



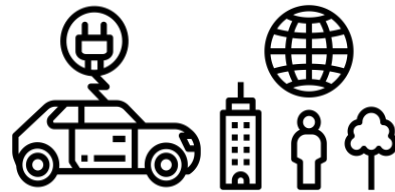
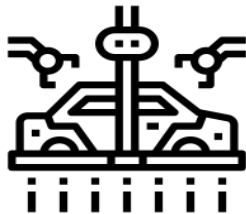
AAPICO HITECH PUBLIC COMPANY LIMITED

SUSTAINABILITY REPORT

— 2020 —

AAPICO GROUP'S VISION

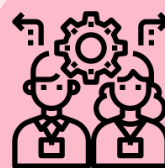
AAPICO Group's vision is to become a **Lean, Green, Happy** and **Digital** World Class Organization with 4 Fundamental Values of Happy Customers, Happy Employees, Happy Shareholders, and Happy Public.



Manufacturing
Car Retailing
Research & Development

Lean, Green, Happy and
Digital World-Class
Corporation

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



- Teamwork
- Look at Problems as Opportunities
- Love Family, Company, and Country
- Loyalty and Honesty
- Mutual Respect

- Profitability
- Reasonable Dividend



- Corporate Social Responsibility

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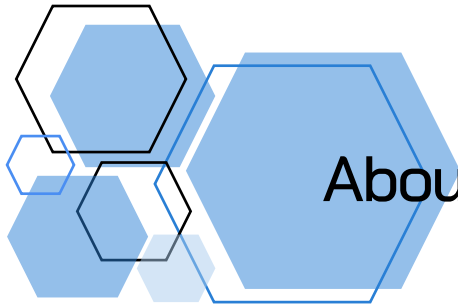
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“ We are determined and committed to improve ourselves and our strengths in operating sustainably within the organization, so that we may walk along the path to become a global corporation “



*Thailand Sustainably Investment Award,
Received for the 2nd Year (2018, 2020)*



About This Report

The Sustainability Reports are published annually as a mean for the AAPICO Group to communicate the Company's sustainability performance on the subjects of economy, environment, social, and corporate governance to the stakeholders – both inside and outside the organization – in order to demonstrate the transparency in the Company's operations and build up the stakeholders' confidence. This 2020 Sustainability Report will cover the Group's performance during the period of 1st January 2020 to 31st December 2020.

Guideline for the Formation of the Report

This report has been prepared in accordance with the GRI Standards: Core 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 in line with the UN Sustainable Development Goals. 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.

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. In the end, the contents included within this report have been selected through the following qualifying steps:

1. **Determine the Relevance 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 Operations** – In this report, only the topics that are most significant to the Company's 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.

Contact Channels For more information or suggestions, please contact the following channels:



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Silom, Bang Rak, Bangkok 10500

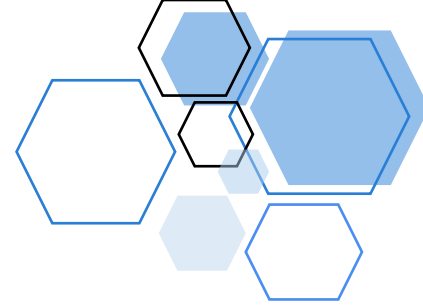


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02-613-1504

Message from President and CEO



Mr. Yeap Swee Chuan

President & CEO

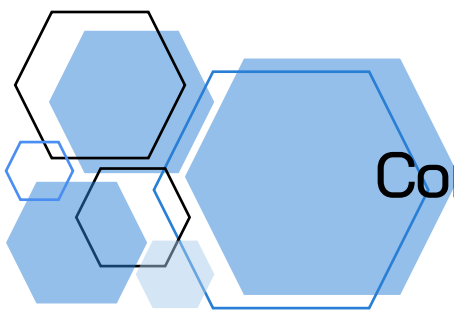
AAPICO Hitech Public Company Limited

At AAPICO, our vision is to become a Lean, Green, Happy, & Digital world-class organization with 4 fundamental values of Happy Customers, Happy Employees, Happy Shareholders, and Happy Public. These concerns and commitments toward the collective society coincide perfectly with the idea of “Sustainability” which gives credence to the value that an entity should always consider the consequences that its own actions may incur on the society and environment. These intertwined and overlapping premises paved the way for AAPICO’s decision to participate and pour our efforts into the preservation and encouragement of sustainable business conducts. This 2020 Sustainability Report is the fruit of our labor in this endeavor that entails our contributions to a sustainable society and environment.

In 2020, the unfortunate and widespread outbreak of COVID-19 had far-flung impacts across the globe. Many industries suffered cataclysmic setbacks that necessitate major adjustments to be made in the business operations in a majority of the companies and more than a few companies had to resort to the cancellation of their operations entirely. The automotive industry – and by extension, AAPICO – was no exception. Faced with the detrimental consequences from COVID-19, our Company suffered serious losses in 2020. In response to this crisis, we had to make various adjustments and improvisations to best combat any issues arising – one of the most notable measures of which was to reduce costs to a minimum wherever possible.

While our confrontation with the COVID-19 situation may have incurred sizable losses financially, we have also managed to learn several invaluable lessons in return as well. Take the aforementioned adjustments to the Company’s operations as an example. By striving to reduce our unnecessary costs as much as possible in order to overcome our financial crisis during the situation with COVID-19, we have learned how to manage our production lines with more efficiency and subsequently mold this knowledge into our Company’s operational standards going forward. Furthermore, in concern for our employees’ health and well-being, we have put in place a number of surveillance and hygienic precautions to screen and prevent a possible spread of contactable disease within the Company’s premises – precautions that can still serve as employees’ healthcare operational standards even after the days when the dangers of COVID-19 have passed. All of these necessary adjustments served to improve our Company’s sustainable business conduct, be it economically or socially.

In this report, you may find that there are significantly less community activities than in previous years, on account of the COVID-19 pandemic. However, I assure you that our commitment to Sustainability remains steadfast as ever and that we have put our efforts into rectifying and containing the damages wrought upon by COVID-19. I implore you all to take a look and examine into the heart of this report, which was made possible from the determinations and efforts of all our personnel from every departments and location. It is my sincerest wish that this report will be able to demonstrate AAPICO’s commitment to promote a sustainable society; whether economically, environmentally, or socially. Finally, I would like to conclude with a quote from the President of Toyota Motor Corporation – Mr. Akio Toyoda – that fits well in this troubled time: “Dream the Impossible, and say I’m Possible”. This is the only attitude that can help us ahead. We just need to join hands with one another and pour all our efforts into achieving our objectives – No obstacles will then be too difficult for us to overcome.



Company Overview

General Information

Name of the Company / Name in Stock Market	AAPICO Hitech Public Company Limited / AH	
Products and Services	OEM Auto Parts Manufacturing Business <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 Car Dealership Business <ul style="list-style-type: none"> - Ford - Mitsubishi - Honda - Proton - Hyundai (Distributor) - Bajaj, Husqvarna, and KTM Motorcycles (Distributor) Internet of Things (IoT) Connectivity and Mobility Business <ul style="list-style-type: none"> - Car Navigation System - POWERMAP Tracking - Rack Tracking System - GIS Consulting Services 	
Location of Headquarter	99 Moo 1 Hitech Industrial Estate, Tambol Ban Lane, Amphur Bang Pa-In, Ayutthaya Province 13160	
Locations of Operations	<div> <div>1. Thailand</div> <div>3. Republic of China</div> <div>5. Portugal</div> <div>7. Taiwan</div> </div> <div> <div>2. Malaysia</div> <div>4. The United Kingdom</div> <div>6. Germany</div> <div>8. Singapore</div> </div>	
Number of Employees	4,579 employees	
Net Revenue	17,798 THB Million	
Total of Capital	322,649,160 THB	
Membership of Associations	Thai Auto-Parts Manufacturers Association (TAPMA)	

Note: More detailed information can be found in the Company's Annual Report 2020 and the Company's website at www.aapico.com

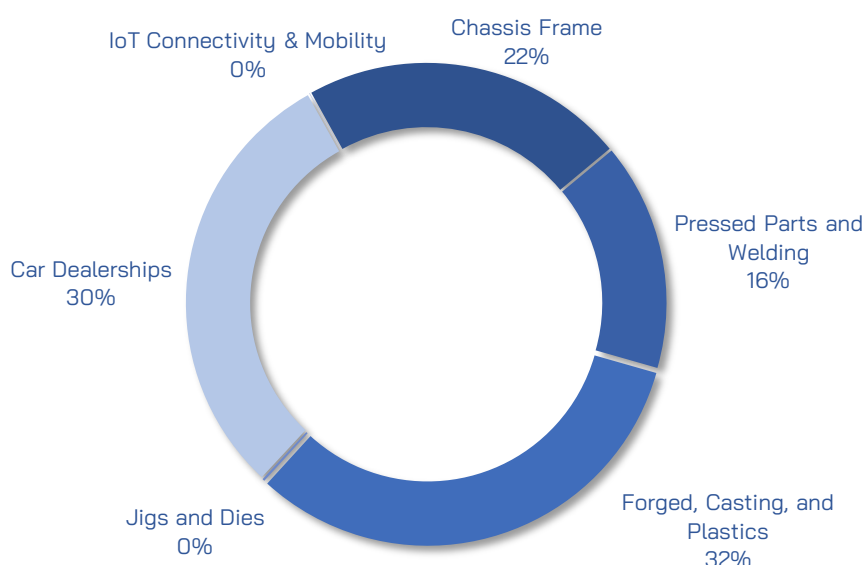
Main Business

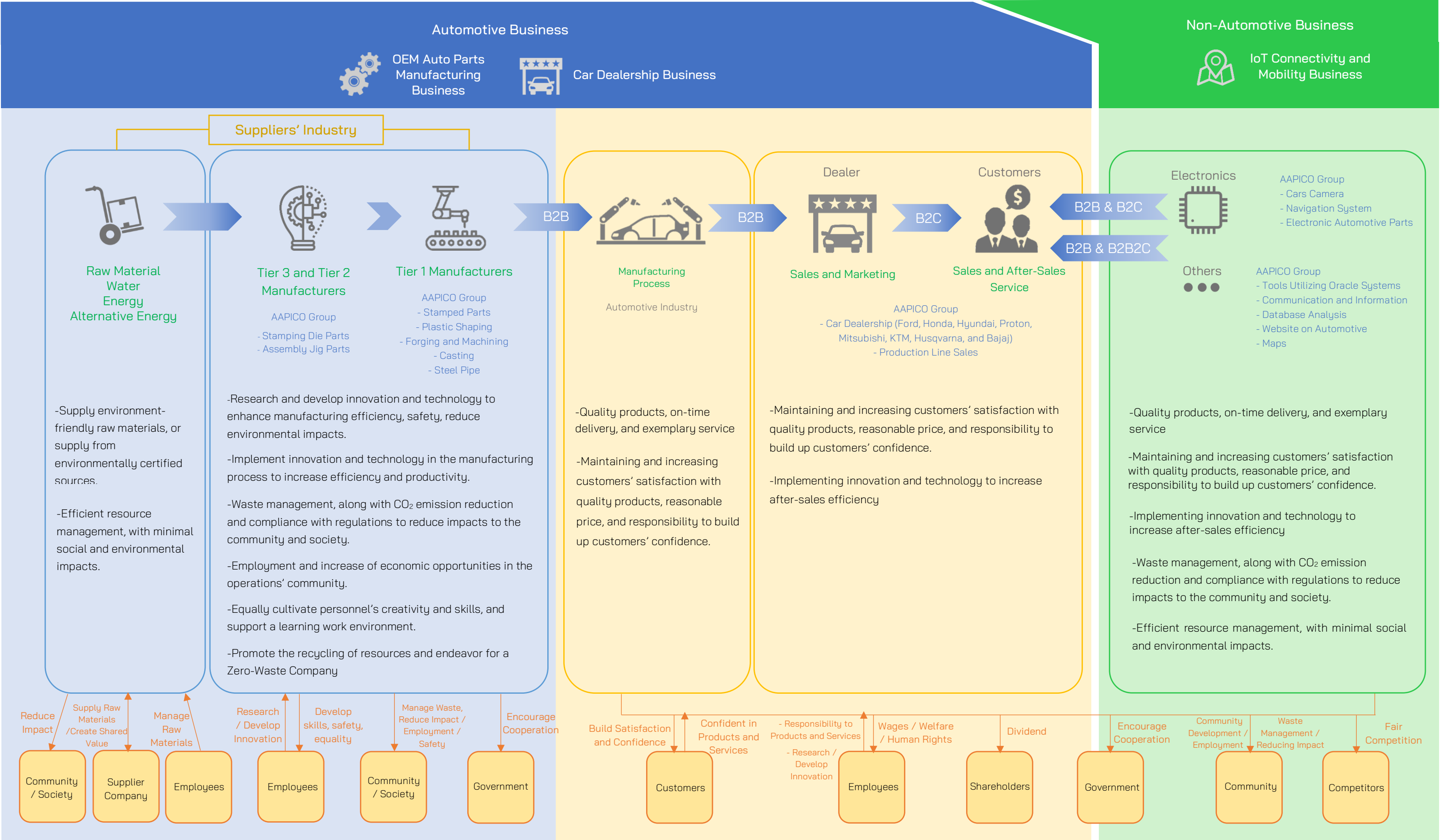
AAPICO Hitech Public Company Limited's main business is the manufacture and distribution of automotive parts to automobile manufacturers and assemblers in Thailand and overseas. The Company produces a broad range of products with different processes and technologies for vehicles, including passenger 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, assembly jigs, stamping 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).

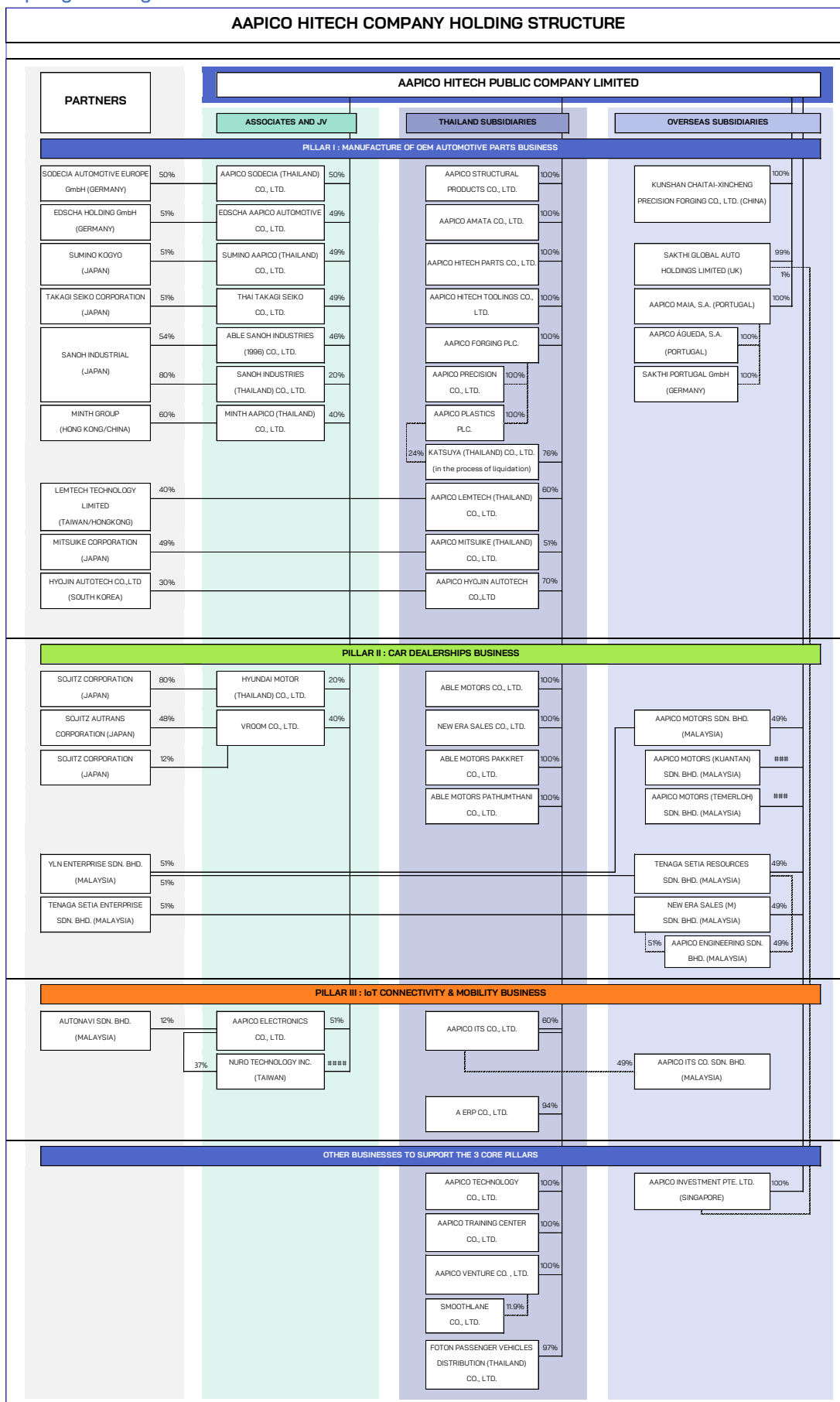
In Malaysia, the Company has dealerships for Honda and Proton vehicles. There are two Honda showrooms – one in Kajang, which is a 3S centre (showroom, service, and spare parts) – and another one in Petaling Jaya, which is 4S centre (showroom, service, spare parts, and body shop). In April 2019, the company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





