk.

■Making Plans for Reducing Undesirable Impacts (Risks)

By setting aims, details, durations, and the individuals in charge.

■Proceed with the Plans

Following the set plans, make operation reports relating to the plans, and then report the results.

■Reporting the Operations Results and Evaluations

Reporting the results and evaluations, while also taking advice and opinions on how to improve upon it

The Company is also aware of the dependence on one another between the Company and business partners with shared responsibilities. The Company therefore supports the business partners' corporate social


responsibilities, and also provide the opportunities for business partners to participate in the Company's own corporate social activities. There is also a plan to improve the business partners' potential by providing training to business partners, visiting business partners, and activities to strengthen the relationship between the business partners and the Company.

Performance

In 2019, the Company has managed business partner relations through the following activities:

- Evaluating and managing risks and opportunities according to IATF 1949 standard and make plans to reduce negative undesirable impacts (risks) and proceed with the operations by having the Oracle team set up a checking system.

Risks/ Opportunities For Evaluation	Risks	Possible Negative Impacts	Intensity	Probability	Average Intensity and Probability	Opportunities	Intensity	Probability	Average Intensity and Probability	Operation Plans
PO	1.Information in the PO are incorrect, such as the specs, quantities, price 2.The sellers' names in the PO are incorrect	1. Late documents, causing the purchasing process to delay, thus resulting in late arrival of products 2. Use up time to correct the PO 3. Late delivery to customers	2	3	6	Creating awareness in the importance of checking for incorrect details in the PO	2	1	2	Setting up PO checking system in the Intranet

	Risk and Opportunity Management Program										Doc No.	PRO-PU-05				
	โครงการการลดผลกระทบที่ไม่พึงประสงค์(ความเสี่ยง) หรือสนับสนุนผลกระทบที่พึงประสงค์(โอกาส)										Rev. No.	0				
	ประเภท โครงการ : <input checked="" type="checkbox"/> ลดผลกระทบที่ไม่พึงประสงค์(ความเสี่ยง) <input type="checkbox"/> สนับสนุนผลกระทบที่พึงประสงค์(โอกาส)										Date	7/2/2018				
Project No./หมายเลข โครงการ : PRC-PU-07-08 Subject / เรื่อง : ระบบการตรวจเช็คข้อมูลการสั่งซื้อ Time frame / ระยะเวลาดำเนินการ : Sep/ 2017 To Dec/ 2017																
										Buddet Allocation /		Purchase				
Reason of apply /เหตุผลโครงการ : เพื่อลดปัญหาการเปิด PO ผิดพลาด										Project Leader / หัวหน้าโครงการ		Pitchawat Thanaoran				
										งบประมาณในการดำเนินการ		-				
Item ลำดับที่	Action (๕) รายละเอียดการปฏิบัติงาน		Plan (ระยะเวลาดำเนินงาน)										Responsible ผู้รับผิดชอบ	Review ผลการดำเนินงาน		
			2017													
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
1	ประชุมเพื่อแจ้ง concept ให้แผนก Oracle ออกแบบระบบการตรวจเช็คข้อมูลการสั่งซื้อ														Pitchawat	สามารถลดปัญหาการเปิด PO ผิดพลาดได้
2	ประชุมเพื่อทดลองใช้ระบบ														Oracle team	
3	แผนก Oracle ปรับปรุงแก้ไขระบบ														Oracle team	
4	Oracle ทำการอบรมเกี่ยวกับการใช้ระบบ														Oracle team	
5	เริ่มการใช้งาน														Pitchawat	

- 2019 Annual General Meeting

In 2019, a total of 53 business partners attended the meeting



2019 Annual General Meeting on 21st February 2019

- Visiting Business Partners

The Company make plans to visit the business partners once a year in order to build good relationship, evaluate, and advise the business partners in the case that they are facing any problem.

Example of a Visit

Business Partners: B.K.J. ADVANCED PROCESS CO., LTD.

Address: 99/1 Moo 3, Nong Chumphon Nuea, Khao Yoi, Phetchaburi 76140



- Annual follow-up of business partners in order to evaluate the ability to follow the quality, environment, safety, delivery, engineering, and cost management systems. In 2019, a total of 15 business partners were followed-up, with the average score of 82.23 which increased from 2018. 11 business partners are Grade A, which increased from the 8 in 2018.

Score Level	2018	2019
Grade A	8	11
Grade B	5	4
Grade C	2	-
Average Score	80.89	82.23

- Activities with Business Partners

To build up good relation and give the opportunity for business partners to participate in the Company's corporate social activities, the Company arranged the "Paper Ranger" activity to help make handmade notebooks for children by using unused A4 papers.



Environment





Environmental Policy

One of AAPICO Group's main business is the manufacturing of OEM auto parts, dies, and jigs. Inevitably, this means that the Company's operations will involve factories and the subsequent waste and emission that such operations entail. However, the Company does recognize the importance of the environment and has therefore established an environmental management system and policy to be followed in order to preserve and improve the environment for the better by subjecting the management and the employees to comply with the following regulations:

1. Improve environmental management processes, services, and products of the Company in accordance with the requirements of the standard ISO 14001.
2. Comply with laws and regulations relating to the environment by various criteria to develop a minimum standard for the operation of the Company.
3. Conserve natural resources, including energy, in order to benefit a worthy cause of minimal environmental impact.
4. Protect the environment to create awareness on the quality of the environment.
5. Prevent the pollution of water and air from the Company's operations, and continuously seek to improve the Company's operations to keep the resulting waste and emission to a minimum.

This Policy was announced and communicated to the employees for their awareness and compliance. This policy is also available to the public.

