

# 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.

In this regard, the Company has executed social responsibility activities, for instance, community outreach program, donation, or provision of support where possible. The Company takes this issue very seriously and encourages the management team to participate in the training program to develop knowledge base and understanding in the principles and managerial approach in social responsibility for sustainable development according to the Stock Exchange of Thailand's developmental guideline. It is anticipated that such knowledge base will be put into practice and integrated with the organizational administration in a concrete manner in years to come.

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 Board of Directors is well aware of the fact that corporate governance is a critical fundamental factor in enhancing the Company's operating standard in terms of transparency and reliability towards shareholders, investors and all stakeholders, as well as in terms of uplifting competitive advantage and value-added features to the business. The Board of Directors has formally identified corporate governance policy and business ethics in writing, in coherence with the Corporate Governance Principle for Listed Companies 2012 of the Stock Exchange of Thailand and ASEAN CG Scorecard. This policy has consistently been complied with in order for the Board of Directors, the management and employees to strictly abide by, under the Company Secretary's supervision to ensure compliance towards rules and regulations of the Stock Exchange of Thailand, Office of Security and Exchange Commission, Public Company Limited Act and that other relevant laws are being observed. From the Company's determination in improving corporate governance activities, the Company's assessment is graded "excellent" and ranked in the top quartile in 2015, of 588 listed companies whose security values are under 1 billion Baht. Furthermore, the Board of Directors has also been awarded the MAI Consolation Prize 2015 in the "Board of the Year Awards 2015" campaign. More details on the corporate governance policy can be found in the corporate governance topic.

## Fair Business Conduct

The Board of Directors encourages transparent and fair business operations, upon the principle of moral and ethical values and the corporate governance policy by way of the compilation of the business code of conduct and business ethics manual in writing which are distributed to directors, the management and employees to be well informed and abide by, in accordance with the standards, moral and ethical values, as well as responsibility towards all groups of stakeholders; shareholders, clients, business partners, commercial opponents, creditors, communities, the environment and government offices. The focus is on business ethics, policy and direction in managing customer relationships, treatment towards commercial opponents, acquisition of and treatment towards business partners, responsibility towards the society as a whole, treatment towards employees, granting or receiving of assets or any other benefits, and avoidance of intellectual property violation. All of these issues are identified in the business code of conduct for directors, the management and employees to comply with. The information is also available in the Company's website ([www.pdgth.com](http://www.pdgth.com)) and more details on "Corporate Governance" can be found under the topic "Business Ethics".

## Anti-corruption

The Board of Directors places great emphasis on honest, fair and transparent business operations and has prepared the anti-corruption policy; prohibiting directors, the management and employees to support any acts of corruption or accept corruption of any means, both directly and indirectly. The Company's anti-corruption policy is inclusive of responsibilities and common practices related to anti-corruption protocols governing behaviors of the Board of Directors, the management and employees, channels for whistle blowing and filing complaints, or in case of violation.

On January 16, 2015, the Company has announced its intention in joining the Collective Action Coalition of the Thai private sector in standing up against dishonesty and corruption in order to prepare for full membership application to the Thai private sector CAC. The current status is self-evaluation in order to determine the risks before proceeding to the CAC accreditation which is expected to complete within 2016.

More information on anti-corruption is available in the section “Corporate Governance”, under the topic “Business Ethics”.

### Respect for Human Rights and Fair Labor Treatment

The Company supports respecting of human rights both inside and outside the organization, determining in its business ethics the topic of respecting of human rights and fair labor treatment. The Company supports, upholds, and complies with the regulations pertaining to labor treatment and the international principle of basic human rights, fairly treating its labor regardless of nationalities, genders, colors, languages, political beliefs or other beliefs, and disabilities or other physical constraints not-relating directly to work. So far there has been no filed complaint about violation of human rights.

### 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 determines employees’ compensation and welfare structure fairly and in a higher level than the standards required by the laws. Employee compensation is in monetary and non-monetary forms and is based on knowledge, abilities, and performances of employees. The Company uses personal key performance index (KPI), which are aligned with the organization’s objectives, as a tool to assess employees’ performance and promote employees’ work incentives.

Other important benefit which accordance with the duties and responsibilities include Provident Fund, Group Insurance, the annual health checkup, allowance, assistance loans and others.

#### Human Resource Development

The Company is well aware of the fact that every staff member is invaluable asset to the Company and is key success factor for goal achievement. The Company is deemed to respect and comply with the laws and ethical principles to create justice, stability and general well-being for employees. Thus, the Company places great emphasis on fair treatment, in terms of opportunities, remuneration, appointment and transfers, proper welfare package, as well as continuous human capital development program in order to enhance employees’ potential in achieving individual and organizational goals which are aligned with the Company’s directions, to materialize sustainable growth and potential to compete in an international arena. The Company has prepared for the training roadmap and activities for employees to increase knowledge, ability and skills in various areas of operations.