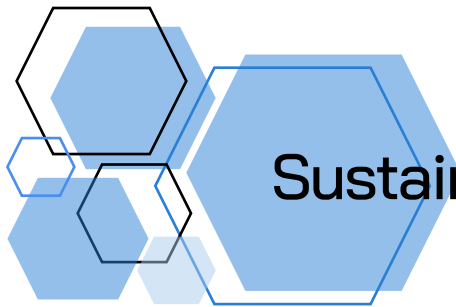
Company Holding Structure



Major Development / Milestones

Listed for Growth	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. (ASICO)
	2002	<ul style="list-style-type: none"> Listed in the Stock Exchange of Thailand (SET)
	2003	<ul style="list-style-type: none"> Purchased in the Stock Exchange of Thailand (SET)
	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)
Growth Phase	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 Achieved BBB+ TRIS Rating and issued debenture
	2016	<ul style="list-style-type: none"> Established Aapico Ventures Co., Ltd. to explore opportunity in start-up business

2017	<ul style="list-style-type: none"> Announced the resale of Share Repurchase on SET for a period of 3 years, starting from March 2017 until September 2019 Disposed investment in Jackspeed Corporation (SG) and Quantum Inventions (QI) 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
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 parts for the first 2 models of VINFAST vehicles in Vietnam Acquired 24.89% additional equity of Sakthi Global Auto Holdings Limited (SGAH)
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) Established Aapico Motors Sdn. Bhd., Proton car dealership in Malaysia
2020	<ul style="list-style-type: none"> Established AAPICO Hyojin Autotech Co., Ltd., a 70% subsidiary, operates the automotive assembly jigs design, manufacturing and robotic integration. AAPICO Hitech PLC increased its shareholding in AAPICO Hyojin Autotech from 55% to 70% AAPICO Hitech PLC acquired 2 Proton dealerships in the state of Pahang Malaysia, namely AAPICO Motor (Kuantan) Sdn. Bhd. And AAPICO Motors (Temerloh) Sdn. Bhd. AAPICO Hitech PLC received the Thailand Sustainability Investment (THSI) 2020 award from the Stock Exchange of Thailand (SET) AAPICO Hitech PLC received the 2020 Best Quality Supplier Award from Toyota Tenaga Setia Resources Sdn. Bhd., the Company's subsidiaries in Malaysia, received the Honda CEO and top sales Awards from Honda Malaysia <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  <p><i>Thailand Sustainability Investment Award 2020 from the Stock Exchange of Thailand</i></p> </div> <div style="text-align: center;">  <p><i>The 2020 Best Quality Supplier Award from Toyota</i></p> </div> </div>



Sustainable Business Operation

AAPICO and Sustainability

It should go without saying that a sustainable business operation is an important factor for many business aspects – be it economic growth, sustainable resource management, or responsibilities to the community and stakeholders. Therefore, AAPICO would like to become a part of this movement to drive the society’s stability and sustainability.

In the process of setting up the guidelines, framework, and strategies for the Company’s business operation; AAPICO utilized the Company’s own vision, missions, and the stakeholders’ engagement in each step of the Company’s supply chain. These are then combined with careful consideration on various factors that may provide benefits or pose risks to the Company with the intention of becoming a lean, green, happy, and digital world class organization under the 3 sustainability dimensions on the foundation of good corporate governance and stakeholders engagement.

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.

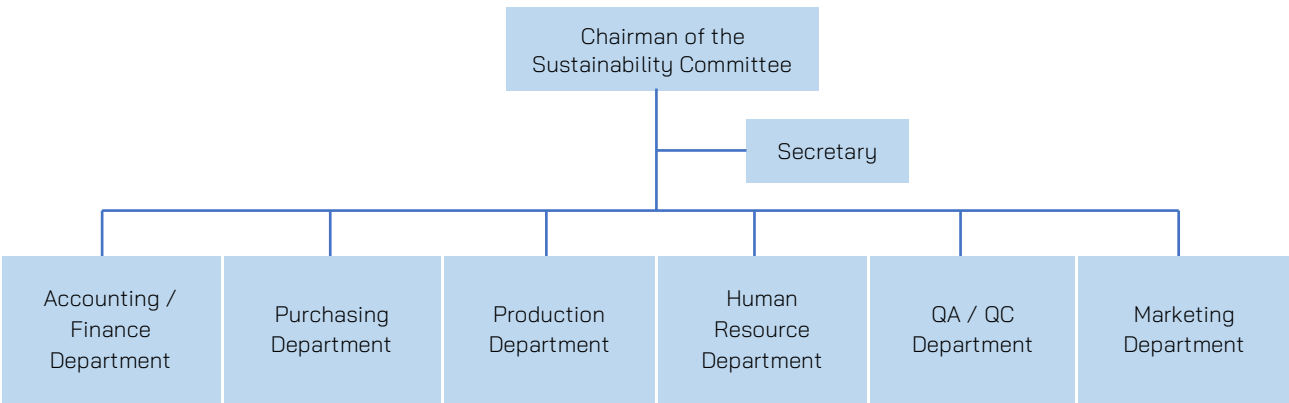
Sustainability Management’s Structure and Guidelines

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 department, with the performance follow-up taking place at least once annually.



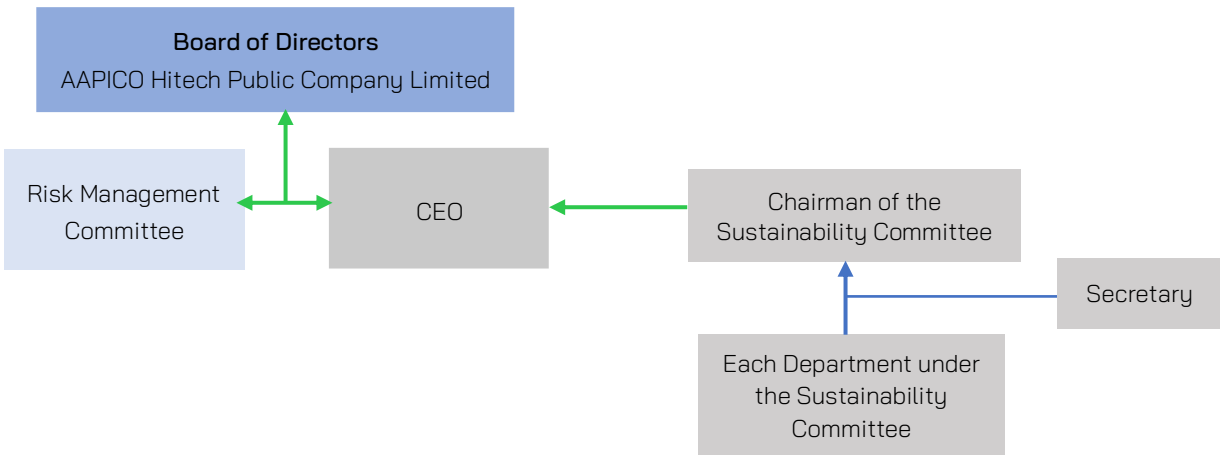
Sustainability Committee’s Structure

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 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 Operation's Framework

AAPICO Group is determined to develop and conduct a sustainable business operation to deliver quality services and reduce any repercussions to the stakeholders in order to demonstrate the Company's conscientious business conduct. AAPICO's sustainable development operates under the "3E" principle which consists of 3 main components: Enhance Economic Value, Elevate Quality of Life, and Eco-Efficiency. Additionally, the Company's operation must comply with the principle of Good Corporate Governance and consider the engagement of every stakeholders' groups.



Enhance Economic Value



Eco-Efficiency



Elevate Quality of Life

Supporting Sustainable Development Goals

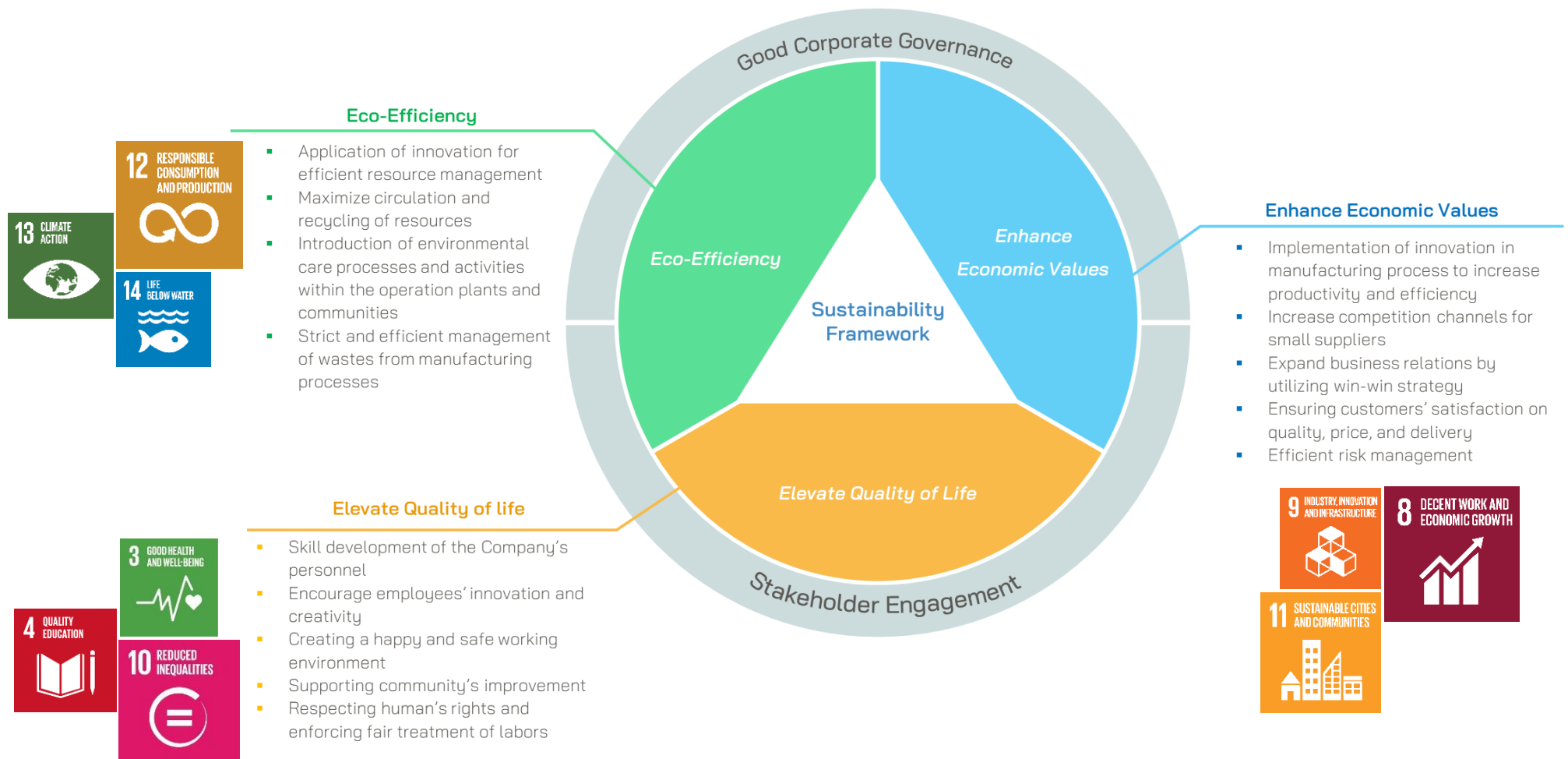
Determined to be a part of the driving forces for UN Sustainable Development Goals (SDGs), AAPICO Group has been continuously supporting their Sustainable Development Goals. For the operations in 2020, the Company focused on 9 main Sustainable Development Goals that were most in line with the Company's operations in order to create sustainable values for every stakeholder, as follows:

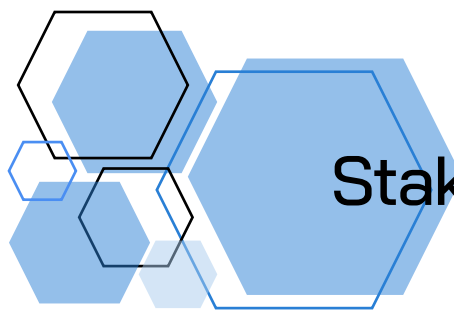


**SUSTAINABLE
DEVELOPMENT
GOALS**

Sustainable Development Goals

AAPICO Group sees the importance of sustainable business operation. Therefore, the Company has developed this sustainability framework to serve as guidelines and targets for the Company's operation and activities to keep in line with the Company's vision.





Stakeholders 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 for Analyzing the Stakeholders

Identify the Stakeholders

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

Identify the Company's Impact on the Stakeholders

By considering economic, social, and environmental factors

Identify the Stakeholders' Influence on the Company

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

Rank the Importance of the Stakeholders

By considering and identifying the appropriate cooperation guidelines

Factors that the Stakeholders are Interested in and Communication Channels

Stakeholders	Expectations	Treatment of Stakeholders	Communication Channels	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 3) On-time delivery	<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 Efficient cost management
Employees 	Good pay and welfare, Fairness, Participation, Human Rights, Safeties, Good quality of life, Self-improvement, Advancement in job 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 Fair treatment of labors

Stakeholders	Expectations	Treatment of Stakeholders	Communication Channels	Sustainability Issues
Shareholders 	Remunerations, Transparency in management, Future investment plans, Business' sustainability, Organization risk management	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 Whistle Blower 	<ul style="list-style-type: none"> Corporate governance Business ethics Risk management Stable and sustainable performance Transparent operations
Suppliers 	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"> Supplier management Fair and transparent purchasing Joint sustainable growth
Community / Society 	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 Improve and support economic growth within the community / society
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 Operate in compliance with laws and regulations
Competitors 	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 is managed 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 for Evaluating Important Topics

Identify 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.

Evaluate and Rank the 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.