Energy

Reporting Boundary

AAPICO Group is aware of the importance of energy consumption to both the Company and the environment. Inefficient energy usage may lead to an unnecessary increase in electricity cost for the Company, and also drain the resource required to produce said energy from the environment. Therefore, the Company has come up with certain measures to keep energy consumption to a minimum. This report will include information from the project of one of the Company's subsidiaries that was met with success.

Management Approach

The Company seeks to manage energy consumption by changing some equipment parts to have better functions or systems that can directly help to reduce energy consumption. In this case, Variable-Speed Drive (VSD) air compressors were implemented in the place of the usual Fixed-Speed air compressors to reduce energy cost.

Performance

By changing the air compressors from Fixed-Speed models to Variable-Speed Models, there is indeed a noticeable change in energy consumption and electricity cost. In 2018, energy consumption per air compressor was around 300,000 – 350,000 kW.-hr./ year, while in 2019, energy consumption per air compressor was around 250,000-300,000 kW.-hr./ year. In addition, the electricity cost from air compressors in 2019 was reduced by around 374,000 baht per year.

Air Compressor No.7

Energy Consumption in 2018	307,440 kW.-hr. per year
Reduction in Energy Consumption after Installing VSD	68,400 kW.-hr. per year
Energy Cost Saved after Installing VSD	220,248 Baht per year

Air Compressor No.13

Energy Consumption in 2018	344,236 kW.-hr. per year
Reduction in Energy Consumption after Installing VSD	47,520 kW.-hr. per year
Energy Cost Saved after Installing VSD	153,014.4 Baht per year

Electricity Cost from Air Compressors

Before Installing VSD Control Air Compressors	2,036,548.27 Baht per year
After Installing VSD Control Air Compressors	1,662,467.91 Baht per year
Cost Saved After Installing VSD Control Air Compressors	374,080.36 Baht per year

Biodiversity

Reporting Boundary

Part of AAPICO Group's vision is to become a green organization – This means that, other than trying to preserve the environment through preventing any possible side-effects of the Company's operations from affecting the environment, the Company also actively tries to help the grow the environment directly by through social activities. This report will include social activities arranged by companies AAPICO Group that directly benefit the environment in 2019.

Management Approach

The Company took upon itself the mission to create and preserve a "Green" environment, and has adopted this sentiment into the Company's visions. While the Company's operation may be already be in accordance with the requirements of the ISO 14001 standards, the Company also seeks to directly influence the environmental growth by encouraging personnel from every sectors to participate in corporate social responsibility activities that were designed to help grow back the environment around the communities.

Performance

In 2019, the Company has arranged for environment saving activities as follows:

- **Production CSR Activities at Kungnam Resort, Nakorn Nayok**

In order to cultivate and promote the sense of environmental preservation in the mind of the production team, and to help improve eco-friendly environment in the area of Nakorn Nayok, AAPICO Group held a trees-planting activity for the employees within their production department on 25th August 2019. 64 employees attended the tree-planting activity at Kungnam Resort in Nakorn Nayok and a total of 3,500 baht was donated to help address the environmental concerns in the area.



The Production Team



Trees-Planting Activity

- **AAPICO CSR Activities at Royal Navy Base in Sattahip**

On 29th June 2019, AAPICO Group held a CSR activities event at the Royal Navy Base in Sattahip. The activities consisted of weir building, plant breeding, and bridge painting to observe and improve the environmental surroundings. Every employee within AAPICO Group was allowed to freely attend and participate in the event – resulting in 100 employees attended in total.



AAPICO Group's employees at Royal Navy Base in Sattahip



Weir-Building Activity



Bridge-Painting Activity



Plant-Breeding Activity

- **Group Orientation CSR Activities at Kunnam Resort**

To commemorate the end of probation for new employees, AAPICO Group held group orientation activities for these employees who had recently passed their probation – of which a total of 65 employees attended. On 20th June 2019, the employees participated in a trees-planting activity at Kunnam Resort in Nakorn Nayok as a part of their group orientation, while also donated a total of 3,500 baht to support the improvement of environmental concerns around the area.