The Company also arranges to have human resource planning to support its business growth in the future, focusing on continual improvement of capabilities and potentials of executives and employees in such topics as Core Competency, Managerial Competency, and Functional Competency, the last one being now developed to improve specific competency in order to create visible and concrete functional success for each position, as well as succession planning, from top management down to employees.



- **In-house training programs** start with orientation for new employees. In this orientation program, the Company structures fundamental curriculum which contains basic knowledge of the Company’ business, the Company’s culture, and coordination between several divisions in the organization to help new employees learn and adapt to the environment efficiently. To increase knowledge and ability beneficial to the employees’ work, the Company regularly holds in-house training programs that cover every unit. Trainers are from both inside and outside of the Company. In 2015, the Company held 32 in-house training programs, average training on 20.45 hours per person per year.



In 2015, the Company has initiated “KAIZEN for Operational Excellence and Productivity to Success” project, starting from the operations, warehouse and delivery. A training program on KAIZEN theory has been provided to employees. KAIZEN is a concept utilized for efficient work process improvement, focusing on inclusive participation from everyone in order to collaboratively look for new ways of doing things to constantly improve work processes and the environment. As a result, employees are urged to formulate their own learning process and improve themselves in adapting knowledge from training in work settings and daily lives. A competition has been arranged to present work process improvement. In 2015, a total of 27 projects that satisfy operational improvement criteria have been proposed.

- **External training programs** The Company encourages its employees to attend training programs or seminars held by external institutions to increase their knowledge or to expose themselves with new innovations and utilize the knowledge received in the operation of the Company to increase its competitiveness. In 2015, the Company supported 56 external training programs, the total number of executive and employees attended was 53 persons.

- **Scholarship support for employees** since 2008, the Company has a policy to provide scholarship supports for employees who wish to further their study in Bachelor and Master Degrees to give opportunities to employees to self-develop and to increase their working capabilities. Every year, the Company will grant up to 4 scholarships, dividing into 2 scholarships for Bachelor Degree and 2 scholarships for Master Degrees.

- **Happy Workplace activities** Besides improving knowledge and skills of its employees, the Company 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 the Company 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.





The Company schedules the announcement of policies, goals and directions for business operations towards sustainable growth twice a year in January and/or July. The key objectives are to involve all employees to take part in fulfilling their assignment to achieve goals and missions, allow opportunities for everyone to share opinions or give constructive advices for the Company to improve work processes for maximum effectiveness.

On this occasion, the Chief Executive Officer will be communicating key points of the Company's policies to all staff members as a way of practice throughout the organization, for instance, corporate governance policy, business ethics, anti-corruption policy or any other topics (if any).

#### **Occupational Safety, 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 OHSAS 18001:2007 in October 2012, and strictly comply with regulations.

The Company set up Committee on Safety, Occupational Health, and Environment in Workplace to assume responsibilities of monitoring and tracking safety, occupational health, and environment incidences to comply with the policy and working plan, as well as to provide necessary safety equipment and create safety awareness among the Company's employees. The committee is comprised of one representative from executives as Chairman of the committee, two representatives from employer, three representatives from employees, and one occupational safety staff as member and secretary of the committee.

Activities carried out according to the Policy on Safety, Occupational Health, and Environment in 2015 are as the followings:

- Assessed the operation of business establishments to determine whether they conformed to the protection and risk mitigation plan and professional safety measures, such as assess the readiness of safety equipment, assess the readiness of fire prevention system, assess the status of delivery trucks and forklift trucks.
- Identified rules and regulations in different areas of operations to minimize risks of accidents such as encouraging employees working in risk-prone areas to put on safety equipment; all expenses covered by the Company.
- Arranged to have trainings on safety, occupational health, and work environment for new employees and external sub-contractors to inform them about the Company's safety regulations before they started working with/for the Company
- Collected statistics, analyzed data, and prepared reports and recommendations related to hazard, sickness, or troubles caused by employees' professional conducts. There was zero record of severe accidents in 2015.
- Promulgated safety information related to accidents and health on a monthly basis, such as safe driving, protecting eyesight when using computers, information on infectious diseases, and work-related diseases and prevention, through emails. In addition, the Company disseminated laws and regulations related to safety and health and other relevant laws and regulations, including labor laws, transportation laws, regulations of Ministry of Industry, or newly enacted laws, in common informational files that are accessible by all staff.