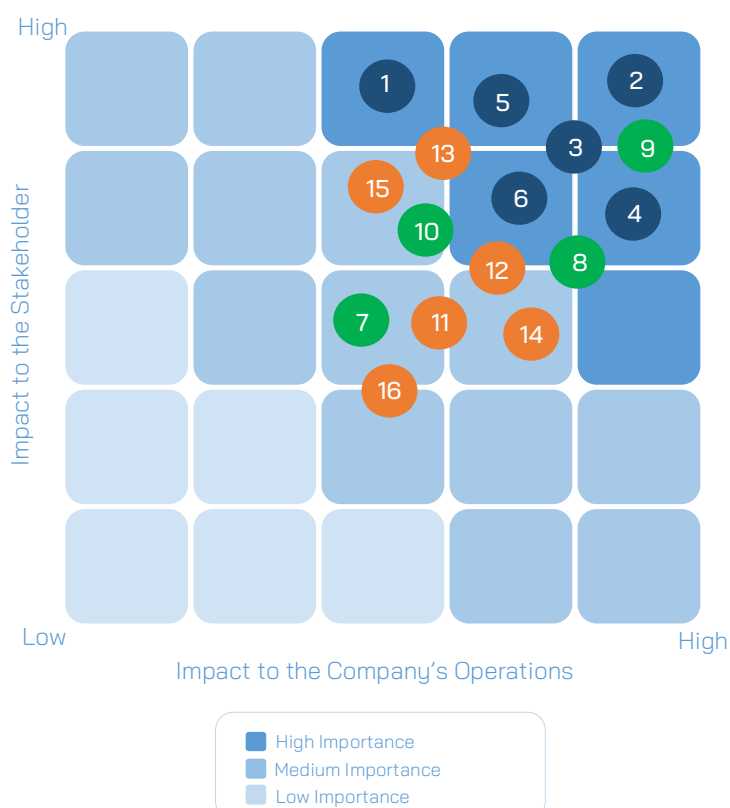
Review and Check the Correctness of the Rankings

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

Sustainable Development

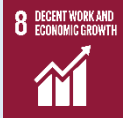




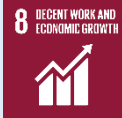



The Company is determined to develop its business along with sustainability and has reviewed the important sustainability topics. The comments and suggestions from the stakeholders will be used to further improve next year's report.












Topics Evaluation Results










Economy	
1. Corporate Governance and Business Ethics	
2. Risk Management	
3. Customers Relation Management	
4. Implementing Innovations to Improve Operations	
5. Improving Products' Qualities	
6. Supply Chain Management	
Environment	
7. Encourage Environment Saving Activities in Community and Society	
8. Developing and Enforcing Regulations for Clean Factories	
9. Implementing Innovations to Enforce Efficient Resource Usage	
10. Encouraging Recycling for Zero Waste	
Social	
11. Supporting Human Rights within the Organization	
12. Workplace Safety	
13. Personnel Development	
14. Cultivating Employees' Loyalty to the Company	
15. Fair Treatment of Labors	
16. Improving the Community and Encouraging Community Activities	

Important Topics and Scope of Affected Stakeholders

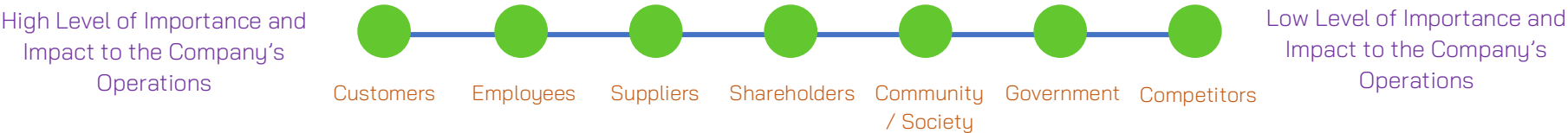
Important Topics	Affected Stakeholders							Company's Indicators	GRI Sustainability Standards	UN Sustainable Development Goals
	Customers	Employees	Shareholders	Suppliers	Community / Society	Government	Competitors			
Economy										
1. Corporate Governance and Business Ethics	■	■	■	■		■		Number of CG Complaints	GRI 102-16 GRI 102-17 GRI 102-18 GRI 102-19	
2. Risk Management	■	■	■	■				- Business Stability - Remunerations - Products' Quality and Cost - Salary and Welfare	GRI 102-30	 
3. Customer Relation Management	■		■					Customers' Satisfaction	GRI 103 GRI 418	
4. Implementing Innovations to Improve Operations	■	■						Earnings Before Interest and Tax (EBIT)	GRI 203	
5. Improving Products' Qualities	■			■				Customers' Satisfaction	GRI 103	 
6. Supply Chain Management				■				Suppliers' Satisfaction	GRI 102-9 GRI 102-30 GRI 414-1	 

Important Topics	Affected Stakeholders							Company's Indicators	GRI Sustainability Standards	UN Sustainable Development Goals
	Customers	Employees	Shareholders	Suppliers	Community / Society	Government	Competitors			
Environment										
7. Encourage Environment Saving Activities in Community and Society					■	■		Community's Satisfaction	GRI 304 GRI 305 GRI 306	<div><div>13 CLIMATE ACTION</div><div></div></div> <div><div>14 LIFE BELOW WATER</div><div></div></div>
8. Developing and Enforcing Regulations for Clean Factories	■	■						Emission Rate and Waste from Manufacturing Process	GRI 304 GRI 305 GRI 306	<div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div></div></div> <div><div>13 CLIMATE ACTION</div><div></div></div> <div><div>14 LIFE BELOW WATER</div><div></div></div>
9. Implementing Innovations to Enforce Efficient Resource Usage			■					Energy and Resource Usage	GRI 302 GRI 305 GRI 306	<div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div></div></div> <div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div>
10. Encouraging Recycling for Zero Waste			■	■				- Resource Usage - Waste Management	GRI 305 GRI 306	<div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div></div></div> <div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div> <div><div>13 CLIMATE ACTION</div><div></div></div> <div><div>14 LIFE BELOW WATER</div><div></div></div>

Important Topics	Affected Stakeholders							Company’s Indicators	GRI Sustainability Standards	UN Sustainable Development Goals
	Customers	Employees	Shareholders	Suppliers	Community / Society	Government	Competitors			
Social										
11. Supporting Human Rights within the Organization		■				■		Number of Human Rights Violation Complaints	GRI 405 GRI 407 GRI 411	
12. Workplace Safety		■			■			Accidents Rate	GRI 410	
13. Personnel Development		■						Total Hours of Training	GRI 404	
14. Cultivating Employees’ Loyalty to the Company		■						Employees’ Turnover Rate	GRI 401 GRI 405	
15. Fair Treatment of Labors		■						Number of Complaints on Unfair Treatment	GRI 405 GRI 406	
16. Improving the Community and Encouraging Community Activities					■			- No. of Community Complaints - Community Satisfaction - No. of Community Activities	GRI 413	 

Evaluation and Ranking of Stakeholders' Importance

From the above table, the importance and roles of the stakeholders to the Company's operations can be inferred – along with the indicators chosen by the Company to evaluate the performance of each operation, and their associations to the UN Sustainable Development Goals. This information is subsequently used in order to evaluate and rank the importance of the stakeholders on the Company's operations, as follows:



AAPICO and Preventative Measures during COVID-19 Situation

The COVID-19 pandemic is a crisis that affected economy around the globe. AAPICO Group was aware of severity of the situation and has been monitoring and following up on the situation with COVID-19 on a daily basis since the beginning of the year in order to evaluate the severity of the situation, the risks involved, its impact on the operations, and health and safety of the Company's employees and stakeholders.

After some planning, the Group handles this crisis by arranging for meetings between the top managements of every department globally to report the severity of the situation in each country, prediction and evaluation of the impact on the operations, and the internal management of the companies and their subsidiaries – whether on cash flow, business operation, marketing, inventory, monthly target and actual sales, human resource management, work calendar, personnel health and safety, or preventative measures for the virus. A specialized team was also formed in order to collect information and report to the committee. In addition, the Group has reviewed and revised the business continuity plan so that it is in line and appropriate with the current situation – thus enabling the Group to continue operating as normal and retaining as many employees as possible for continued efficient operations when the situation returns to normal.

From the top management meetings, the Group has put in place preventative measures to contend with various situation in order to ensure employees' and stakeholders' safety, while also demonstrating social responsibility, as follows:

Health and Safety Measures

- Establish Hot Line (telephone communication channel) to advise and assist employees in case of emergency
- Educate personnel on hygiene, hand sanitization, proper method to wear masks, how to conduct themselves on the premises, and various hygienic measures
- Arrange for cleaning tools, hand-cleaning gel, and temperature measurement tools around the premises to ensure proper employees' hygiene
- Arrange for cleaning by disinfectant within the office area and transports
- Establish communication list and the related team in the case of discovering affected individuals, including the procedures when noticing suspicious symptoms
- Enforce the temperature measurement of employees, managements, and visitors; and also arranges for COVID-19 questionnaires for visitors



Human Resource and Operation Measures



- Prohibit overseas travelling
- Prohibit crowding and change from face-to-face meetings to online meetings
- Organize work calendar for office employees in each department into 2 teams, with each team being able to compensate and takeover from another. Office workplace, canteen, and waiting lines are marked with fixed distance for sufficient spacing; and lunch schedule is organized to reduce crowding and the accompanying risks
- Allow employees to work from home when they don't have appointment at the office
- Arrange for basic working tools, such as laptop and Microsoft Teams application, to enable online meetings in place of face-to-face meetings
- Arrange for systems and applications to monitor employees' location and traveling history

Alleviation of Impacts and Encompassing Stakeholders' Care

Apart from the Group's affected impacts from this crisis and the measures taken to combat said impacts, the employees and other stakeholders are also affected. Therefore, the Group has provided assistance to alleviate the impacts on the stakeholders, with details as follows:



1. Employees and Families

In addition to the Group's concerns for the employees' health via the measures taken as previously mentioned, financial aid is also another area in which the Company supports the employees. Although there was a decrease to salary and wages, AAPICO instead provided assistance in other area, such as by taking measures to support members of the Group's credit union, providing scholarships to the employees' children, project of low-price suppliers' products for employees, and the pantry of sharing project.

2. Shareholders

The situation was severe during the period of AGM 2020. The Group was aware of the possible repercussions and had arranged for a top managements meeting to discussed to possibility of holding AGM during the crisis. The committee approved of the decision to arrange AGM 2020 under the condition that full compliance with government's regulations is given. In addition, the Company had prepared a live broadcast channel for AGM 2020, along with other communication channels for the shareholders' convenience.

Furthermore, to build up shareholders' confidence in the business operations, risk management, and the handling of COVID-19 situation; the Group communicated with the shareholders by providing them with the Company's performance information and impacts from COVID-19 via E-mail, phone call, and during the Opportunity Day – which are held frequently by SET.

3. Supplier Companies

The Group understands the impacts that the pandemic may have on businesses – whether local or overseas. Therefore, the Group's purchasing department had sent out surveys on the supplier's business operation status regarding the impacts they received from this situation – be it performance, sales, or current business plan. The objective for this is to provide various supports to the suppliers on finance, production, and delivery.

After receiving back the surveys, the Group then proceeded to visit each supplier in order to discussed the impacts and operation plan during this situation. This served as joint planning of production and delivery plan to prevent impact on the supply chain and to increase the suppliers' liquidity, which was linked to the supply chain's sustainability.

4. Customers

Following the increasing severity of the pandemic, we are sympathetic to and understands the customers' situation. Therefore, we frequently visit our customers to discuss and adjust our products as per the customers' requests, provided that it is a fair agreement.

We have adjusted the Group's production to be in line with the customers' operations and follow the customers' New Normal policy and regulations, while also accepting cancellation of orders from customers in order to support their financial situation and allow sustainable business operations for both parties.

5. Community and Society

Apart from assisting stakeholders that are directly related to the Company, the Group is also concerned with the well-being of people in the community surrounding the Company's base of operations, with the Company providing food and provision to the community and hospitals around the area and providing encouragement to medical staff as means of support.





Enhance Economic Value

- Corporate Governance
- Risk Management
- Creating Shared Value
- Innovation for Improvement
- Customer Relationship Management
- Supplier Relationship Management



Corporate Governance

AAPICO Hitech Public Company Limited is committed to conducting its business with responsibilities, integrity, honesty, transparency, and impartiality – under the operational principal of good morality and continuous development to adjust to the changing economy, society, and environment.



Corporate Governance Policy

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 stakeholders' 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 and 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 7 members, of which 2 members are executive directors and 5 members are independent directors – with 2 female members out of the total 7 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 – with none of member in the Board of Directors holding a position in the external financial auditor company that AAPICO is currently contracting.

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 as is indicated by the Securities and Exchange Commission (SEC)

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 urgent 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.

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.

In 2020, Company held 4 Board of Directors' general meetings; 4 audit committee meetings – one in every quarter in order to consider and approve the Company's financial details, which include the private meeting between the audit committee and the financial auditors outside of the management's surveillance in order to promote independence in the Company's performance evaluation; 2 risk management committee meetings to evaluate and review the Company's risk factors, and to acknowledge risk evaluation in operation in accordance with the IATF16949 quality standard; and 2 nomination and remuneration committee meetings to consider the appointment of directors and the remuneration for the Board of Directors and each individual committee, while also give advice on the Company's succession plan for executive management positions.

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. The Company's committees are detailed as follows:

Committee	No. of Directors	Main Responsibilities
1. Audit Committee	3 Independent Directors Consists of: 1 Chairman 2 Members	<ul style="list-style-type: none">Establish the Company's corporate governance policyReview the Company's annual and quarterly financial statementsReview and ensure the appropriateness and effectiveness of internal control systems to be in line with regulations and policiesReview disclosures of information, particularly related transactions or transactions that may have conflicts of interest; to ensure the information is transparent, correct, and completeReview complaints and concerns from stakeholders

2. Nomination and Remuneration Committee	3 Independent Directors	<ul style="list-style-type: none"> Consider criteria and procedures for the nomination of qualified individuals to serve as directors and executives Review the proportion and amount of directors Consider the 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
	Consists of: 1 Chairman 2 Members	
3. Risk Management Committee	3 Independent Directors	<ul style="list-style-type: none"> Establish the Company's risk management policy and determine risk appetite Establish the management direction, strategies, and risk tolerance level 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
	Consists of: 1 Chairman 2 Members	

Directors' Self-Performance Evaluation

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 Stock Exchange of Thailand. There are 3 sets of assessment forms – for the evaluation of the Board of Directors as a collective body, for the evaluation of the Board of Directors as individuals, and for the evaluation of the Board of Directors as committees. 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 2020 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 Form	Average Score (%)		Rating
	2019	2020	
Collective Board of Directors	92	95	Excellent
Individual Directors	92	95	Excellent
Individual Committees	86	92	Excellent

In addition, the Company also participate in the evaluation of corporate governance via the Corporate Governance Report of Thai Listed Companies 2020 project, in which the Company received the total average score of 87% and a very good rating – increased from 83% of the previous year



Directors' Training and Development

The Company encourages directors to continuously develop and enhance their skills and knowledge in relation to their duties and responsibilities. The Company supports 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 Course	Number of Directors Attended
Director Certification Program	4
Role of Chairman Program	1
Director Accreditation Program	1
Board that Makes a Difference	1
Role of Compensation Committee	1

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

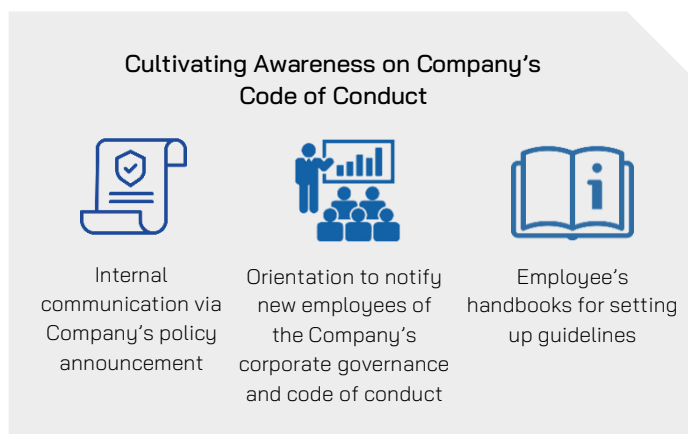
1. Listed Company Director Program by Singapore Institute of Directors
2. Master Class for Directors by Institute of Directors (IOD) India
3. Corporate Governance & Board Leadership, Masterclass by Ram Charan

In 2020, a number of directors had attended seminars and conferences to enhance their knowledge and received certifications from the Thai Institute of Directors on the following skills:

Training Course	Number of Directors Attended
IT Governance and Cyber Resilience Program	1
Advance Audit Committee Program	1

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 Securities and Exchange Commission.



The Company encourages employees and stakeholders to give comments, raise concerns about any issues or suspicion of misconducts to the Company at any time for the Company to take immediate necessary actions to resolve such issues or prevent severe damages to its operations or reputation. The Company commits to ensuring that no one will suffer any unfair treatment as a result of refusing to take part in acts of bribery or corruption, or due to reporting their suspicion that actual or potential bribery or other corruption offences have taken place or may take place. The Company allows whistleblowers to report an incident anonymously in order to ensure their safeties and confidentialities.