AAPICO Group's Employees who had just recently passed their probations

Emissions

Reporting Boundary

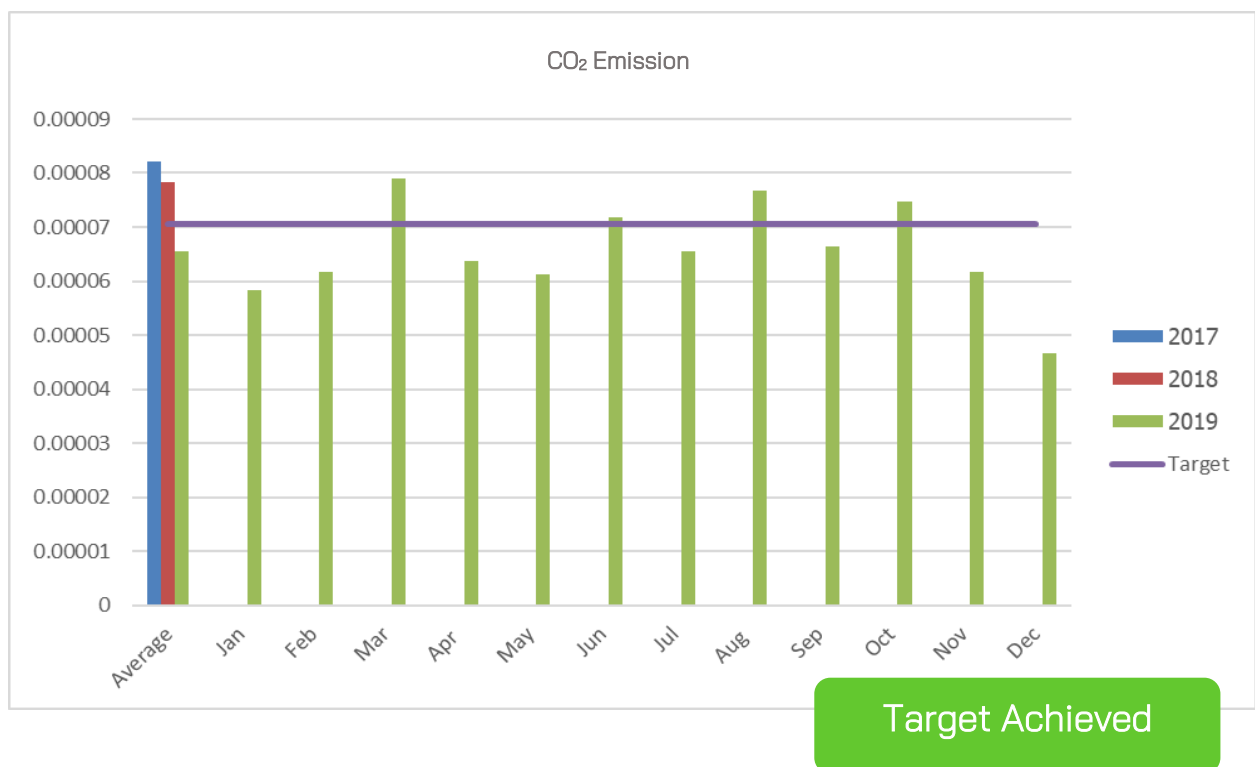
Air pollution is one of the most monitored and well-known cause of environmental deterioration in the society. In addition, the factory workers' health and well-being may also be affected by air pollution that were emitted from the factory's operations. With these concerns in mind, the Company takes great care in reducing emissions from every factories that operates under AAPICO Group.

Management Approach

The Company sets targets to reduce CO₂ emission from the factories annually, and to reduce CO₂ emission by 3% within 5 years – starting from 2017. These targets are informed to every personnel as their collective responsibilities. Employees are encouraged to come up with ideas on how to potentially reduce CO₂ emission.

Performance

The Company is able achieve the target of reducing CO₂ emission from last year. This result also means that the Company is on the path to achieving the target of reducing CO₂ emission by 3% within 5 years. This information can be seen from the following bar chart:



In addition to this achievement, the factory chimneys' air particles emission check also show that the Company's factories are operating within the ministry of industry's regulation standards. As can be seen from the following tables:

Emission Check	Results Robot House's Chimney (IMV Line) (CO ₂) Welding	Standards *	Comparison Results
Fuel Used	-	-	-
Diameter (cm)	60	-	-
Height (m)	10	-	-
Temperature (°C)	34	-	-
Average Wind Speed (m/sec)	4.01	-	-
Humidity (%RH)	55.8	-	-
Emission Rate (m ³ /hr)	1741.75	-	-
Carbon dioxide (CO ₂) (%)	0	-	-
Oxygen (O ₂) (%)	21	-	-
Total Suspended Particulate (TSP) (mg/m ³)	17.11	400	Pass
Nitrogen dioxide (NO ₂) (ppm)	2.11	-	-
Sulfur dioxide (SO ₂) (ppm)	21.66	500	Pass
Carbon monoxide (CO) (ppm)	29.81	870	Pass

Emission Check	Results Isuzu Line's Chimney (CO ₂) Welding	Standards *	Comparison Results
Fuel Used	-	-	-
Size (cm)	35 x 35	-	-
Height (m)	10	-	-
Temperature (°C)	36	-	-
Average Wind Speed (m/sec)	3.23	-	-
Humidity (%RH)	55.1	-	-
Emission Rate (m ³ /hr)	613.22	-	-
Carbon dioxide (CO ₂) (%)	0	-	-
Oxygen (O ₂) (%)	21	-	-
Total Suspended Particulate (TSP) (mg/m ³)	15.21	400	Pass
Nitrogen dioxide (NO ₂) (ppm)	1.52	-	-
Sulfur dioxide (SO ₂) (ppm)	19.86	500	Pass
Carbon monoxide (CO) (ppm)	27.12	870	Pass

Emission Check	Results Robot House #3's Chimney	Standards *	Comparison Results
Fuel Used	-	-	-
Size (cm)	60	-	-
Height (m)	10	-	-
Temperature (°C)	36	-	-
Average Wind Speed (m/sec)	8.02	-	-
Humidity (%RH)	48.9	-	-
Emission Rate (m³/hr)	1437.46	-	-
Carbon dioxide (CO ₂) (%)	0	-	-
Oxygen (O ₂) (%)	21	-	-
Total Suspended Particulate (TSP) (mg/m³)	20.86	400	Pass
Nitrogen dioxide (NO ₂) (ppm)	2.41	-	-
Sulfur dioxide (SO ₂) (ppm)	5.11	500	Pass
Carbon monoxide (CO) (ppm)	18.15	870	Pass

Emission Check	Results Robot House #4's Chimney	Standards *	Comparison Results
Fuel Used	-	-	-
Size (cm)	60	-	-
Height (m)	10	-	-
Temperature (°C)	36	-	-
Average Wind Speed (m/sec)	3.62	-	-
Humidity (%RH)	45.27	-	-
Emission Rate (m³/hr)	1934.36	-	-
Carbon dioxide (CO ₂) (%)	0	-	-
Oxygen (O ₂) (%)	21	-	-
Total Suspended Particulate (TSP) (mg/m³)	21.77	400	Pass
Nitrogen dioxide (NO ₂) (ppm)	3.61	-	-
Sulfur dioxide (SO ₂) (ppm)	8.11	500	Pass
Carbon monoxide (CO) (ppm)	36.15	870	Pass

* = The Ministry of Industry's 2006 regulations and limits on air particles emission from factories.

