



Corporate Social Responsibility

Policy and Overview of Corporate Social Responsibility

The Board of Directors does not only drive corporate to grow economically, but it also highly values corporate engagement in the responsibilities towards communities, society, and environment, realizing that CSR is the foundation for the Company to grow sustainably as a CG-based organization that takes into account every stakeholder's interest fairly. Indeed, the BOD clearly determined the Company's CSR as a part of PHOL's vision, mission, and policy.

The guidelines of PHOL's CSR are written to be consistent with the Company's vision, mission, and policy under the principle of CG and business ethics as follows:

Corporate Governance

The BOD wholeheartedly believes that good corporate governance is an important indicator to show that the Company is managed in an effective, transparent, and accountable manner. This creates trust and confidence for shareholders, investors, and other stakeholders alike. The BOD, therefore, determined PHOL's CG policy, following the CG framework guided by the Stock Exchange of Thailand (SET) and the codes of governance of the Securities and Exchange Commission (SEC) and Capital Market Advisory Board, to be strictly adhered to by directors, executives, and staff. The details of PHOL's compliance with the principle of CG are included in the "Corporate Governance" section.

Fair Business Conduct

The BOD encourages the Company to conduct its business in a responsible, fair, transparent, and verifiable fashion based upon the foundation of ethics and morality under the principle of good corporate governance. It, thus, arranged to have written business ethics and manual of business ethics, which are distributed to directors, executives, and staff to help them be knowledgeable of and to utilize such manual as a guideline for fair business treatment.

Business ethics determines policy and guidelines covering 1) responsibilities towards all stakeholders, including shareholders, customers, trading partners, competitors, trade creditors, communities and environment, and government entities, 2) responsibilities in procurement and transactions with trading partners, 3) responsibilities in quality, safety and occupational health, 4) ethics of directors, executives, and staff, and 5) other policy and code of conducts in several aspects as follows:

- Respect and compliance with relevant laws, rules, and regulations
- Conflict of interest
- Use of internal information and maintenance of classified information
- Receiving and giving presents, assets, or other benefits
- Use of information technology and communication
- Respect for Human Rights and fair labor treatment
- Use of social and political rights
- Non-violation of intellectual property rights
- Anti-corruption

Aside from distributing a printed manual of business ethics to corporate personnel, PHOL also disclosed its business ethics publicly on its website at www.pdgth.com to ensure that all of its stakeholders and other interested parties receive the information evenly.

Anti-corruption

The BOD recognizes the importance of taking part in an anti-corruption effort as encouraged by the regulating bodies in the SET and other relevant private entities who wish to have listed companies set a business standard for other private companies. The BOD convened and agreed to determine an anti-corruption policy consistent with the Company's business eth-

ics and morality to prevent corruption activities. Preliminarily, it agreed to determine anti-corruption policy and communicate such policy to all personnel, to have a written anti-corruption policy in the manual of business ethics, and to have such policy broadcasted on the Company's website. Next, the BOD planned to join "Private Sector Collective Action Coalition Against Corruption" to set a transparent business standard that will make the Company become more trustworthy in the eyes of the general investors.

The Company determined anti-corruption guidelines, which are included in the manual of business ethics as follows:

1. Employees must refrain from any activities that convince others to falsely believe that such employees have specific roles or responsibilities when they do not have ones
2. Employees must refrain from using ones' own positions to seize undeserved benefits for thyself or others, and must avoid illegal actions
3. Employees are prohibited from requesting, or receiving assets or other benefits that may induce such persons to corruptly exercise, or not exercise, their roles, or that may cause the Company to lose its rightful benefits

To increase awareness of the importance of anti-corruption policy in the organization and to encourage participation in activities for public interests, in 2013 the Company encouraged its staff, directors, and executives to join Walk-Run-Fun Bike-Anti-Corruption 2013, a race competition event held by Anti-Corruption Organization of Thailand on December 15, 2013. In addition, it gave 2,000 bottles of drinking water to the event participants through a liaison with Thai Listed Company Association.

Respect for Human Rights and Fair Labor Treatment

The Company supports respect for human rights both inside and outside of the organization. It includes this topic in the manual of business ethics in order for directors, executives, and staff to use as a guideline to interact respectfully. In addition, it determined the guidelines for Respect for Human Rights and Fair Labor Treatment as follows:

1. Employees are encouraged to exercise their rights as rightful citizen according to Constitutional laws and other relevant laws
2. The Company supports and respects human rights protection by constantly preventing itself and its subsidiaries from engaging in activities that violate human rights, such as labor abuse and child labor
3. The Company arranges to have safe and hygienic workplace to prevent accidents and work-related illnesses
4. The Company arranges to have fair employment conditions and fair compensation that are suitable for one's performance
5. The Company arranges to have appropriate welfares, such as vacations, over-time compensation, and medical welfare
6. The Company encourages its employees to have work-life balance, using the principle of sufficient economy, and supports it employees to participate in philanthropic activities based on ones' religious belief freely and equally
7. The Company arranges to have proper complaint channels for mistreated employees
8. The Company must retain employees' information, such as biographies, medical records, and work experiences, and must refrain from disclosing such information to the public, unless the owner of such information allows so. Violation of information retention is deemed disciplinary offense unless it is done according to the Company's rules or the rules of laws
9. The Company's executives and staff must abstain from any activities that violate or threaten the rights of others by physical actions, verbal actions, or other actions that attack other persons' race, color, gender, religion, language, political belief or other believes, or physical or mental disability, and must refrain from engaging in any unwanted activities that threaten or upset others, or lead to detrimental effect
10. The Company respects the rights to freedom of opinion of its staff, which covers freedom of speech without interference, and receiving of information or opinion via medias, and arranges to have a communication channel to receive stakeholders' opinion freely.

Responsibility towards Employees

The Company realizes that human resource is a quintessential factor that drives the Company to achieve its objectives. It, therefore, highly values fair treatment to employees. Aside from strict compliance with labor laws and regulations, PHOL is also determined to constantly improve the capability of its employees and provide appropriate compensation and welfare for its employees.

Compensation and Welfare

The Company provides compensations for its employees in both monetary and non-monetary terms. Monetary compensation includes salary, annual bonuses, overtime pay, commission, incentives, diligence allowance, and other monetary welfare. Salary is increased every year in a rate associated with the result of each employee's performance assessment according to Key Performance Index (KPI), which is used as an assessment tool and motivating tool for employees.

Main non-monetary compensations includes contribution to provident fund, in which employees are given the rights to choose or change the investment policy to match each one's objective and risk tolerance, and group life insurance and health insurance, which are offered to both executives and staff in different limits based on the age of each employee and the riskiness each position is involved. Moreover, the Company also offers other welfare in excess of labor laws' mandatory welfare, such as annual health checkup and emergency loans welfare.

Human Resource Development

The Company places a high value on continual human resource development to empower its employees to achieve performance objectives and steer the organization in the right direction to support future growth and competitiveness in the global stage. PHOL has set up a training plan and activity plan for its employees to enhance their knowledge and skills in several aspects by holding internal programs and sending employees to participate in external programs. In 2013, the Company hosted 38 internal training programs and sent employees to 41 external training programs. The training programs covered employees of all functions. In addition, PHOL also supports staff's continuing education by giving scholarship to selected employees every year.

Happy Workplace Activities

Besides improving knowledge and skills of its employees, PHOL also encourages them to develop a strong bond among themselves, to form a good organization culture, and, most of all, to enjoy work. It creates opportunities for employees to participate in several activities beneficial to society, communities, and environment, instilling altruistic mindset into the heart and soul of its employees. The Company supports annual activities in many forms, applying the principle of Happy 8 to make PHOL a "Happy Workplace". Such activities include New Year's celebration ceremony, annual sports day, respecting the elders in Song-Kran Day ceremony, annual traveling tour, activities of sports and recreational club, annual making-merit celebration, and making-merits-in-holy-days activity.

Furthermore, the Company arranges to have meetings between management and employees to communicate the direction and the performance of the Company every 6 months. Employees are encouraged to express their opinion or give recommendations in the meeting so that the management can utilize such opinions and recommendations to improve the operation of the Company and to ensure mutual understanding between the two parties.

Safety, Occupational Health, and Environment in Workplace

The Company deeply values the importance of safety and health of its employees and relevant parties. It, consequently, applied OHSAS 18001 Standard as a framework to create a safe working environment. It received OHAS 18001:2007 in October 2012.

PHOL strictly conforms to the safety standards by appointing the Occupational Health and Environmental Safety in Workplace Committee and occupational health and safety officers to control and monitor occupational health and safety situation in the workplace to ensure that the safety protocols are followed as specified in the policy and action plan, as well as by creating safety awareness for employees.

Activities done to promote Safety, Occupational Health, and Workplace Environment in 2013 are as follows:

- Formulation of preventive plan or mitigation plan for occupational hazards or other types of accidents in the office area, improvement of surrounding environment to promote safety, and checking of appliance to make sure they were well-functioned
- Distribution of knowledge on Safety and Occupational Health laws and regulations and other relevant laws and regulations, such as labor laws, transportation laws, and regulations of the Ministry of Industry Thailand, as well as updating of changes in the relevant laws and regulations through emails. All relevant laws and regulations and their updated versions are collected and kept in Central Information File, which is highly accessible to all employees, to facilitate employees' use both for their own reference, for distributing to customers, or for supporting sales of products and services.
- Aside from educating all employees about fundamentals of occupational health and safety management, the Company also regularly educates them to prevent accidents by holding training programs, notifying on information board, and internal emails. This is done to ensure that PHOL's employees are knowledgeable in both occupational safety and general safety in daily life. Information circulated is such as safe driving and correct handling of occupational equipment.
- To ensure that every employee take part in the creation of safe working environment, the Company holds Big Cleaning Day event every year and encourages employees to keep their working area clean by using 5S principle. It also incentivizes employees by giving awards to the unit with the top assessment score according to 5S principle.
- The Company initiated the program "No-Drink-To-Work" in Rain-Retreat season to discourage employees from drinking alcohol, one of the main causes of health problems and accidents. Moreover, to create awareness of hazardous effect of alcohol to their ability of work and to drive, the Company randomly measured alcohol level in its employees' blood and might give warning to or even suspend the employees with excessively high level of blood alcohol.