The whistleblowers can file complaints or report suspicious activities to the management via the designated channels, in which the reported incidents will be sent – either anonymously or not, as preferred – to their supervisors/managers and then later be appealed to the independent directors/audit committee via e-mail. The cases of rights violation, corruption, non-compliance with laws and ethical practices will be brought to attention in the next Board of directors' meeting. The matters will then be sent to the Company's president for further investigation.

Investigation Process



Anti-Corruption

Anti-Corruption Policy

AAPICO Group is determined to operate business with integrity by committing to its responsibilities to society and the stakeholders in accordance with good corporate governance. The Company therefore pushes for the cultivation of employees' anti-corruption sentiment in all its form and promote their understanding and drive to oppose corruption. In line with the Company's good corporate governance, the Company assigned the Board of Directors to investigate and review the complaints and reports of inappropriate or unlawful conducts in order to police corruption within the Company.

Duties and Responsibilities

The Company's Board of Directors and the audit committee are responsible for approving anti-corruption policy and supporting the fight against corruption within the organization in order to promote employees' awareness of the problems that may resulted from corruption. The audit committee is responsible for reporting any complaints or suspicions of corruption to the Board of Directors. The Board of Directors and the audit committee are also responsible for giving advice, recommendations, and consider the related punishments and the rectification for the reported incidents.

Guidelines on Compliance with the Anti-Corruption Policy

The objective of the anti-corruption policy is for the Company's employees and stakeholders – including the shareholders, customers, and suppliers – to strictly abide by the anti-corruption policy by refraining from becoming involved in any act of corruption, whether directly or indirectly.

Therefore, AAPICO Group cultivates conscience in the employees and assign responsibilities to every individual in the Company in the fight against corruption. The Company makes announcements in order to notify the personnel of the anti-corruption policy and remind them to follow its guidelines. The Company's anti-corruption policy is made accessible to the public, with related policies 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 promote the highest standards in ethical and lawful operations, while also acting as a surveillance for wrongdoings and consequently promoting corporate governance within the Company.

The employees and stakeholders of the Company are encouraged to disclose or report evidence of wrongdoings that violate Company's regulations or the law. These wrongdoings cover – 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 – regardless of values – to the HR department of their respective companies, who will later distribute the Gifts to other parties as deemed appropriate.

▪ *Policy of Tax*

The Company sees tax as an important part of its responsibility to the 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 the tax policy reflects and supports the Company’s business operations. 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 resulted 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 those 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 Whistle Blower can report suspicious behaviors or incidents directly to their superiors or managers.
2. In the event that the Whistle Blower is uncomfortable with reporting to their own superiors or managers, the Whistle Blower 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
Unit 100/11, 9th Floor (Low Zone), Sathorn Nakorn Tower
100 North Sathorn Road, Silom, Bang Rak,
Bangkok, Thailand, Postcode 10500

3. The Whistle Blower may choose to do so anonymously if they prefer.

Investigation Procedures and Punishments

When notified, the Board of Directors and the Audit Committee will be the ones to investigate the reported incident, 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 Whistle Blowing report was found to be reported with malicious intent, the Whistle Blower will be disciplined according to the Company's regulation if they are the Company's employees, or in the case that it was an outside source and the Company is affected by the event, the Company will take the legal steps as necessary in retaliation.

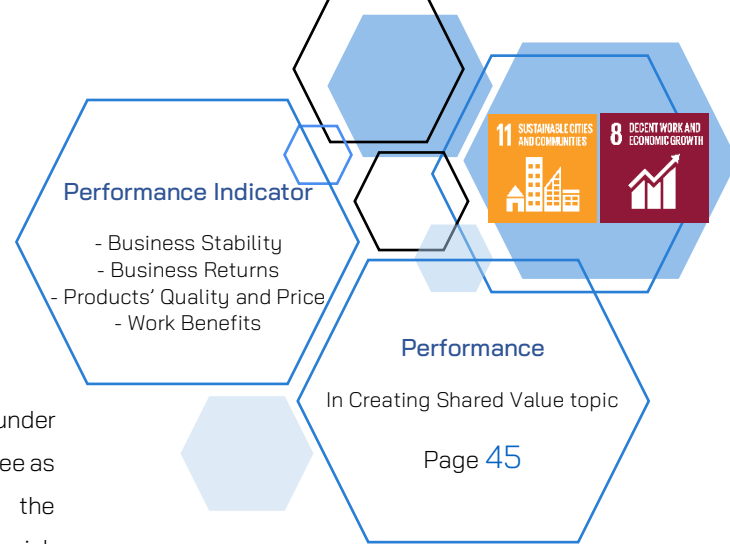
The Announcement of Anti-Corruption Policy

To ensure that every individual in the Company is informed of the anti-corruption policy, the Company therefore notifies the personnel through various channels, such as the Company's website, email, and 56-1 documents. The anti-corruption policy is reviewed annually and the Company's business partners are also informed of the policy as well.

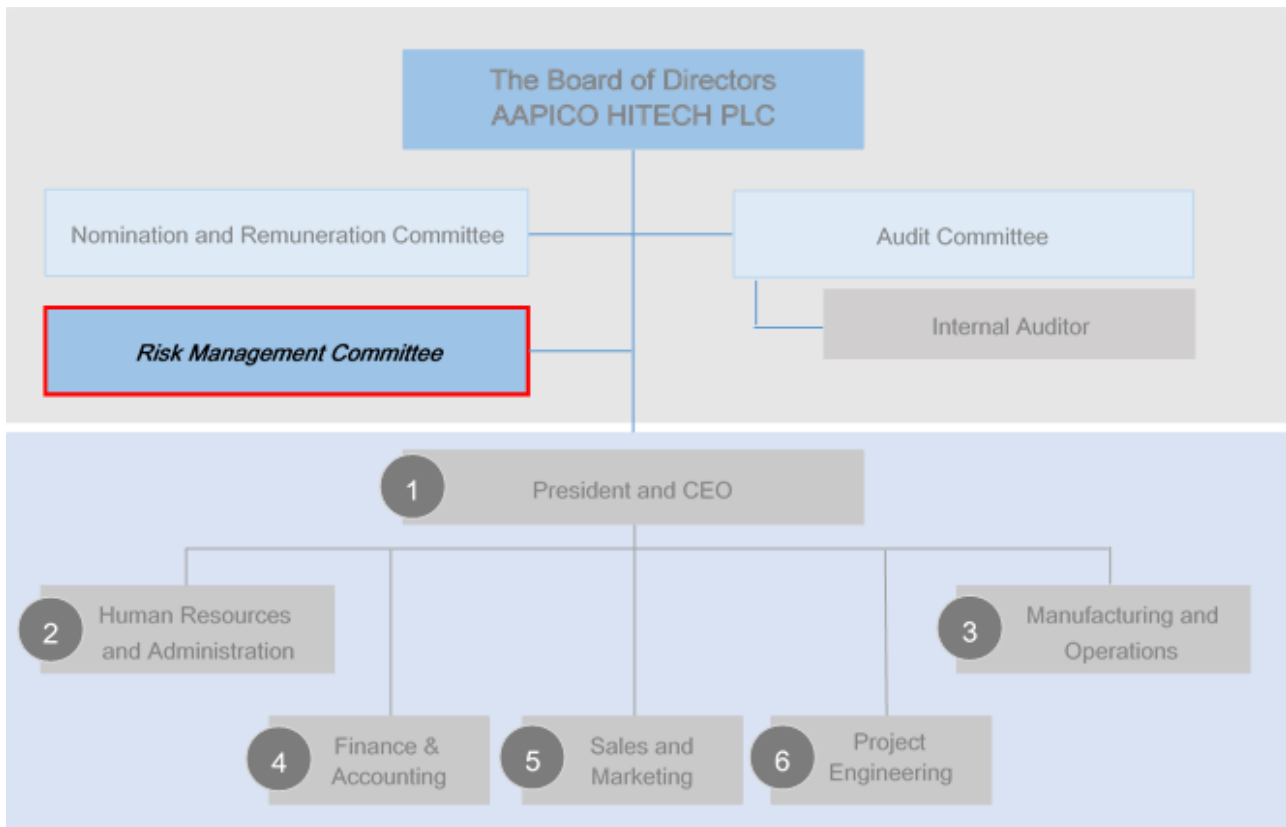


Risk Management

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 2020, the Risk Management Committee reviewed the Company's internal control processes with regards to quality 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:

Strategic Risks

Risk from Government Policy

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.

Management Guideline

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.

Risk from Overseas Investment

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; including the possible deviation from the management plan by the Company's overseas subsidiaries, associated companies, and joint ventures; 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.

Management Guideline

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. 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.

	<p>Subsequently, the management should engage in the performance review process, while also providing the necessary support and ensure that operations are carried out smoothly and generate the appropriate returns to shareholders.</p>
Business Risks	<p><u>Risk from Automotive Industry Competition</u></p> <p>Competition in the automotive parts industry runs relatively high during the changing of car models. Automotive part suppliers all compete to win orders from OEM automakers in order to secure the guaranteed income from the production cycle of a car model. As a result, the Company is exposed to the risk of losing 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><i>Management Guideline</i></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 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.</p> <p><u>Risk from Customer Concentration</u></p> <p>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 came from the contributions of three major customers: Isuzu, Continental, and Auto Alliance (AAT); each of which contributed to 35%, 8%, and 6% of the company's sales, respectively. This implies that the Company's performance is largely dependent on the performance and market share of these major customers, and to lose orders from any of these customers could significantly impact the Company's profit.</p> <p><i>Management Guideline</i></p> <p>For the year 2020, since the COVID-19 pandemic has disrupted the entire automotive industry, the Company evaluated that the chances of losing orders and the impact of this risk were intermediate. However, in response to this risk, the company has set up plans to increase financial performance from every products line and diversely expand customer base. This expansion could enlarge company's portfolio in both domestic and international markets.</p>

In addition, this diversification could mitigate the risk of relying on only a few customers and, subsequently, create a long-term growth for the company.

Risk from Automotive Industry Trend

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.

Management Guideline

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.

Operational Risks

Risk from Raw Material Price Fluctuation

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.

Management Guideline

The Company has 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 change, 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.

Risk from Labor Shortage

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.

Management Guideline

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.

Risk from Product Quality

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.

Management Guideline

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.

Risk from Cybersecurity Threat

Nowadays, the world is heading into the digitization era. Many businesses are gradually converting non-digital information into digital format; thereby hoping to eliminate transcription errors, reduce the chances of losing data, and many users can access a digital file at the same time. However, conversely, this improvement in work efficiencies also leads to a surge of threats. These threats can come in various formats – distributed denial-of-service (DDoS) attack, Phishing and Malware etc.

Management Guideline

The company has been closely monitoring these cyber threats by introducing and implementing the IT policies framework and strictly enforces its compliance on every director, manager, and employee – these policies include the protection of intellectual property whereby personnel are not allowed to duplicate, modify, or do anything without permission from the company, as well as enforcing the creation of safe passwords in order to avert unauthorized access in the organization.

Financial Risks

Risk from Foreign Exchange

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.

Management Guideline

Whatever the case, the Company is still impacted by foreign exchange volatility from its US Dollar loan to Sakthi Global Auto Holdings (SGAH), which requires the Company to recognize profit (loss) from exchange rate in accordance with the Thai Accounting Standard.

	<p>Therefore, in said risk management, the Company utilized the method of matching income and expense of the same currency through natural hedge for transactions that involve foreign currency, including related transactions. In the case that the risks can not be entirely contained, the Company may consider 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.</p>
Compliance Risks	<p><u>Risk from Safety, Environmental & Social Problems</u></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.</p> <p><i>Management Guideline</i></p> <p>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.</p> <p>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><u>Risk from Corruption</u></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.</p> <p><i>Management Guideline</i></p> <p>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.</p>

	<p>The Company has reviewed its activities in compliance with working procedures and audits them on an annual basis.</p> <p>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, which may warrant and resulted in further investigation.</p>
<p>Emerging Risks</p>	<p><u>Risk from Global Pandemic</u></p> <p>In December 2019, the first Coronavirus Disease 2019 (COVID-19) case was reported in Wuhan, China. Thereafter, this communicable disease has swiftly spread across the country and extensively infected people around the world. As of March 2020, Thai government has implemented measures in response to COVID-19; such as by commencing the self-isolation policy, providing cash support, etc. Although these measures have alleviated the rise of confirmed cases, they inevitably disrupted various business operations in the country, one of which was the automotive industry which is the Company's core business.</p> <p><u>Management Guideline</u></p> <p>Fortunately, the Company had foreseen the severity and duration of the pandemic circumstance. Therefore, the Company placed utmost importance on employees' health and sanitation by initiating a number of strategies, as well as also applying health & safety-related practices. These strategies and practices include health temperature check before entering the workplace, encouraging the use of masks, providing hand sanitizer in communal area, complying social distancing measure, cleaning equipment, supplies, workplace and employee shuttle, and conducting health and safety training.</p> <p>In addition, in case that an employee has to travel to other provinces that has potential risk in connecting with the pandemic, the employee must inform their supervisor and get the permission from the Personnel Department before travelling. After returning, the employees must be quarantined at home for 14 days and report their location and health condition to the supervisor daily.</p> <p>In addition, the Company has reviewed and adjusted the Business Continuity Plan to be more in line with the current situation and prepare for operational risks. The Company had also announced the policy and operation plan to combat the spread of COVID-19, and appointed the Business Continuity Committee and a dedicated team to discuss and set direction on this crisis management. The management of every company under the AAPICO Group is to adopt and report the results of this given direction to this Business Continuity committee and dedicated team.</p>

At the same time, the dedicated team that was formed is responsible for motivation and follow-up of the subsidiary companies' swift implementation of the set direction, while also track and report the overview of the pandemic, the global automotive industry, and the customers to the chairman and top managements in the team on a weekly basis for their recommendations, strategies, and directives to each department in the meeting.

Risk Management Culture

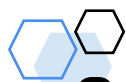
AAPICO Group is aware that the Risk Management Culture is comparable to the organization's risk management mechanism to build up its stability and strength to operate sustainably, with the main objective of cultivating awareness on possible operational risks and the responsibilities to appropriately manage risks. AAPICO advocates and supports various activities that may result in a good risk management culture, as follows:

1. Communication with internal employees to build up incentives and responsibilities to notice risks that may occur in business operations, while also pushes for them to find opportunities accompanying that risks.
2. The appointment of IATF16949 quality management committee – which include personnel taken from various departments – in order to investigate and evaluate the risks and opportunities of each department in the organization, consequently leading to the forming of guidelines to reduce risks and increase opportunities in business operations.
3. Training of employees on organizational risk management by including risk management as one of the training curriculums for employees of all levels.
4. Made available the channels for receiving complaints and reports of Company's operational risks that are accessible to employees of every all levels.

Management of Risks from the COVID-19 Pandemic

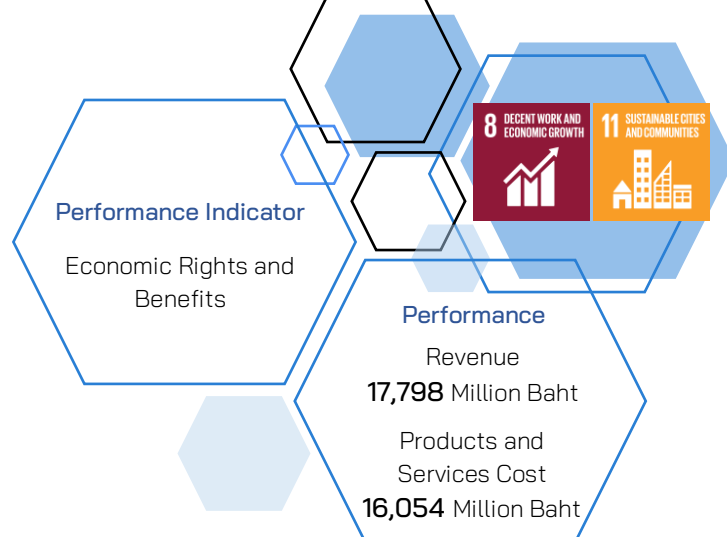
AAPICO Group follows-up on the situation with COVID-19 pandemic on a daily basis since the beginning of the year in order to evaluate the intensity of the situation, the risks, and the potential impact to business operations. The Company arranges for weekly meetings of a dedicated committee formed specifically to monitor this crisis, comparable to a command center and database for monitoring business continuity; with the President & CEO, top management from finance, marketing, and human resource department, both domestic and oversea subsidiaries' management team, and a specialized team as the attendees. These meetings serve as an opportunity for the Group to review the situation in each country, predict and evaluate the impact on the operations, and internal management within the Company and its subsidiaries – whether on cash flow, business operation, marketing, inventory, monthly sales and targets, human resource management, work calendar, organization occupational health and safety, or preventative measures for the spread of the disease.