Waste

Reporting Boundary

Waste is one of the foremost concerns of the Company, as mismanagement of waste from the Company's operations may result in severe damage to the environment and health issues to the employees and the surrounding communities; which will, in turn, also affect the Company's reputation. With this in mind, the Company always try to ensure minimal waste from the Company's operations.

Management Approach

To ensure that it doesn't produce a surplus amount of waste than necessary, the Company utilized manufacturing methods that can reduce the resulting waste from operational procedures as standard procedures within the Company. The Company also encourages the employees to come up with new ideas on how to reduce waste at any stage of the operations.

Performance

In order to check if the Company is doing an acceptable job on the subject of waste management, the Company compares the actual waste that it created – which was collected from water waste created from the Company's factories – with the set government's standards. The results showed that the Company does indeed perform satisfactory on the subject, as demonstrated by the following table:

Parameters	Waste Water Area Near the Spirit House at the Factory	Standard*	Results
pH	7.8	9	Pass
Temperature	31.3	45	Pass
BOD	<5	500	Pass
COD	233	750	Pass
TSS	144	200	Pass
TDS	379	3000	Pass
Oil & Grease	3.6	10	Pass
Color	96	600	Pass

* = The Ministry of Industry's 2017 regulation standards on acceptable amount of water waste permitted.

Social



This report will talk about 2 types of social sustainability, which are:

1.) Internal Social Sustainability, or Employees

- Human Resource Management
- Human Rights
- Labor Rights
- Personnel Development
- Occupational Health, Safety, and Environment

2.) External Social Sustainability, or Community and Social

- Social Responsibility and Community Development



Human Resource Management

Reporting Boundary

Human resource is the Company's main resource in driving a sustainable developing business. Therefore, human resource management is an important topic in which the Company has to appropriately plan and manage in order to ensure fair employment, welfare, work safety, and employee-organization relations. This report will talk about various aspects of human resource, be it employment, diversity, remuneration, and activities. The report will cover all of the Company's business in Thailand, but will not include subsidiaries in Malaysia, China, and companies that have just started operating or were just taken over by the Company in 2019.

Management Approach and Performance

The Company manage various subjects concerning the employees by distributing them into categories and report the performance of each as follows:

1.) Employment

Management Approach

AAPICO Group has a policy to fairly employ personnel by considering skills and necessity to the business operations. The Company doesn't employ child labors and forced labors. The Company has a systematic employment management which consists of work skills evaluation, intelligence and emotion tests, and transparent interview by experienced and skilled managements in order to ensure the employees' suitability to the jobs. The employment process can be seen as follows:

▪ Knowledge and Skills Evaluation for the Position

The Company will select applicant from their resumes, then call them in for tests and interview; first by completing a knowledge and skill evaluation tests required for the applied position, and intelligence and emotion tests

▪ Interview with the Managements

After the applicant has finished the tests, the Company will mark the tests and give the scores to the management for reference when conducting the interview. During the interview, the management will evaluate the applicants on various categories.

▪ Approval Process

The top management will be the one to evaluate and approve the employment of an applicant. The HR department will then contact the applicants to inform them of the starting date and the orientation date.

When hiring new employee, the employee will have to attend the orientation and be evaluated by their supervisor. For the orientation, the Company will arrange for new employees to attend the orientation in order to inform them of the Company's regulations, visions, missions, policies, main businesses, welfare, benefits, and safety procedures – which is particularly crucial for employees in the manufacturing business. New employees will also be evaluated by their supervisors for their performance within the first 4 months since starting at the Company.

Performance

In 2019, AAPICO Group in Thailand has a total of 629 new employment, which is an employment rate of 20.691% of total employees. The Company also has 459 turnover employees, which accounts for 15.099% turnover rate of total employees.

2019	Total		Male	Female
New Employment	Amount	629	361	268
Employment Rate	%	20.691	11.875	8.8158
Turnover	Amount	459	294	165
Turnover Rate	%	15.099	9.6711	5.4276

2.) Employee Diversity

Management Approach

The Company places great importance on the equality of everyone within the Company. Every employee will get the same welfare, advancement opportunities, and skills development. The Company also gives the opportunities for the employees to express their opinions and creativities through various assignments and activities even though there are employees of varying genders, age, education, nationality, religion, citizenship, and disabilities. The Company believes that it is important and is a company's duty to give opportunities to employees in order for them to express and develop their potentials.

The Company strictly follows the Thai labor regulation, Thai business social responsibility, human rights, and the law to the letter. In the case of foreign labor, the Company will only employ foreign employees with work permits as is required by the law, and these employees will get equal treatment with Thai employees.

Performance

In 2019, AAPICO Group in Thailand has a total of 3,040 employees which can be categorized according to physical characteristics by gender, age, and nationality as follows:

1.) Gender. 2,093 employees are male, which is 68.85% of the total employees; while 947 employees are female, which accounts for 31.15% of the total employees.

2019	Total		Male	Female
Employees	Amount	3,040	2,093	947.00
Percent	%	100	68.85	31.15

2.) Age. 773 employees are younger than 30 years old, which is 25.43% of all employees; while 2,067 employees are between 30-50 years old, which is 67.99 of all employees; and the remaining 6.58% are older than 50 years old.