- Every year, the Company holds Big Cleaning Day, in which executives and staff collectively clean the office building, inventory storage building, and the area surrounding the office. It also encourages employees to take care of and clean their working space using 5S principle. The cleanness of working space will be quarterly monitored and the units with highest 5S cleanliness score will be awarded.

- The Company holds “PHOL Alcohol-Free” activity, encouraging the premise to be an alcohol-free area and employees to refrain from drinking alcoholic drinks which produce negative effects towards health and work performance. The Company arranges a daily test of alcohol level for particular groups of employees such as delivery men. For other groups of employees, the test will be randomly conducted at least once every quarter.

Apart from implementing safety and hygiene protocols, the Company also aims to improve the quality management system ISO9001:2008 to the new standard (ISO9001:2015). Currently, the improvement process and adaptation are in progress in order to be coherent with the standard criteria of ISO9001:2015, which mainly focuses on the preparation of resources such as human resource, infrastructure, work process-related surroundings that are necessary to keep every aspect of operations fully functional, as well as competencies and employee awareness that will directly affect performance, and clear communication system relevant to the internal and external work procedures. The initiative is expected to be completed by the end of 2016.

### Responsibility towards Customers

The Company is the distributor of products that promote safety, occupational health and environment, with the aim of gaining acceptance from customers and the society of being a leading professional in safety and environment. The Company is firmly determined to identify quality products related to safety, occupational health and environment that are up to standards, together with the provision of quality and up-to-date services to meet customers’ needs and deliver maximum benefits in reasonable prices. The Company will ensure to disseminate accurate and truthful information and put in place the process where customers can make queries on any issues with product usage or file complaints on inappropriate services. This is so that problems are duly prevented or solved in time and that the Company can utilize such information to improve service quality or products through an effective after-sales service. Most importantly, keeping customer information strictly confidential is our priority; without disclosing it for one’s own interests. In this regard, the policy on customer treatment has been prescribed in the Business Ethics manual and the Business Code of Conduct which are both available in the Company’s website ([www.pdgth.com](http://www.pdgth.com)).

The Company supports being an expert in safety, occupational health, and environment by focusing on constantly developing marketing staff to be able to recommend the right products to customers, explain proper product use, and correctly and efficiently provide after-sales services while causing no damage to the customers.

### Customer’s Satisfaction

The Company determines that Customers’ satisfaction score become one of corporate performance indicators. In 2014, the Company required that relevant units conduct monthly customers’ satisfaction survey in order to review its performance and use the information to improve its service or adjust work process in a timely manner. The survey covered the following topics:

- Provision of services in an attentive, fast, and wholehearted manner
- Whether the staff are well-rounded and have necessary skills relevant to the services
- Ability to communicate clearly and unambiguously
- Whether proper follow-up and problem-solving processes are in place
- Whether product deliver time is properly short
- Whether products delivered are correct and complete
- Whether access to product details and news through a variety of the Company’s channel is convenient and fast
- The overall satisfaction of product details and corporate news

In 2015, customers' satisfaction score was 96.94%, which is impressively higher than the targeted score of 90% and higher than 94.43% in the previous year.

#### **Complaint Management and Customer's Satisfaction Measurement**

The Company 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. The Company'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 the Company continually improve the quality of its products and services

#### **Provision of Safety and Occupational Health Knowledge**

The Company actively encourages the provision of safety and occupational health knowledge, by collaborating with customers and arranging training sessions for operators of machines or equipment. On particular occasions, the Company organizes an exhibition on safety at customers' premises upon request. Furthermore, knowledge on safety is shared to customers and the general public via different online media such as [www.pdgth.com](http://www.pdgth.com) or [www.pholonline.com](http://www.pholonline.com) or the Company's Facebook Fan Page.

#### **Responsibilities for society, community, and environment**

In 2015, the Company has held the following activities promoting responsibility towards the society, community and the environment:

- Development of Safety Q&A booklets featuring questions and answers on safety equipment which are distributed to educational institutes to encourage awareness of safety and the significance of using safety equipment in workplace.
- Provision of scholarships to schools and youth centers nearby, in occasion of the National Children's Day
- Donation of the Company's products; rubber gloves, to Center for the Blind and Multiple Disabilities, Nakhon Nayok province
- Sponsorship of safety glasses and medical gloves in the Thai Red Cross Fundraising Event 2015
- Sponsorship of safety glasses to the Cataract Surgery Program by World Vision Foundation of Thailand, Supamitr Hospital, Suphan Buri province

Other public-serving activities are such as:

- 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.
- 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.
- 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. In addition, the Company also uses bags packaging which made from materials that can decompose naturally.

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 1-December 31, 2015 with the exception made for 1) applying of ISO9001:2008 Standard, which covers only the headquarter and 2 branch offices: Rayong Office and Chiangmai 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.