To facilitate communication within the organization and the convenience in managing problems around the organization, the top management ordered for each subsidiary to establish a War room for monitoring and discussing the situation with the virus around the company's area, and also to turn in reports to the Group's main committee so that the risks or problems can be taken care of immediately as soon as they are reported.



Creating Shared Value

AAPICO Group is determined to operate business on the basis of economic value – along with the creation of shared value and benefit with the stakeholders – in order to facilitate organizational growth and enable economic flexibility within the community and society.



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, suppliers, society, communities, and government.

Performance

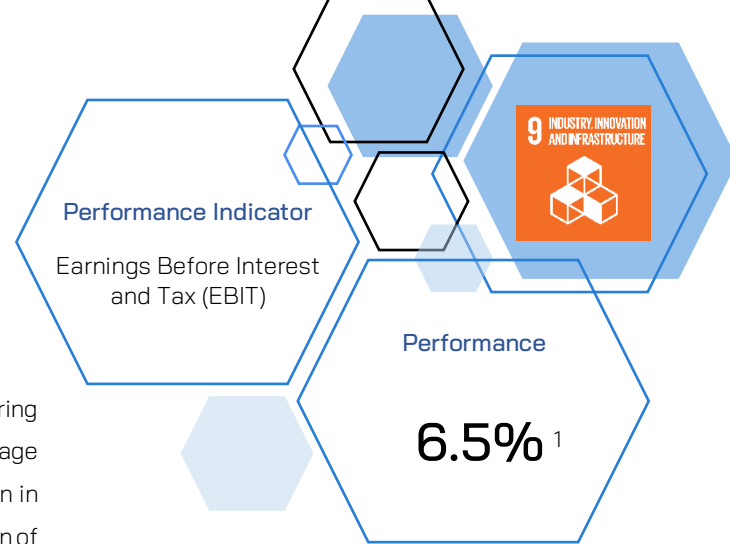
In 2020, the Company's revenue was 17,798 million baht, 17,172 million baht of which came from sales. The total cost for products and services is 16,054 million baht, 1,333 million baht of which was for management and sales. The remaining amount of 80.65 million baht was for dividend. As for the corporate income tax that the Company paid to the government, the amount paid was 12 million baht.

Stakeholders	Economic Benefits	Economic Values
Customer	Quality Products with Low Costs	Average Customers Satisfaction Level 89.73%
Employee	Salary, Wages, Welfare, Bonus, Provident Fund	Total 32.04 Million Baht
	Scholarship Funds for Employees' Children	58 Scholarships, Totaling to 156,000 Baht
	Personnel Development Courses	More than 70 Courses, 11,206 Hours
Shareholder	Dividend	Total 80,645,961 Baht
Supplier	Business Stability	Projects to Support Minor Suppliers in order to Increase Working Capital
Community	Community Development Project	2 Projects Total 100,000 Baht
Government	Corporate Income Tax	12 Million Baht
Competitor	Experience Exchange	Inspiration for Innovations



Innovation for Improvement

Innovation is the factor that will help increase manufacturing and work productivity, while also decreasing resource usage and expenses, including saving up on costs. The information in this report is the guideline for the Company's implementation of innovation in its manufacturing process in order to increase productivity and effectively manage the costs and resources. This report will only focus on the manufacturing of OEM auto parts in Thailand, as it is the main business that was the first model to implement innovation in its operations.



¹Gross Profit Margin reduced by 2.7% from last year due to the spread of COVID-19

Reporting Boundary

In every year, each company within the AAPICO Group will conduct operational problems assessment, invent, research, and experiment new methods to improve upon the company's manufacturing process and operations, which eventually leads to "process innovation" in which the company focus on its products' quality control 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 supports effective recycling in accordance with the goal of becoming zero waste factories.

The smart factory and smart office project are made up of numerous sub-projects. Both the main projects and sub-projects were initiated and planned since 2019, some of the sub-projects were operational and has already been implemented in 2020. This report will talk about the planning and experimentation of some of these projects and summarize their operations in the year 2020.

Management Approach

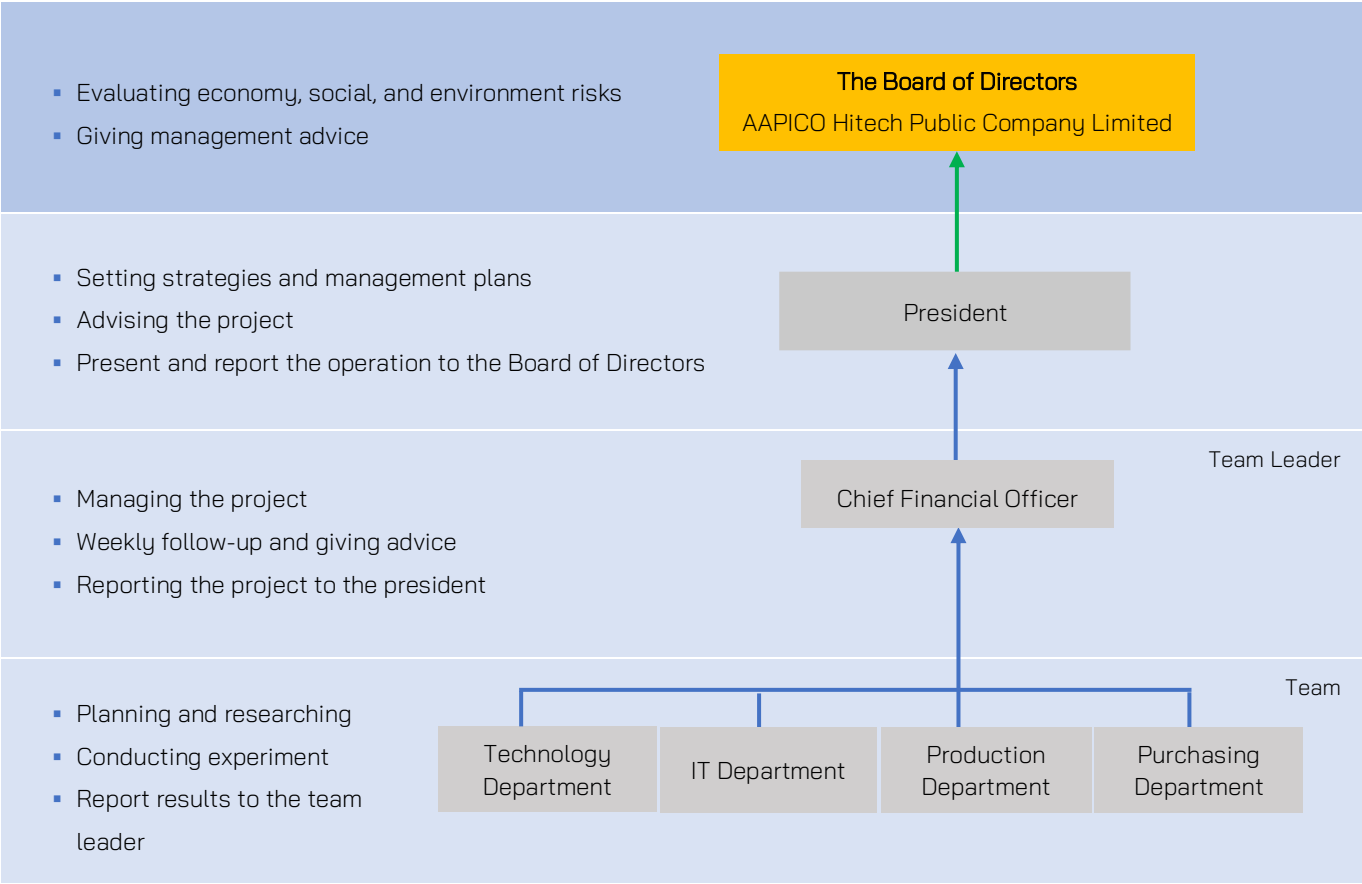
The Company has the policy to establish smart factories and offices in accordance with the Company's vision and mission by coming up with, researching, and searching for innovations that can be implemented in all factories and offices of our group to the benefits of both the Company and the customers.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

- *Evaluate Problems in the Operations and Research Technological Innovation*

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

- *Brainstorm, Summarize Innovation Problems, and Develop Sub-Projects*

The Team brainstorms by piling the problems and studied innovations together, then group and break them down into sub-projects. Interesting projects and innovations will then be presented – with details on the projects' objective, duration, cost, and expected result.

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

Present sub-projects to the Team Leader for consideration and approval. Approved sub-projects are eligible for the team to proceed with prototypes, experiment, follow-up, and discussion within the team. The team leader is responsible for following-up, investigating, directing, and advising the sub-projects on a weekly basis so that any problems or mistakes can be rectify immediately. As for sub-projects that were denied approval, the Team Leader is to advise and educate the team further in order to improve their efficiency.

- *Report the Results of the Sub-Projects to the President*

When a sub-project achieves its set target, the Team Leader will present it to the Company's president. If there are any comments, the Team Leader will take the comments back to the team for adjustments accordingly. If a sub-project is approved by the Company's president, that sub-project will then be subsequently presented to the Board of Directors.

Performance

From the aforementioned operation structure, performance of innovation operations can be categorized into 2 levels as follows:

1.) Innovation Creation within the Organization or Subsidiaries. One example of such innovation is listed below, along with the benefits gained from the project:

Project	Objective	Method	Value/Benefit
Rolling Machine	To improve operation method by applying new technology in the manufacturing process in order to reduce production costs	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▪ Increase productivity▪ Reduce the manufacturing costs and enabling lower products' prices for customers

The Rolling Machine project is an innovation project by one of the AAPICO Group's subsidiary company. The project was first invented and has been in use since 2019 and involved the implementation of the Rolling Machine into some of the company's products' manufacturing process. This enables higher quantity while also retaining the same quality of final products per 1 piece of raw material, thus resulting in a reduction to production costs for the company and lower products' prices, while also moving the company closer to achieving the goal of becoming a zero-waste factory.

In the year 2020, there was an increase to the types of product that the Rolling Machine innovation was implemented into its manufacturing process by 1 product from the previous 1 product in 2019, adding up to a total of 2 products. The company was able to reduce the production costs of both of these products by 3.27 Thai Baht per product.

2.) Innovation Creation Following the AAPICO Group's Target of Sustainable Development in Establishing Smart Factories and Offices.

In 2019, the team had researched, planned, and experimented with various sub-projects, most of which are still in experimental phase. However, 1 such sub-project made it pass the experimental phase in 2019 and has been implemented until 2020.

RFID (Radio Frequency Identification) 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 is 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.

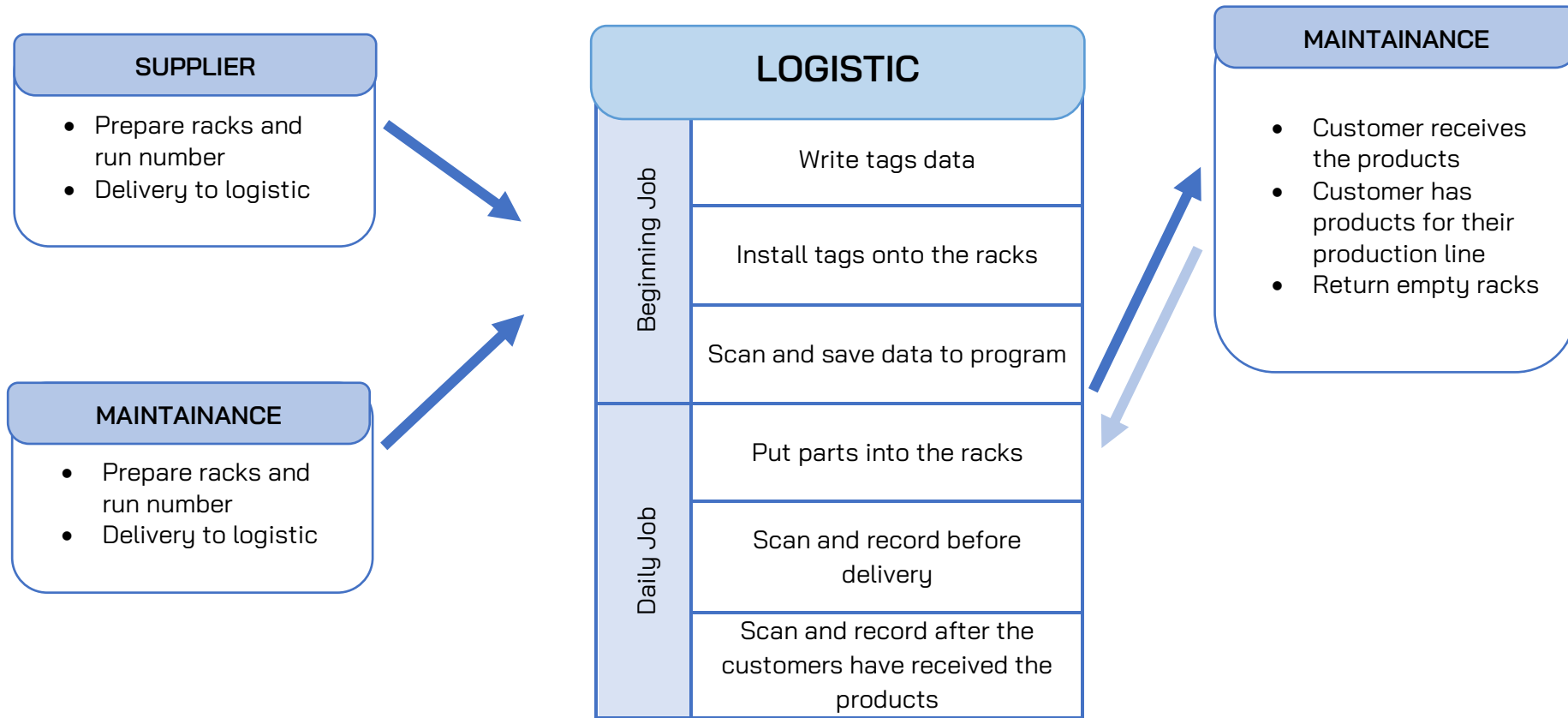
In order to solve this problem of lost storage racks and unnecessary expenses, the Company came up with the project to track the entry and exit of each storage rack to monitor them. This was done by implementing the innovation called Radio Frequency Identification (RFID) into the Company's own original 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 racks – 1 coding plate per 1 rack. These coding plates were attached onto each storage rack, which means that each rack will has 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 rack 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 fail 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 track 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 presented this project to the president.



Supply Chain with RFID Rack Tracking System

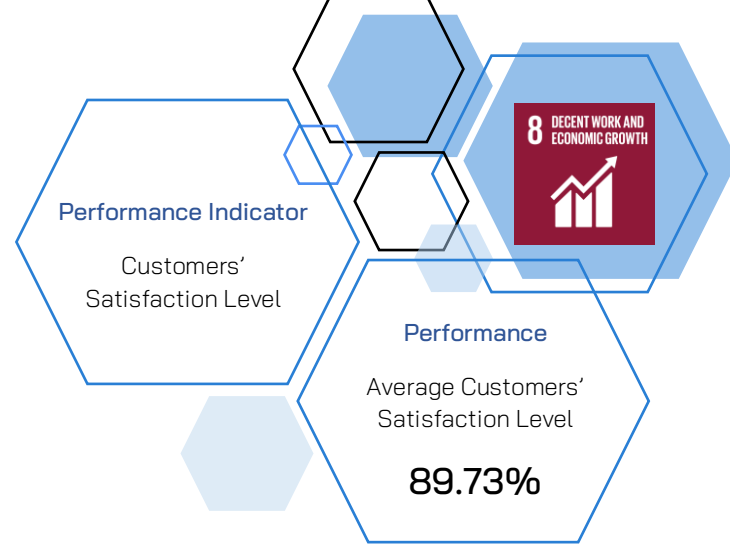


* If Customer keeps our rack for more than 10 days, the Logistic team will follow up on the return.