2019	Total		< 30 yrs.	30-50 yrs.	> 50 yrs.
Employees	Amount	3,040	773	2,067	200
Percent	%	100	25.43	67.99	6.58

3.) Nationality. In 2019, foreign skilled labor & management and non-skilled labor increased from the previous year to 75 and 347 employees, respectively. However, foreign subcontractors decreased from last year to 567 employees.

Year	Skilled labor & Management	Non-skill labor	Foreign Subcontractor	Thai Subcontractor	Total Subcontractor
2018	35	300	611	1561	2172
2019	75	347	567	1294	1861

These skilled labor & management and non-skill labor can be categorized as the following:

Nationality	Skilled labor & Management		Non-skill labor	
	2018	2019	2018	2019
Malaysian	7	7	0	0
Japanese	22	12	0	0
Chinese	2	5	0	0
Taiwanese	0	0	0	0
German	1	1	0	0
Australian	0	0	0	0
American	0	0	0	0
South American	0	0	0	0
Filipino	0	1	0	0
French	0	0	0	0
Cambodian	1	48	276	325
Lao	0	0	2	2
Myanmar	0	0	22	20
Vietnamese	0	0	0	0
English	1	1	0	0
South African	1	0	0	0
Total	35	75	300	347

In addition to this, the Company views human's values and opportunities as important factors for improving the society. Therefore, the Company decided to be a part of community development by supporting the employment of the disabled in order to raise their quality of life and help them to be able to provide for themselves and their families, thus becoming an invaluable part of the society.

AAPICO Group in Thailand sees an increasing number of disabled employees every year. In 2019, there is a total of 33 disabled employees.

Year	2017	2018	2019
Disabled Employees	26	27	33

3.) Remuneration and Welfare Management

Management Approach

AAPICO Group has a policy to ensure fair remuneration for employees according to their knowledge and skills through performance evaluation by utilizing the Key Performance Indicator (KPI) in the performance evaluation of engineers and supervisors. The indicator must be in line with the position and targets of the unit and the Company in order to ensure fairness in the evaluation. The remuneration are also adjusted to suit the economy and to be able to compete with similar industries in order to attract new employees and to motivate existing employees to improve.

AAPICO Group arranged welfare for employees and families by adjusting them to suit the change in social condition, economy, and business' necessity. The Company arranged for a welfare committee in order to let the employees have a hand in welfare management, to be the medium in communicating information on welfare and labor relations between the employees and the Company, and to assist the employees in the matter of welfare. Apart from the welfare committee, the Company also formed other committees in order to help with the management of employees' welfare by having representatives from every department as committee's directors – with a 2 years term of office. These committees include the bus committee, canteen committee, sports and New Year's party committee, emergency fund committee, and funeral fund committee.

Performance

The Company pays remuneration in the forms of wages, salaries, bonuses, provident funds, social securities, welfare, and other benefits. This can be seen as follows:

- Monetary Welfare
 - Various funds, including provident funds and social security funds
 - AAPICO savings cooperative – help employees with savings and serve as a low interest loaning source for employees in order to prevent illegal loaning
 - Retirement funds according to the law and long-term benefits in-line with the employees' retirement plan

In 2019, AAPICO Hitech Public Company Limited and 2 subsidiary companies received certifications from Social Innovation Association on being an organization which supports the employment of the disabled, therefore giving them the opportunities to work for their communities.



- Health Welfare
 - Annual health check-ups. Employees in risky areas will also get additional check-ups on exposure to chemical substances
 - Medical expenses for both the employees and their families. The Company will assist with medical expenses for employees' parents and children. The Company will only take care of medical expenses in the case that the employees are hospitalized for at least 3 days.
- Other Welfare
 - Lunch for all employees
 - Uniforms – Employees have the rights to receive a new uniform every year.
 - Transportation – The Company arranges for transportation for employees' benefits when they need to work off-sites

4.) Activities

Management Approach

The Company focuses on maintaining solidarity within the organization and the good relations between employees of every department, and even the good relations between employees and the managements. Every year, AAPICO Group will organize various activities according to Thai traditions and activities between subsidiaries.

Performance

In 2019, the Company organized activities as has always been every year. In this year, the Group focused on improving relations between subsidiary companies in order to promote cooperation. The joint activities for this year can be seen as follows:

- Respecting and receiving blessings from the managements, as per the tradition of Songkran festival. This serves to preserve Thai traditions and improving relations between the management and the employees. The management also used this activity as an opportunity to warn the employees on the subject of safety during Songkran festival.

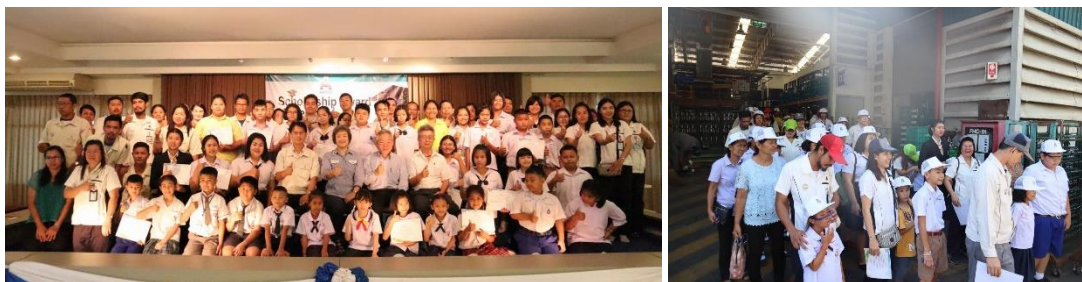


- Farewell activity for the managements to see the employees off for their trip home during Songkran and New Year festivals in order to promote awareness about safety during holidays, to not drunk drive, and for all employees to return to work safely.