From the Company's statistics of accidents, there were no serious occupational accidents in 2013.

Responsibility towards Customers

The Company distributes safety, occupational health, and environment products with an objective to be well-accepted by the customers and the society for its leading specialization in safety and environment. It, therefore, devotes its resource to find high-quality safety, occupational health, and environment products and to provide superior services to ultimately serve the need of its customers with appropriate prices. PHOL determines the policy and guidelines for customer treatment in the manual of business ethics as follows:

- Maintain the quality of products and services to match or exceed customers' expectation in appropriate prices
- Give recommendations to the customers and assist the customers in the problem solving process to ensure that they can make use of PHOL's products and services efficiently and with maximum benefits, always keeping in mind that the customers are the Company's trading partners
- Provide information of the Company's products in a correct, sufficient, and timely manner. The information on quality, quantity, and conditions must be truly represented.
- Interact with customers with politeness and credibility and arrange to have a system or procedure for customer complaint on the quality, quantity, or safety of the products or services
- Maintain customers' classified information or data and abstain from abusing such information for ones' own or others' illegitimate benefits

The Company has utilized ISO Standards in the development of its operational system to ensure the customers that its operation is well managed. In 2010, it received ISO 9001:2008 from UKAS & GLOBAL. PHOL determines processes and procedures along its supply chain to achieve customers' satisfaction efficiently.

Complaint Management and Customer's Satisfaction Measurement

PHOL arranges to have a procedure to receive customer complaint and opinion through several channels such as telephone, e-mails, fax, as well as its staff. Marketing division is responsible for receiving customer complaints and opinions, as well as for analyzing them to find their causes and solutions. PHOL's customers can rest assured that their complaints and opinion are carefully reviewed and the problematic issues will be fixed. Complaints and opinions will be used to help PHOL continually improve the quality of its products and services

The Company determined that customer satisfaction be one of the Company's annual performance indicators. In practice, it raises the target every year to induce constant improvement. Customer satisfaction indicator includes satisfaction with products and services. In 2013, the result of the indicator was 81.60%, higher than its target level.

The Company arranges to have regular development programs for sales agents to strengthen the Company's specialization in safety, occupational health, and environment and to empower its sales agents to be able to give recommendations on details and usage of products and deliver after-sales services correctly and efficiently without any negative effect to the customers.

Responsibility towards Society, Community, and Environment

The Company encourages its employees to be responsible for society, communities, and environment, and to have altruistic mindset by arranging to have the following activities:

- Set up the campaign to donate used desk calendars to make Braille code card, an educational media for blinded students, to the Bangkok School of the Blind, the Foundation for the blind in Thailand under the Royal patronage of H.M. the Queen
- Set up the campaign to donate electronic waste such as used computer parts, used telephone, or other damaged electronic appliance to be recycled and resold. The revenue from sale was given to help people with disabilities through Association of Persons with Physical Disabilities International
- Members of the Sewing Club (an employees' initiated club) gathered and knitted wool hats for cancer patients who underwent chemo-therapy at Vajiralongkorn Hospital, Thunaya Buri, Puthumthani
- The Company supports the activities to preserve Buddhist's tradition and to encourage its employees to be good Buddhists, such as make-merits activities in Buddhist's holy days, and giving big candles, light bulbs, and appliance to monks in Rain-Retreat Day
- The Company co-hosts blood donation event for employees and interested persons to donate blood for public interest with Blood Bank Unit, Thammasat University Hospital
- The Company main business is trading, not manufacturing, so the effect of its business to environment is minute. However, the Company recognizes the significance of natural resources and energy, it, therefore, encourages its employees to preserve environment, save energy, and make efficient use of resources, by communicating through emails and notifying through information posters.
- Other activities for public interest in 2013 include:
 - Donated scholarship to children in various schools and children centers in Children's day
 - Donated funds to renovate Engineering building in Chulalongkorn University in the Celebration of 100th Anniversary of Engineering Faculty
 - Donated funds to renovate Buddhist holy places

This report on Corporate Social Responsibility (CSR) is prepared based on the CSR framework as guided by the Stock Exchange of Thailand, covering the performance of PHOL and its branch offices between January 1st-December 31st, 2013 with the exception made for 1) applying of ISO9001:2008 Standard, which covers only the headquarter and 2 branch offices: Rayong Office and Chaingmai Office, and 2) applying OHSAS 18001: 2007 Standard, which covers only the headquarter. The Company plans to apply OHSAS 18001: 2007 Standard to its branches in the future.