Customer Relationship Management

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.

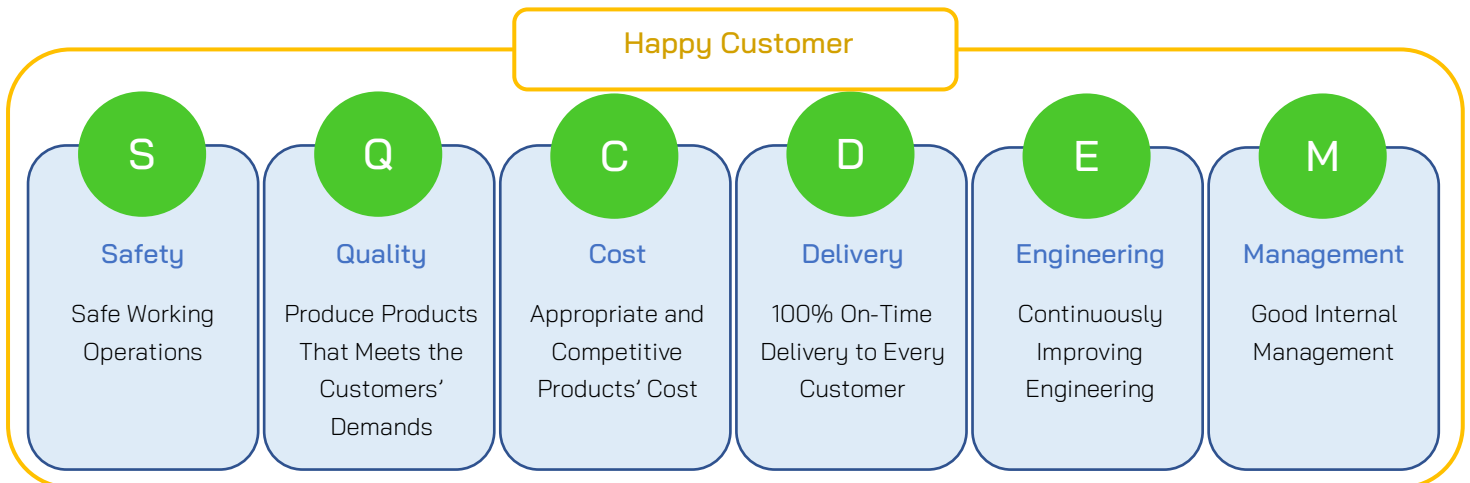


Reporting Boundary

The information in this report will talk about activities and customers' satisfaction with the Company in 2020. 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 SQCDME principle to manage this good relation as follows:



S : Safety

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

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

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 range.

D : Delivery

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

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

The Company conducted a customer satisfaction survey to pinpoint areas for improvement and to get a good idea of the customers' satisfaction level, then use the gathered information to improve the Company's operations. The customer satisfaction survey results in 2020 showed a score of 89.73%, which increased from the previous year and is a satisfactory outcome for the Company's performance. Moreover, the Company is resolved to correct and improve on any mistake to continuously maintain the customers' satisfaction for the years to come.

Satisfaction	2013	2014	2015	2016	2017	2018	2019	2020
Target %	75.30%	85.00%	85.00%	85.00%	85.00%	85.00%	87.10%	87.10%
Quality %	75.00%	83.26%	89.38%	88.00%	88.26%	92.08%	91.04%	94.64%
Price %	74.70%	78.89%	80.94%	85.00%	84.98%	84.44%	84.24%	84.76%
Delivery %	-	-	-	-	88.82%	97.71%	91.46%	92.62%
Marketing Department %	74.98%	85.56%	83.44%	85.00%	89.10%	97.71%	86.88%	92.86%
Accounting and Finance %	75.93%	86.25%	86.88%	86.00%	90.76%	98.33%	93.47%	91.43%
Production Department %	75.88%	88.26%	86.88%	86.00%	90.28%	93.33%	91.04%	86.19%
Quality Department %	75.31%	86.25%	88.13%	88.00%	90.21%	92.08%	91.04%	88.21%
Avg. Satisfaction Level %	75.30%	84.75%	85.94%	86.33%	88.43%	92.59%	89.53%	89.73%

Customers' satisfaction level in 2013 – 2020 of the company AH, AHP, and AHR

¹ Companies that received the ISO/TS 16949: 2009 standard include AH, AHP, AHR, ASICO, AL, AA, ASP, AF, APC, AP and APR, and all of these companies are 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 Companies that received the OHSAS 18001: 2007 Occupational safety and health standard is AP

Rewards from Customers

- Best Quality Supplier Award 2020 from Toyota Group
Given to AAPICO Hitech Public Company Limited



The Best Quality Supplier Award 2020 from Toyota Group

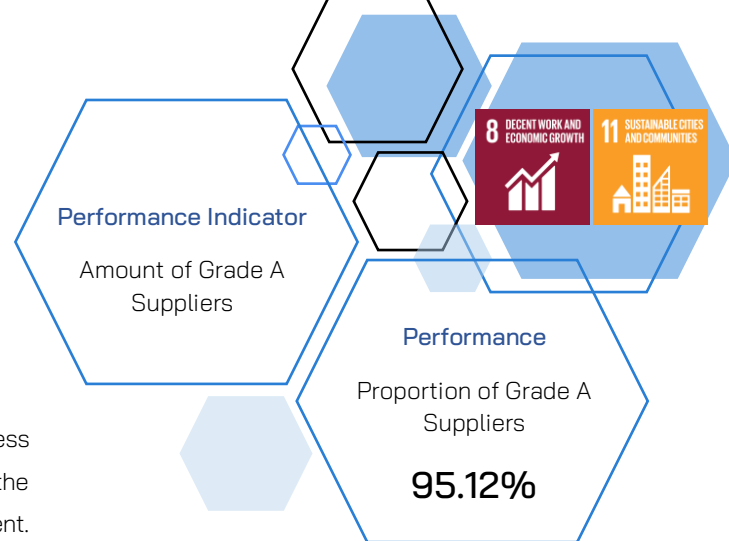


- Honda CEO Award from Honda Malaysia
Given to Tenaga Setia Resources Sdn. Bhd.
(A subsidiary of AAPICO Hitech PLC in Malaysia)
- Top Sales Award from Honda Malaysia
Given to Tenaga Setia Resources Sdn. Bhd.
(A subsidiary of AAPICO Hitech PLC in Malaysia)



Supplier Relationship Management

The Company values suppliers as invaluable business associates, as they play an important role in helping the Company to achieve sustainable business development. Therefore, the Company needs to have supplier relationship management in order to ensure that the Company's business operations are progressing smoothly.



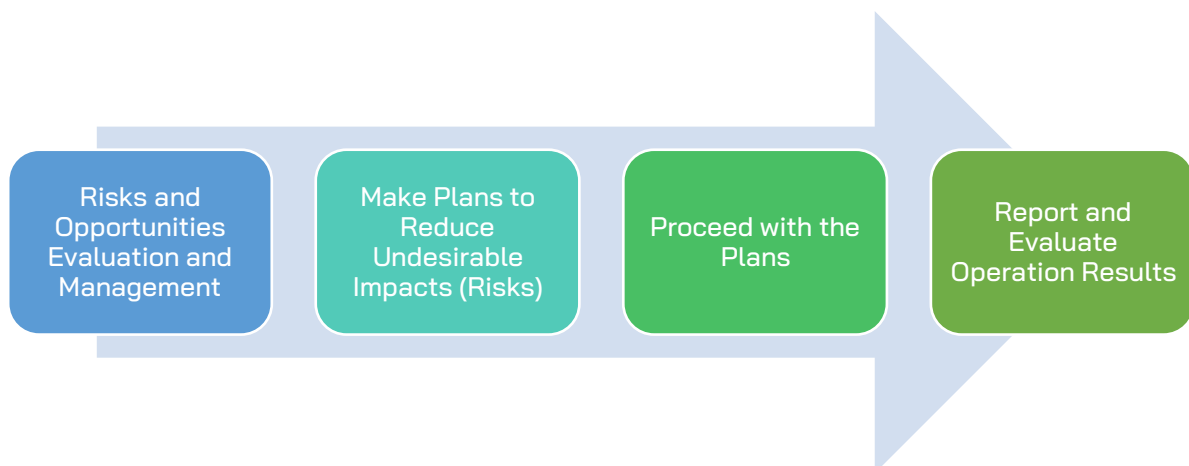
Reporting Boundary

The information in this report will talk about the activities and evaluations of suppliers' 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 suppliers are crucial to the Company's operations.

Management Approach

As the Company sees the suppliers as important business associates, the Company therefore arranges for suppliers 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 suppliers of previous year's cooperation evaluation, in which the purchasing department of the Company evaluated the risks, opportunities, and manage these risks according to IATF1949 standard in order to evaluate and review the performance of the purchasing department and suppliers. If any problems are detected, the Company can then correct and set the guidelines for reducing that risks and inform the suppliers further.

Risks and Opportunities Evaluation and Management Procedures



1. Risks and Opportunities Evaluation and Management

The purchasing department evaluates the possible risks and their negative impacts, both on the intensity and probability of said impacts, while also evaluating the accompanying opportunities and then make plans to reduce each of these risks in accordance with IATF1949 standards.

2. Make Plans to Reduce Undesirable Impacts (Risks)

Set the objectives, details, durations, and the individuals in charge of the plans and projects to reduce undesirable impacts.

3. Proceed with the Plans

Proceed with the plans by making operation reports, assigning individuals to take responsibilities for each respective part of the plans, and report the operation results.

4. Report and Evaluate Operation Results

Report the operation results and evaluate the performance, while staying open to every recommendations and comments in order to formulate better guidelines that may be adapted and utilized in future operations.

In addition, the Company also conducts an annual suppliers' performance evaluation to serve as follow-ups and motivations for the suppliers to continuously improving, and to serve as a part of the Company's quality suppliers selection process. The Company evaluates the suppliers in 2 main areas: Quality and Delivery.

Performance

Risks and Opportunities Evaluation and Management

In 2020, the Company has managed business partner relations through 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.

Risk/ Opportunities for Evaluation	Risks	Possible Negative Impacts	Intensity	Probability	Average Intensity and Probability	Opportunities	Intensity	Probability	Average Intensity and Probability	Operation Plans
Payment Approved	Missing documents	1. Supplier needs to re-prepare the documents 2. Supplier receives late payment	2	1	2	Have record management	2	1	2	Make a control file to keep track

Risk / Opportunities for Evaluation	Risks	Possible Negative Impacts	Intensity	Probability	Average Intensity and Probability	Opportunities	Intensity	Probability	Average Intensity and Probability	Operation Plans
PR	Details in the PR are incorrect or missing (Spec, Quantity, Price)	1. Purchasing process is delayed 2. Unable proceed and find a seller	1	3	3	Promote awareness on the importance of correct information in the purchasing process	2	1	2	Arrange for purchasing information tracking system in the intranet
PO	Details in the PO are incorrect (Price, Supplier Name)	1. Delayed documents issuance, which leads to delayed purchasing process and delivery 2. Must take time to correct the PO 3. Late delivery to customers	2	3	6	Promote awareness on the importance of correct information in the purchasing process	2	1	2	Arrange for purchasing information tracking system in the intranet
Delivery	The suppliers' delivery is not on time	Late delivery to customers	3	2	6	Arrange for suppliers to develop and improve their Safety Stock	2	2	4	When suppliers find that they are unable to deliver on time as AAPICO requested, they are required to submit the "Timing Change Request" to AAPICO

Annual Suppliers' Evaluation

In 2020, the Company had evaluated 41 suppliers in total, with suppliers that were evaluated as Grade A being marked as having satisfactory performance. In the case that a supplier is evaluated as being lower than Grade A, they are encouraged to make improvements on their systems as soon as possible. In the case that a supplier is evaluated as Grade C for 4 consecutive months, the Company will immediately cancel the orders from that suppliers. For the year 2020, the Company evaluated 95.12% of suppliers as Grade A, increasing from 73.33% in 2019 – a satisfactory result for the Company.

Score Level	2019	2020
Grade A	11	39
Grade B	4	2
Grade C	-	-
Proportion of Grade A Suppliers (%)	73.33	95.12



Eco Efficiency

- Environmental Policy
- Energy
- Water
- Waste
- Emissions



Environmental Policy

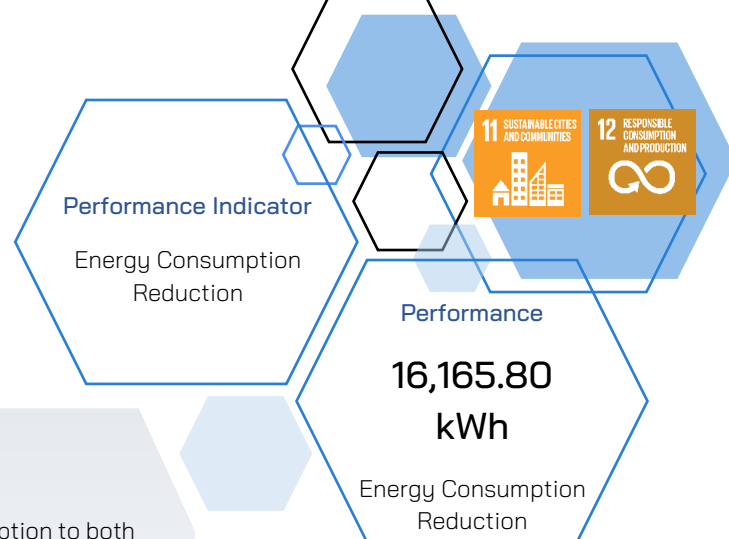
One of AAPICO Group's main business is the manufacturing of OEM auto parts, dies, and jigs. Inevitably, this means that the Company's operations will involve factories and the subsequent waste and emission that such operations entail. However, the Company does recognize the importance of the environment 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.

On the subject on environmental compliance, the Company reported no instance of non-compliance with environmental laws and regulations in 2020 – thus reflecting the Company's commitment in supporting a sustainable environment.

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 advocates its personnel to be mindful and keep energy consumption to a minimum. This report will give details of the Company's performance in energy consumption management in 2020.

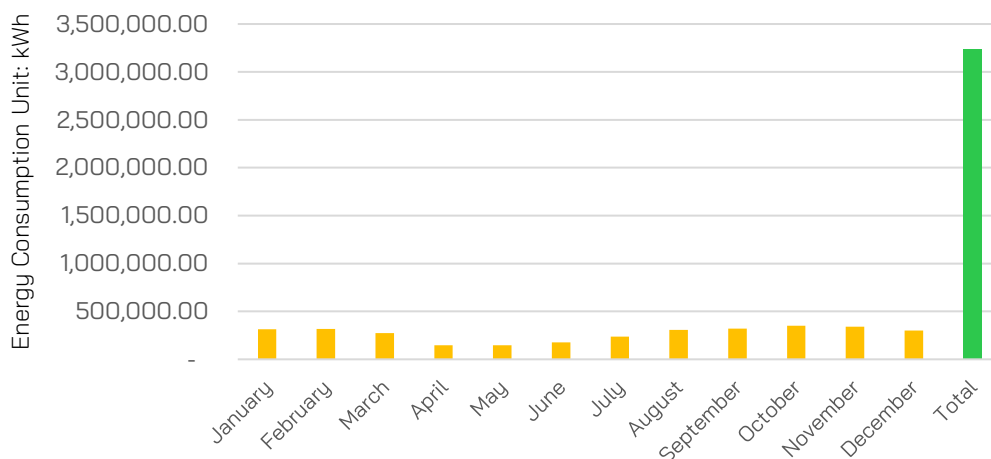
Management Approach

The Company always seek to manage energy consumption from the Company's operations to be at the minimum level possible. By achieving this, the Company hopes to limit the negative impacts that its operations may have on the environment, while also minimizing unnecessary expenses resulting from sub-optimal management of energy usage in the Company's operations.