- Presenting scholarships to employees' children with outstanding academic achievement. The Company supports employees' children with scholarship every year – the scholarship ranges from primary school until college. In 2019, AAPICO Group in Thailand presents a total of 64 scholarships. In addition, the Company also gives the opportunity for the children to tour the factories under their parents' supervision. This is to help the children understand their parents' occupation better, and to promote gratefulness and obedience to their parents in studying and becoming valuable assets to the society in the future.

Education Level	2019	
	Scholarship Amount	Monetary Value
Bachelor's Degree	2	9,000
Vocational School	3	10,000
Secondary School	21	59,000
Primary School	38	83,000
Total	64	161,000



- Making merits and giving alms on occasions of Thailand's festive traditional days. The Company promotes the employees to give alms to monks according to Buddhism's teachings and beliefs in order to cultivate good morality for the employees



- 5S Cleaning Day activity. This activity promotes work discipline within the employees and promotes care for workplace and Company's facilities, which will help employees by giving them good working environment and therefore resulting in better physical and mental health for the employees – in addition to better performance and productivity. There are 2 big Cleaning days per year and the managements will stress the importance of 5S in weekly meetings. There is also a 5S competition to decide which company has the best results, which will be judged by external source and awarded during the AAPICO Group's annual QCC competition.



- The 2019 Sports Day and New Year's party to give the opportunities for employees to get to know one another, have fun together, and relax after having work hard during the year. This activity also promotes exercising and bonding through joint activities, such as soccer, volleyball, table tennis, and other traditional sports. Other activities such as cheerleading competition and New Year's lottery are also available.



- Orientation activities for new employees. In addition to the standard procedure of informing new employees of the Company's regulations, visions, missions, policies, main business operations, welfare and benefits, and work safety; the Company also organize seminar sessions for new employees to get to know one another and get to know the Company's corporate culture.



Respecting Human Rights

Reporting Boundary

The Company is aware of the value of human resource and has strictly operate business with respect to the law and the stakeholders' human rights. This report will talk about the policy, regulations, and guidelines that the Company has set for every employees.

Management Approach

Every employees will be treated equally, have their individual rights of freedom respected equally, and will not be discriminate based on their nationality, religion, gender, or political viewpoint. According to standard human rights and the Company's policy no. 5 on mutual respect, which is a guideline for employees to respect others, the employees are required to respect their colleagues without consideration to their positions and to also respect the customers, business partners, and stakeholders.

The Company follows the Thailand's labor standards and regulations for Thai business social responsibility on labor, remuneration, working hours, child labor, female labor, freedom of negotiation, occupational health and safety, work environment, and welfare. The Company treats everyone with equality as stated by the law and the Company's regulations on personnel management must be in-line with the law.

The Company encourages business partners and subcontractors to treat their employees with consideration to human rights and to fully abide by the law – a sentiment which is stated within the contract between the Company and its subcontractors. Should the subcontractors break the law, they will also be breaking the contract agreement with the Company and it will be within the Company's rights to nullify the agreements. In addition, the Company regularly conducts site tour on the subcontractors to check if they operate in accordance with the human rights and labor law, and also to check the quality, safety, cleanliness, and environment of their operations.

On the subject of foreign labor, the Company will only employ foreign labors with work permit and they will be treated equally to Thai employees. Employees who have difficulties understanding Thai will be provided with translators when communicating and English training courses, such as on operation regulations, work safety, quality system, environment process, and various operational procedures.

Performance

From the operation in 2019, the Company and the Audit Committee report no complaints on the subject of Human Rights violation – both from within and without the organization. This may be due to the Company's strict guidelines and emphasis on labor law.

Complaints	Target	2018	2019
Internal	0	0	0
External	0	0	0
Total	0	0	0

Fair Treatment of Labors

Reporting Boundary

One of the human rights that the Company set as a strict guideline is the fair treatment of labors. In this report, both Thai and foreign labors will be discussed.

Management Approach

The Company places great importance on human resource, which the Company sees as an important factor in helping drive the business to success. This is reflected by the Company's vision and mission of Happy Employees which entails the policy to take care that the employees have good quality of life, fair employment, appropriate welfare, opportunities for advancement, and good occupational health and safety. The Company aims to make the employees proud of the organization by having corporate cultures which build up happy and cooperative work environment, including teamwork, problem-solving, affections for family, Company and country, loyalty, and mutual respect. These 5 policies will be cultivate in employees of all level through various methods, including training and corporate cultures process.

The Company set the guidelines for ethical business operations as follows:

1. Strictly follows laws and regulations on employees
2. Arrange for good working environment, which is safe to the employees' lives and belongings
3. Be respectful and polite, while also show respect to human rights
4. Fair remuneration to employees
5. Appointment, promotion, transfer, rewards, and punishments are to be fairly carried out with respect to the individual's knowledge, skills, and suitability.
6. Prioritize employees' development, with constant and fair opportunities
7. Avoid unjust conducts which may affect the employees' careers or mental health
8. Employees have the rights to report unjust events which are in conflict with the systems
9. Listen to opinions and complaints of any and all level of employees
10. Any change to policies or regulations on operations must be notified to the employees 1 month in advance

Performance

	Target	2018	2019
Complaints	0	0	0
Total	0	0	0

The Company has treated every employees according to the policy and regulation on ethical business conduct, while also communicating the regulations, guidelines, welfares, and benefits to every employees. The Company also set up complaints

channels for employees. In 2019, the Company and the Audit Committee report no complaints on unfair treatments of employees – be it between employees and Company, supervisors and employees, or between employees themselves.