Performance

The Company keeps an annual record of the amount of energy consumption by the Company within a year, along with the amount of money saved due to a reduction in energy consumption in that respective year. In 2020, the Company's total energy consumption is 3,233,160 kWh, with a 16,165.80 kWh reduction in energy consumption – totaling to a 61,430.04 baht of saved expenses.

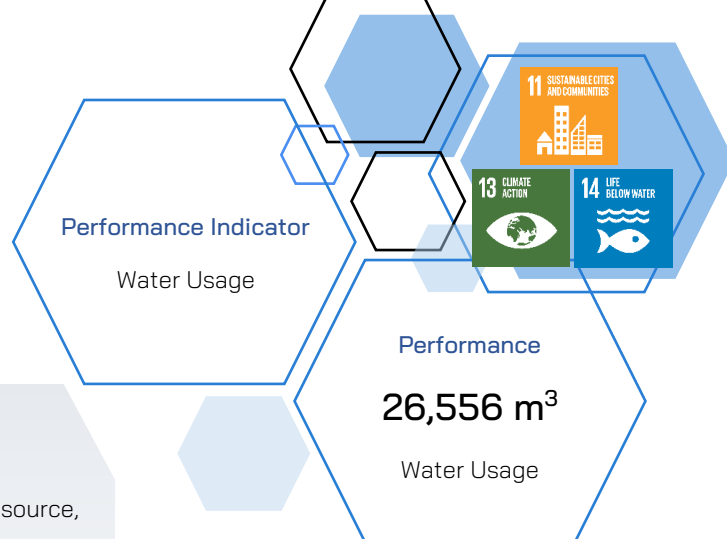
Energy Consumption in 2020



Amount of Energy Consumption in 2020

Month	Energy Consumption (kWh)	Energy Consumption Reduction (kWh)	Expenses Saved (Baht)
January	314,800.00	1,574.00	5,981.20
February	317,080.00	1,585.40	6,024.52
March	275,000.00	1,375.00	5,225.00
April	145,400.00	727.00	2,762.60
May	145,320.00	726.60	2,761.08
June	176,160.00	880.80	3,347.04
July	237,840.00	1,189.20	4,518.96
August	308,080.00	1,540.40	5,853.52
September	321,200.00	1,606.00	6,102.80
October	350,840.00	1,754.20	6,665.96
November	341,640.00	1,708.20	6,491.16
December	299,800.00	1,499.00	5,696.20
Total	3,233,160.00	16,165.80	61,430.04

Water



Reporting Boundary

AAPICO Group realizes about the importance of water as a resource, as it is a valuable resource for any industrial business and is also a limited resource which is crucial for human's survival. Therefore, AAPICO Group has arranged for some measures to reduce excessive usage of water within the Company.

Management Approach

AAPICO sees the importance in saving water resource and has come up with an environment project on the subject of reducing water usage, with the intention to reduce the cost associated with water usage. The Company set the objective of reducing water usage in this year of 2020 by 2% when compared with 2019.

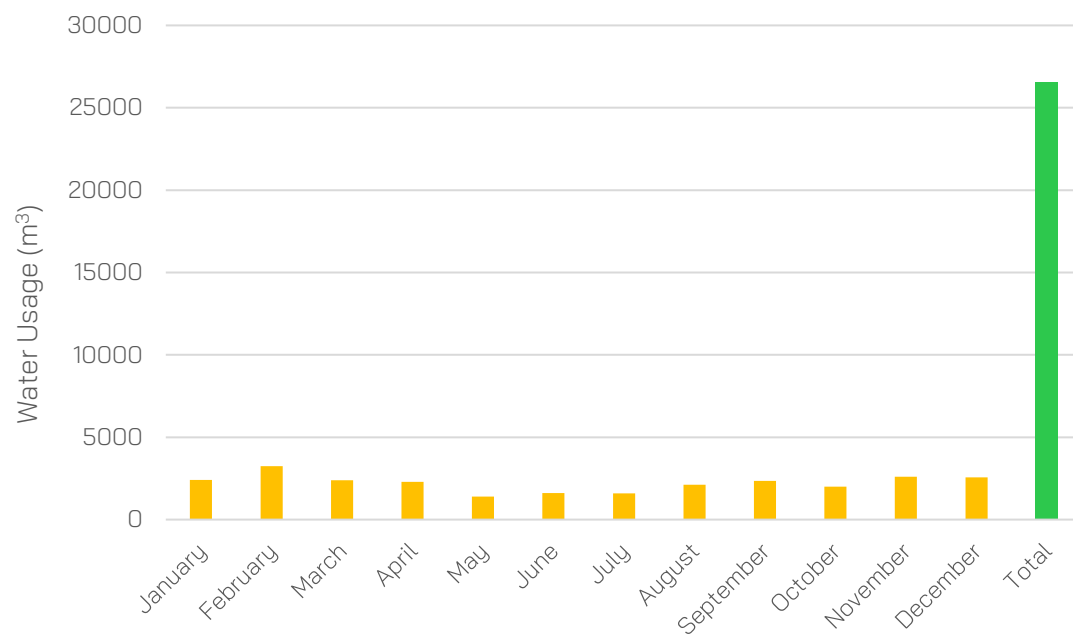
In 2019, the Company used 36,897 m³ of water. Therefore, in 2020, the Company set a target to use no more than 36,159.06 m³ of water; averaging to no more than 3,013.25 m³ of water per month. In this case, the Company put up posters around the place of operations as the mean to help facilitate the employees' awareness and promote reduction in water usage.



Performance

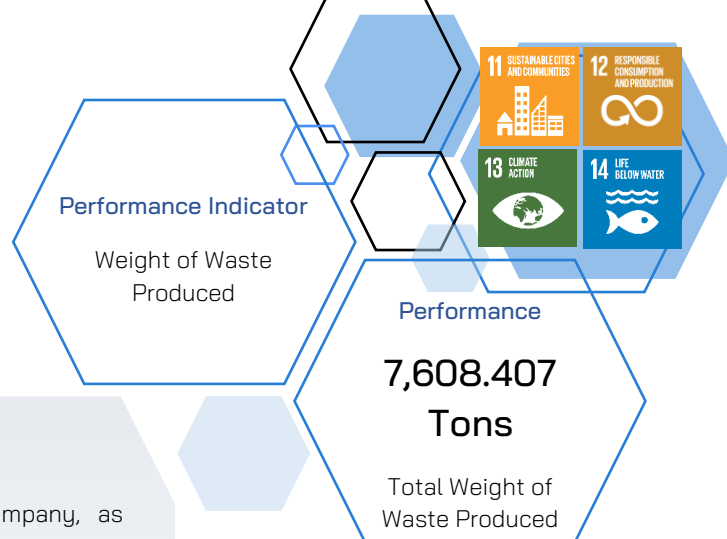
AAPICO keeps a monthly record of the Company's water usage in order to compile the annual data for total water usage and compare the result with the set goal for the year. From the following table, it can be seen that the Company's water usage for 2020 is 26,556 m³. When compared with the goal of no more than 36,159.06 m³ water usage for 2020, it can be inferred that the Company had achieved the annual target by a rather wide margin. However, as the situation with COVID-19 limited the Company's operations, this result should be evaluated with due consideration and further precautions should still be taken for the years to come.

Amount of Water Usage in 2020



Month	Water Usage (m³)
January	2,415
February	3,240
March	2,396
April	2,288
May	1,405
June	1,613
July	1,584
August	2,112
September	2,344
October	1,995
November	2,608
December	2,556
Total	26,556

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

In order to keep the resulting waste from the Company's operations to a minimum and to abide by the government's regulations on waste management, AAPICO Group keeps annual records of the Company's waste disposal procedures and report them to the government as evidence of the Company's compliance with the law.

In these records, the Company gives details of the type of waste, the amount produced, the method of disposal, the contractors used for disposal, the originated point of the waste, comparison with recent years, and details of every parties involved during the process.

Performance

AAPICO Group recorded the total weight of waste produced within a year, while also categorize them into 3 groups based on their properties: Hazardous Waste, General Waste, and Solid Waste. The total weight taken from this information can be used to infer the proportion of waste produced within that respective year. From the Company's latest available information in 2020, a total of 7,608.407 tons of waste were produced, which was lower than in 2019, which recorded 10,346.09 tons of waste produced. By comparing the tables below, the personnel's awareness and consideration for effective resource management can be inferred, along with improvements to the supporting technologies and innovations for a more precise and efficient manufacturing process and minimize the resulting waste from manufacturing operations. This serves as a step towards the Group's objective of becoming Zero-Waste Factories.

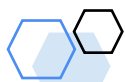
However, it should be mentioned that, in 2020, the COVID-19 pandemic was well underway and had therefore reduced the total hours of Company's factory operations in comparison to that of 2019, which might be another explanation for the reduction in total weight of waste between the 2 years. With this in mind, AAPICO Group must remain careful and persevere to improve the Company's operation despite the improvement in the results.

Waste Management Information in 2020

Month	Weight (Tons)		
	Hazardous Waste	General Waste	Solid Waste
January	7.465	834.56	2.975
February	5.5	840.084	2.906
March	4.515	585.65	2.945
April	6.13	177.825	2.719
May	7.385	133.165	1.878
June	2.445	303.67	2.015
July	2.46	461.44	2.18
August	4.715	765.35	2.47
September	6.22	735.015	6.21
October	7.885	919.987	5.798
November	6.54	875.68	6.325
December	5.435	866.58	4.285
Total	66.695	7499.006	42.706
	7,608.407		

Waste Management Information in 2019

Month	Weight (Tons)		
	Hazardous Waste	General Waste	Solid Waste
January	9.02	773.85	3.77
February	2.27	798.22	3.97
March	7.40	1,073.43	3.64
April	3.00	841.95	3.23
May	14.34	989.21	3.32
June	2.63	860.30	3.55
July	2.90	891.69	3.45
August	3.77	667.57	3.42
September	6.13	859.77	3.42
October	5.69	875.21	3.35
November	7.43	853.95	3.34
December	2.19	752.77	2.98
Total	66.75	10,237.90	41.44
	10,346.09		



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 factory that operates under AAPICO Group.

Performance Indicator

CO₂ Emission

Performance

**7.26 x 10⁻⁵
tonCO₂/product**

CO₂ Emission

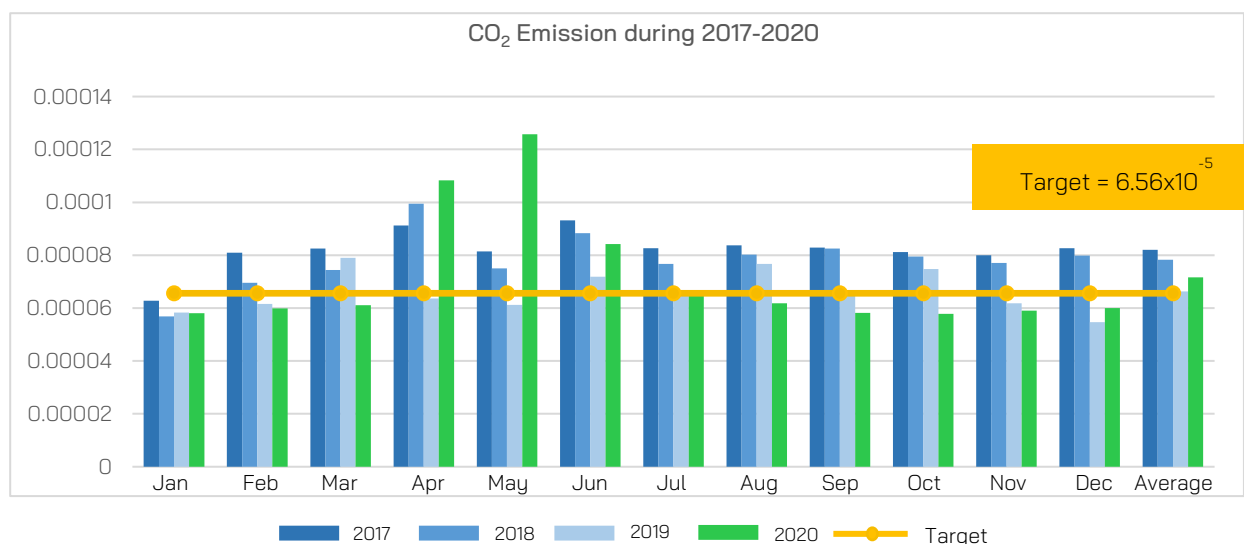


Management Approach

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. In this year of 2020, the Company has also come up with a short-term target of reducing CO₂ emission by 1% from that of 2019 (In 2019, the Company's total emission was 6.63 x 10⁻⁵ tonCO₂/1 product. Therefore, in 2020, the Company's total emission must not exceed 6.56 x 10⁻⁵ tonCO₂/1 product). 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

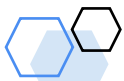
In 2020, the Company came up with a strategy to reduce CO₂ emission by changing the main motor of the Press Line 2 machine from a VS motor to an AC vector motor, which was expected to assist in the reduction of CO₂ emission from the Company's operations involving said machine. From the data collected, the average amount of CO₂ emission in 2020 was 7.26 x 10⁻⁵ tonCO₂/1 product – exceeding the set amount for the year. This was most likely due to the period of planned mechanical transitioning in April, May, and June; during which a significant increase in CO₂ emission was reported – therefore affecting the annual average of CO₂ emission in 2020. However, after this transitional period, the Company's CO₂ emission level was the lowest since 2017 in nearly every month. Whatever the case, AAPICO strives to achieve better results in the following years so that the Company can contribute to a more sustainable society.



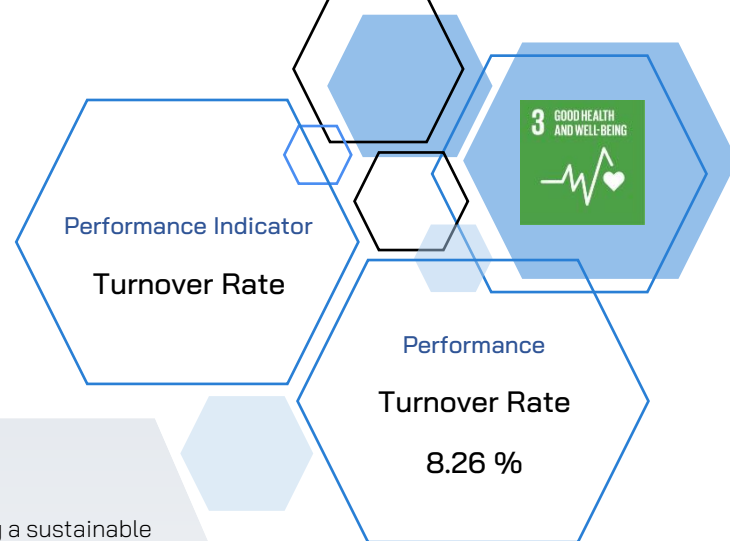


Elevate Quality of Life

- Human Resource Management
- Respecting Human Rights
- Fair Treatment of Labors
- Personnel Development
- Occupational Health, Safety and Environment
- 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 2020.

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 2020, AAPICO Group in Thailand has a total of 282 new employment, which is an employment rate of 10.09% of total employees. The Company also has 231 turnover employees, which accounts for 8.26% turnover rate of total employees.

2020	Total		Male	Female
New Employment	Amount	282	129	153
Employment Rate	%	10.09	4.62	5.47
Turnover	Amount	231	85	146
Turnover Rate	%	8.26	3.04	5.22

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 2020, AAPICO Group in Thailand has a total of 2,795 employees which can be categorized according to physical characteristics by gender, age, and nationality as follows:

1.) Gender. 1,905 employees are male, which is 68.16% of the total employees; while 890 employees are female, which accounts for 31.84% of the total employees.

2020	Total		Male	Female
Employees	Amount	2,795	1,905	890
Percent	%	100	68.16	31.84

2.) Age. 520 employees are younger than 30 years old, which is 18.60% of all employees; while 2,256 employees are between 30-59 years old, which is 80.72% of all employees; and the remaining 0.68% are older than 60 years old.

2020	Total		< 30 yrs.	30-59 yrs.	> 60 yrs.
Employees	Amount	2,795	520	2,256	19
Percent	%	100	18.60	80.72	0.68

3.) Nationality. In 2020, foreign skilled labor & management and non-skilled labor decreased from the previous year to 24 and 295 employees, respectively. Similarly, foreign subcontractors also decreased from last year to 295 employees.

Year	Skilled labor & Management	Non-skill labor	Foreign Subcontractor	Thai Subcontractor	Total Subcontractor
2019	75	347	567	1294	1861
2020	24	295	295	1209	1504

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

Nationality	Skilled labor & Management		Non-skill labor	
	2019	2020	2019	2020
Malaysian	7	6	0	0
Japanese	12	9	0	0
Chinese	5	4	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	1	1	0	0
French	0	0	0	0
Cambodian	48	1	325	278
Lao	0	0	2	2
Myanmar	0	0	20	15
Vietnamese	0	0	0	0
English	1	0	0	0
Indian	0	1	0	0
Korean	0	1	0	0
Total	75	24	347	295

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 2020, there is a total of 33 disabled employees.

Year	2018	2019	2020
Total No. of Disabled Employees	27	33	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 remunerations 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 2020, due to the situation with COVID-19, it was necessary for the Company to cancel any event that involves a large gathering of employees as a preventative measure for the spread of the infection as is decreed by the government. The activities that were still held in 2020 are as follow:

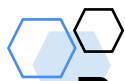
- Presentation of scholarships to employees' children who demonstrated outstanding academic achievement. This activity is held annually and the scholarships given ranges from the education level of primary school, and up to bachelor's degree. In 2020, AAPICO Group in Thailand presented a total of 58 scholarships, detailed as follows:

Education Level	2020	
	Scholarship Amount	Monetary Value
Bachelor's Degree	3	15,000
Vocational School	3	10,000
Secondary School	23	67,000
Primary School	29	64,000
Total	58	156,000



- The “Ours Old, Others New” activity project. The aim of this project is for the employees to donate their unused company uniforms to other employees who need more company uniforms on top of those given annually by the Company. The Company had put up a donation box in the canteen area for employees to donate their company uniforms. The Company then collected all the donated uniforms and distributed them out to employees who had declared their desires beforehand, as appropriate.





Respecting Human Rights

Performance Indicator

Complaints on Human Rights' Violation

Performance

0

No. of Human Rights' Violation Complaints



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 employee.

Management Approach

Every employee 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.

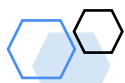
The Company encourages business partners and subcontractors to treat their employees with consideration to human rights and to fully abide by the law – a sentiment which is stated within the contract between the Company and its subcontractors. Should the subcontractors break the law, they will also be 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 training courses conducted in English will also be provided as necessary, such as trainings on operation regulations, work safety, quality system, environment process, and various operational procedures.

Performance

From the operation in 2020, the Company and the Audit Committee reported no complaints from stakeholders on the subject of Human Rights violation – be it from inside or outside of the organization.

Complaints	Target	2019	2020
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 cultivated 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:

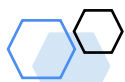
1. Strictly follows laws and regulations on employees
2. Arrange for good working environment, which is safe to the employees' lives and belongings
3. Be respectful and polite, while also show respect to human rights
4. Fair remuneration to employees
5. Appointment, promotion, transfer, rewards, and 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

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

The Company also set up complaints' channels for employees. In 2020, 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.

	Target	2019	2020
Complaints	0	0	0
Total	0	0	0



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 2020.

Management Approach

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 mandatory skills and training topics for each position within the Company in which to train the employees according 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 and outdoor courses.

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

Category A

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

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, which comprise of:

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

Focus on training courses for systematic management which can applied by every departments for continuous improvement. The Company had 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 training process for new employees.

Category D

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. The Company had 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

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

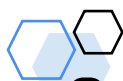
Category G

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. The Company encourages training courses on sufficiency economy and knowledge on illegal loan, credit cards, and debit cards, while also organizing various social activities for employees to help the society.

Performance

Due to the COVID-19 situation in 2020, the Company had to cancel or made temporary adjustments to some of the training courses in order to reduce infection chances among the employees in accordance with government's regulations. However, in spite of this, the Company still strove to provide the personnel with the necessary training wherever possible without violating the government's regulations. As a result, the Company's total personnel training hours in 2020 is therefore significantly less than that of the previous year.

Category	2019		2020	
	Personnel Attended	Training Hours	Personnel Attended	Training Hours
A	496	5,137	445	3,141
B	447	4,515	65	399
C	683	4,272	396	1,952
D	1,154	11,070	741	4,742
F	70	242	84	225
G	270	3,540	37	747
Total	3,120	28,775	1,768	11,206



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 2020.

Management Approach

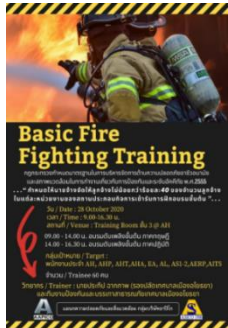
The Company has set up preventative measures for the employees' occupational health and safety, which focuses on educating and cultivating awareness of safety issues in employees of every level – with the targets of reducing losses from workplace accidents and sickness and to establish safe working cultures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

The preventative measures consist of the following guidelines and activities:

- To promote health and safety of the Company's employees, contractors, and visitors; AAPICO Group has established the Safety Culture as a guideline for compliance in order to ensure safety within the Company's operational areas.
- In compliance with safety law, AAPICO Group has arranged for every new employee to undertake the safety training in order to educate and raise their awareness of potential dangers around the workplace, along with how to prevent such accidents from occurring.



- Set up Basic Fire Fighting Training and Fire Evacuation Drills so that at least 40% of employees in each department have experiences in Basic Fire Fighting Training, and that every employee must have participated in the Fire Evacuation Drill at least once a year.



- Organizing the Safety Week event for employees in order to promote their awareness and understanding of operations on the subject of safety, environmental preservation, and energy saving. The event served as a mean to get the employees involved in the issues of workplace safety awareness through direct participation, while also providing entertainment to the employees and giving them the opportunity to relax.



- Providing annual health check-up to all employees in order to evaluate their health conditions and check for any possible sickness that may have resulted due to the Company's operations. In 2020, the hospital that performed the annual health check-up for the Company was Navaminthra Hospital.



- Arranging for the Kiken Yochi Training (KYT) to educate the employees on the predictions of possible accidents around the workplace. KYT is a method of safety analysis that originated in Japan and is focused around the prediction and prevention of possible workplace accidents, with the main objective of cultivating safety mind within the employees.
- Implementing the Hiyari-Hatto – or Near Miss Activity – into the operations. The Hiyari-Hatto Activity is the practice of reporting and coming up with a solution to prevent an accident from occurring after having spotted a possible precursor to the accident. The Company encourages each department to hand in the Hiyari-Hatto Form once per month in order to practice the implementation of this activity into the operations.

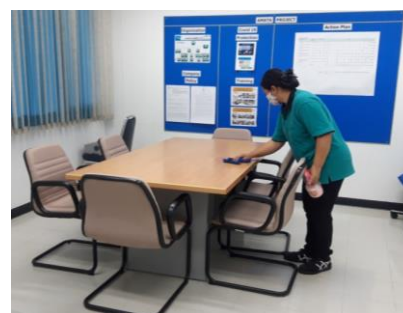


In addition, due to the COVID-19 pandemic, the Company had consequently adopted and put in place various additional preventative measures in order to ensure the health and safety of the employees and our visitors, and to limit the possibilities that the disease may spread due to the Company's operations.

Screening and Cleaning

The Company has arranged for screening points around the Company's entrances and visitors are required to complete the Corona Infection Risk questionnaires before being allowed into the premises. This serves as safety evaluation procedure for both the visitors and the personnel.

In addition, the Company has also arranged for cleaning equipment, or hand cleaning gel, and temperature measurement equipment to be stationed around the premises in order to facilitate the employees and related persons' hygiene as well as to prevent the risk of COVID-19 infection. As for the cleanliness of the premises, the Company has set strict cleaning procedures across all meeting rooms and areas where many people usually gathered.



Social Distancing

The Company arranged for distancing between individuals in all areas, from the entry line at the screening points before entering the premises to the seating distance between employees in the office and canteen. Employees are required to wear masks at all times within the premises. Schedules were made for lunch groups to reduce crowding within the canteen, and waiting lines and canteen seats were specifically designated to maintain distancing according to the regulations and to prevent infection.



Training

The Company's subsidiary "AAPICO Training Center" is the representative for providing knowledge on the prevention of COVID-19 infection by arranging training sessions for employees on hygiene management, clean hand-washing, the right way to put on a mask, and how to conduct oneself within the premises. In addition, public relations are made on various measures and occupational health in the form of both media and the Company's online website. Furthermore, the Company has arranged "Hot Line" for employees to communicate with the Company in the case that the employee suspects that they are at risk of contacting the disease or in the case that they want some suggestions on how to prevent infection.



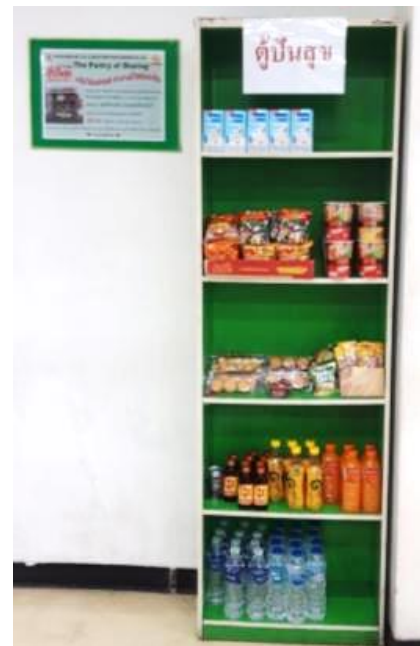
Revision of Operations During Emergency

The Company revised the Business Continuity Plan and made adjustments to the risk evaluations of various factors that affect business and stakeholders, while also considered management plan for the case of virus outbreak so that the Company will be able to swiftly handle the situation and proceed with the business operations as normal.

In any case, AAPICO has prepared operation plans for this situation, such as temperature measurement chart, COVID-19 infection prevention policy, organization chart and person in charge of each department, communication and collaboration chart in the case that an infected individual was found in the factory area, and permission and declaration form for leaving lodging area.

Moral Support

During the crisis of COVID-19, salaries and income were affected by the situation. Hence, AAPICO has arranged “The Pantry of Sharing” project to aid the affected personnel in order to set up a medium for sharing of food and essentials, demonstrating the compassion between personnel to personnel and management to personnel in these difficult times by arranging for the purchase of rice, rations, and essentials to be stored in the cabinet which was placed in the employees’ pantry area.



Performance

The Company collects the statistical data of accidents record in AAPICO Hitech. In addition to personnel harm, these accidents also adversely affect the Company by depriving the Company of valuable labor, which contributes to losses in economical values. Therefore, it is the Company's intention to prevent any accident from taking place wherever and whenever possible. The statistics of accidents taking place in AAPICO Hitech from 2018 - 2020 can be seen on the following table:

AAPICO Hitech's Accidents Statistical Data

No.	Types of Accidents	2018	2019	2020
1	Minor Accidents – No Leave	5	5	1
2	Leave for no more than 3 days	1	1	2
3	Leave for more than 3 days	0	1	1
4	Loss of Limbs	0	0	0
5	Disabilities	0	0	0
6	Lethal	0	0	0
Total		6	7	4

From the table, it can be seen that there are fewer minor accidents in 2020 when compared to 2018 and 2019, with the total number of accidents also reduced accordingly. While this can be attributed to the Company's own initiatives to promoting employees' health and safety, it may also be partially attributable to the reduction in factory production due to the situation with COVID-19. Therefore, it is important for the Company to stay vigilant with regards to the subject of workplace accidents, despite the perceived reduction to number of accidents in 2020.

Injury Frequency Rate (I.F.R)

To calculate the statistic on work safety, the Company utilized the calculation of Injury Frequency Rate (I.F.R.), a standard from the American National Standard Institute (ANSI), to assess a company's likelihood of dangerous accidents occurring, which can be used to compare with other companies utilizing the same standard in order to evaluate the companies' workplace safety. The calculation and results for the AAPICO Hitech's I.F.R. is as follows:

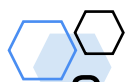
Injury Frequency Rate (I.F.R.)

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

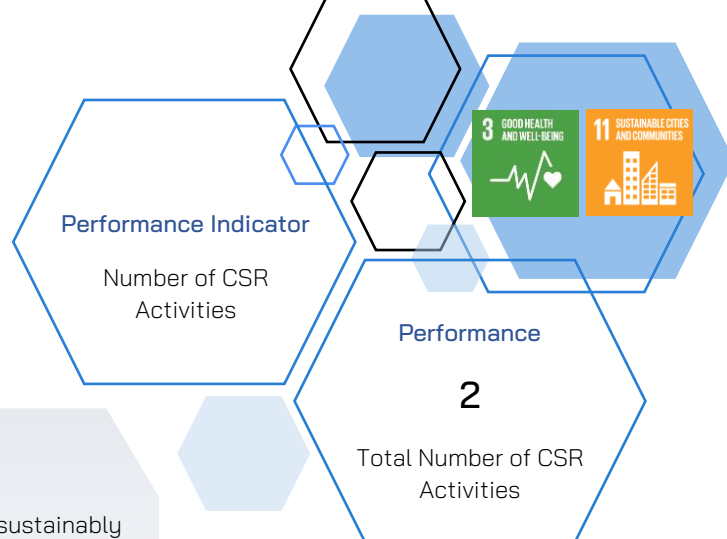
	2020
No. of Injured Employees	3
Total Working Hours	539,665
IFR	5.559

COVID-19 Infection Case

In 2020, AAPICO Group registered zero case of COVID infection, thanks to the good discipline and cooperation of the employees and the stringent efforts of the company in China, Portugal, Malaysia, and Thailand.



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 activities that the Group has done for the communities and society.

Management Approach

AAPICO Group concerns itself on the matter of the Company's responsibilities to the communities and how to properly contribute to their development. The Company hopes to accomplish this by arranging social activities, promoting education for schools around the communities, helping with communities' development, and preserving the communities' environment.

Performance

Due to the situation with COVID-19, there is a limitation to the types of activities that would be available for the Company to arranged without the risk of contacting or spreading COVID-19. Consequently, the numbers of AAPICO Group's social activities in 2020 had drastically decreased. However, the Company still tried to provide assistance to the communities as appropriate, while also taking the necessary precautions to prevent the possibilities of infection for the parties involved.

■ AAPICO Group Donated Computers and Sports Equipment to Schools

As part of our CSR program, AAPICO Group made donations to several schools as follows;

1. 12 computers and 10 sports equipment - Wat Wang Sala School, Kanchanaburi
2. 8 computers and 10 sports equipment - Wat Don Phutsa School, Ayutthaya
3. 8 computers and 10 sports equipment - Ban Khoi Thon School, Ayutthaya
4. 8 computers and 10 sports equipment - Wat Khok Sang School, Ayutthaya



Donation Preparation at AH Headquarter, Ayutthaya



Donation at Wat Don Phutsa School, Ayutthaya



Donation at Ban Khoi Thon School, Ayutthaya

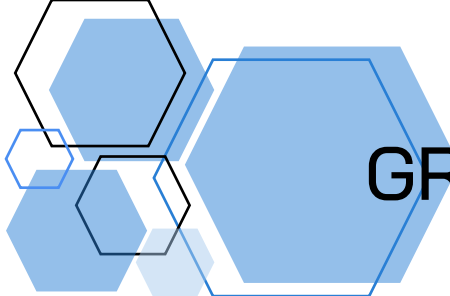


Donation at Wat Khok Sang School, Ayutthaya

▪ Donate to the medical staff at Phra Nakorn Si Ayutthaya hospital during COVID-19 outbreaks

Even though COVID-19 may have affected the Company's performance, the vision to become a world-class organization with 4 fundamental values of Happy Customers, Happy Employees, Happy Shareholders, and Happy Public drove AAPICO Hitech to not only places importance on the well-being of the Company's personnel, but also to provide assistance and support to medical personnel and community. The company donated 585 boxes of food to Phra Nakhon Si Ayutthaya Hospital. In any case, should the situation within the country worsens again, the Company is ready to evaluate the situation to further expand the area of assistance.





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