Personnel Development

Reporting Boundary

The Company's main vision is to become a lean, green, happy, and digital world class organization. In order to become a lean organization, the development of human resource is important in developing personnel to be more skilled and knowledgeable, up to date with new technologies, innovative, and flexible so that they can handle the Company's strategies to be a strong and sustainably developed Company. In this report, the Company's personnel development courses and activities from all of the Company's main business will be discussed, except those that have just started operating or were taken over in 2019.

Management Approach and Performance

AAPICO Group gives importance to the development of personnel of every level and age in order to produce good and skilled individuals to the society by establishing AAPICO Training Center Company Limited to serve as the hub responsible for developing personnel to have the necessary qualifications for real operations, which is in line with the Company's strategies and targets to give opportunities for the employees to reach their potential and grow along with the Company.

The Company has set the mandatory skills and training topics for each position within the Company, which the employees will be trained accordingly to their positions and responsibilities. The Company has a procedure to set up the Group's standard training courses which will focus on fundamental courses that every companies can use together, selecting qualified trainers, adding new courses which are suitable for specific positions, improving the courses to be entertaining and engaging, and improving training locations to accommodate both classroom courses and outdoor courses.

The Company's training courses for employees can be categorized as follows:

- **Category A**

Management Approach

Training courses for work-specific techniques and new technologies outside of on-the-job-training. This also includes training on work safety.

Performance

The Company set up courses for various work-specific techniques, such as Basic Hydraulics system, Electric Actuator, MAG welding process, Basic PLC Programming, Basic to Professional Level SolidWorks, Industrial Robotic Automatic Control System, and Marketing techniques.

- Category B

Management Approach

Training courses focusing on management and finance for developing system management skill, human management skill, and business management skill for the managements of every levels.

Performance

1) Training on team-leading skills for the automotive industry, and the Job Relation and Instruction for Automotive Industry course.

2) Supervisory Skills Development training course for first-line managers who were recently appointed or promoted to understand the duties and responsibilities of being a supervisor.

3) Peace Leadership training courses for middle and top management in order to cultivate good citizenship within the Company's management, including training on leadership and environment preservation.

4) Team Development training courses to build corporate cultures, encourage good outlooks, increasing teamwork, and discipline within the organization.



■ Category C

Management Approach

Focus on training courses for systematic management which can be applied by every department for continuous improvement.

Performance

The Company set up training courses for 5S, QCC, and Kaizen in order to encourage the employees to work systematically; and the Company also set up training courses on techniques for training others in order to improve the training process for new employees.



■ Category D

Management Approach

Training courses on quality, safety, occupational health, and environment; which are all important factors in manufacturing business and industry. The training is aimed at increasing employees' awareness on the importance of quality products for customers, safe working procedures, and environment-friendly manufacturing process.

Performance

The Company set up training on IATF 16949: 2016 system, including core tools for ISO 14001:2015. The Company also arranged for training on optimal resource management and safety procedures.

■ Category F

Management Approach

Training courses on computer usage in order to develop the employees' basic computer skills and computer language comprehension.

Performance

The Company set up training for the usage of Microsoft Office, Outlook, and Oracle for lean manufacturing and efficient operations; as these programs are necessary for the employees' works.

- Category G

Management Approach

Training courses on quality of life and social activities in order to create happy work mentality, life-work balance management, and help the society at the same time.

Performance

The Company encourages training courses on sufficiency economy and knowledge on illegal loan, credit cards, and debit cards. These courses were first arranged on 2017 and were popular with many employees, due to the fact that loans are problems that many people had to face and the resulting stress and anxiety from the problems can affect work productivity. Therefore, the Company had set up training courses to promote understanding of credit cards, debit cards, and tips to paying back loans; while also cultivating the principle of sufficiency economy to assist employees in managing their paycheck appropriately and live happily – as per the Company’s value of “Happy Employees”. The Company also organized various social activities for employees to help the society.



Occupational Health, Safety, and Environment

Reporting Boundary

Health and safety are crucial in industrial business' operations, with targets of preventing losses from workplace accidents and sickness. This report will talk about the guidelines on educating and cultivating awareness on safe work operations, including activities for promoting safety and cleanliness. This will include guidelines and activities of AAPICO Group in Thailand, but will exclude car dealership business and companies that were recently established or taken over in 2019.

Management Approach

The Company set up preventative measures for occupational health and safety, which focuses on educating and cultivating awareness of safety issues in employees of every level with the targets of reducing losses from workplace accidents and sickness and establishing safe working cultures in order to continuously improve.

The preventative measures consist of the following guidelines and activities:

- Training employees on safety issues and encourage implementation as follows:
 - Train new employees on basic safety protocols before starting. 100% of new employees of every level have been educated on basic safety protocols.
 - Train security officers on work safety on supervisor level.
 - Train the Safety Committee on occupational health, safety, and environment; while also arrange training sessions for safety in specific tasks, such as cranes and forklifts usage.



- Employees must receive individual safety equipment when attending an operation to suit the risks in each area and the supervisors must check the readiness of each employee's individual safety equipment before commencing the operation.

- Completely Check Completely Find out (CCCCF) activities, where employees must participate in searching for risky or dangerous areas in workplace that may cause accidents and subsequently fix them to prevent the accidents from coming to pass. The Safety Committee will also search for such areas as well. Any areas that are found is to be reported to the Safety Committee via pictures and documents forms in order to come up with suitable measures for the reported areas.



- Activities on machine safety – cooperated with Toyota. The aim is to improve work conditions, reduce accidents from machines by focusing on high-risk machines, reduce operation accidents to zero, and reduce fire accidents to zero by checking the machines, evaluating the risks, and setting guidelines on how to safely use the machines.

- Set emergency measures and training on said emergency measures. For example, training for emergency measures in case of flood and training for emergency measures in case of fire, including the evacuation protocols.



- Supporting employees' well-being – both physically and mentally – via various activities such as annual health check-ups, project for preserving hearing of employees who have to work in loud area, arranging exercising areas for employees, and first-aid training.

- First-aid training activity for educating employees in the case of an accident



- Annual health check-up activity for every employees to promote well-being, evaluate health conditions, and check for any possible sickness from the operations. The check-ups are split into general check-ups and risk check-ups.



- Promoting safety culture of AAPICO Group through various activities such as communicating in small meetings, morning meetings, or competition on composing songs and verses about safety, seeing employees off on festive holidays, and organizing safety week event.
 - The organizing of safety week event is to let the employees participate in driving the issue of workplace safety and also make the employees become aware of the importance of safety in the Company's operations.



- AAPICO Group organizes activities for awareness on driving during New Year and Songkran festival period where the managements come to see the employees off home safely. The activities include handing out candies, putting up posters on promoting safety, and being blessed holy water by monks to build up the employees' morale.



The "Stop and Point when at a Crossroad" Activity

In order to promote safety culture when crossing roads with vehicle traffics in workplace area, the employees are encouraged to follow the managements' lead and stop and point before crossing any crossroad during lunch break in the Company's area in order to prevent accidents.



Performance

The Company collects the statistical data of accidents record in AAPICO Group – both from full-time employees and subcontractors. In addition to employees' harm, these accidents also affect the Company by depriving the Company of valuable labor, which contributes to loss in economical values. The statistics can be seen on the following table:

AAPICO Group's Accidents Statistical Data

No.	Types of Accidents	2018		2019	
		Employees	Subcontractors	Employees	Subcontractors
1	Minor Accidents – No Leave	24	42	17	28
2	Leave for no more than 3 days	9	13	16	23
3	Leave for more than 3 days	9	3	4	5
4	Loss of Limbs	0	0	0	0
5	Disabilities	0	0	0	0
6	Unable to work further	0	0	0	0
7	Lethal	0	0	0	0
Total		42	58	37	56

Note: Statistical data of accidents in AH/ AHP/ AHT/ AHR/ EA/ AITS/ AM/ NESC/ ASICO/ AA/ ASP/ AF/ APC/ AP/ APR/ AL

AAPICO Group's accidents statistic in 2019 shows that the occurrence of accidents for employees decrease by 13.51% and decrease by 3.57% for subcontractors. However, accidents that require no more than 3 days leave increase by 44.75% for employees and increase by 43.48% for subcontractors. In addition, accidents that require more than 3 days leave increase by 40% for subcontractors – therefore signifying that the Company needs to better plan safety issues and investigate risky areas around the workplace more strictly.

Sustainability Award

Able Sanoh Industries (1996) Company Limited was awarded with certification from Toyota under the topic "2019 TCC Risk Management Activity Business Continuity Plan (BCP) Step 1-10 and Exercise Plan", which demonstrate activities that effectively manage risks and excellently plan for business continuity.



Social Responsibility and Community Development

Reporting Boundary

AAPICO Group is determined for its operations to develop sustainably alongside the development of surrounding communities in accordance with Company's vision and mission of "Happy Public". This report will talk about the various activities that the Group has done for the communities and society

Management Approach and Performance

AAPICO Group has cultivate every employees in the Group to be selfless by implementing social activities into some training course since 2012 until the present. In addition to various social activities of the Company and encouraging employees to help others, the Group has organized between companies meetings to plan for social and environmental activities every year – with the following activity guidelines:

- **Promoting Education**

Management Approach

Apart from employees' welfare of scholarships for their academic children, the Company also supports funds to various schools to promote Thai youths' abilities on an international stage.

Performance

In 2019, the Company supported funding to F1 driving competition project of Harrow International School's secondary education level on 24th November 2019 at Abu Dhabi, United Arab Emirates.



- Providing Assistance to Community Development

Management Approach

The Company has a policy to help employees who face natural disasters and has come up with projects to support, and develop schools and general hospitals in various communities every year.

Performance

- In 2019, employees in some subsidiary companies were faced with natural disasters. Therefore, the Company provided assistance by providing these employees with the necessary money.
- Subsidiaries in AAPICO Group organize the Children's Day activities by conducting joint activities between employees and children and donating equipment, foods, snacks, learning tools, and scholarship funds to schools in the community. This year, the activities took place at Wat Suntharikawas School, Kaeng Khoi District, Saraburi Province on 12th-13th January 2019.



- AAPICO Group arranged for blood donation to hospitals around the community. In 2019, the Group was serviced on Company's area by Phra Nakhon Si Ayutthaya Hospital.



Preserving Environment

Management Approach

One of AAPICO's vision is to operate with consideration to the environment. This vision has been passed down to every main procedures of the Company's operations. In addition, the Company also promote and support employees from every department to participate in social activities, including ones that support awareness of environment preservation.

Performance

In 2019, AAPICO Group has organized environment preservation activities as follows:

- Weir-building and plant-breeding activities, which was organized by AAPICO Group and joined by employees from subsidiary companies. Both the managements and employees have donated money and equipment to Ban Kru Boonchoo and have participated in bridge-painting, weir building, and plant-breeding activities at Sattahip District, Chonburi Province on 29th June 2019.





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GRI 201-1	Direct economic value generated and distributed	32	10-11, 36, 44-45, 68-76	All Financial data is gathered in Financial Statement

GRI 203 Indirect Economic Impacts

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GRI 103-3	Evaluation of the management approach	59-66	-	-
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GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	62	-	-
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GRI 405 Diversity and Equal Opportunity				
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