



CREATING **NETWORKS** CREATING **OPPORTUNITIES**

- **SMART PEOPLE**
- **BUSINESS TRUST**
- **GROWTH SOCIETY**

CORPORATE
SUSTAINABILITY
REPORT
2017



Business Philosophy

SBG Triple Bottom Line create a balance



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Message from the Board of Directors



Sansern Wongcha-um
Chairman of the Board

Yongkiat Kitapanich
President

Somboon Group has committed to sustainable business by applying the SBG triple bottom line to create “Smart People” to drive Business Trust and Growth Society. In addition, we have accepted and comply the working principle of his majesty the king and sufficiency economy of the king Rama 9 including management with the good governances to keep the company’s business running continuously by creating value for stakeholders. It does not affect to society and environment. We are also committed to hold on to the business by transparency and to expand the anti-corruption networks to its business partners continue.

In 2017, the company has operated the business for 55 years which show that it has always been growing and has achievement by through the economic fluctuation and the strongly competition with strength, patient and will be committed to face with any problems in the future. From the business operation in previous year, this enabled the company to receive important awards from the stock exchange of Thailand including SET Sustainability Awards

of honor, Honor awards on registration of sustainability, Thailand Sustainability Investment (THSI) and Best Investor Relation and another proud award is that we receive Gold Level Thailand HR Innovation Award 2017 which is the highest price from National production institution along with Personnel Management Association of Thailand (PMAT) and NIDA which has the objective to develop the standard on human resource occupation in creating innovation. The company had joined the project of bilateral study in the business place with the industrial council of Thailand. This is the project by the opinion of the King Rama 9 that focused on changing behavior of students who has violence behavior and using addictive drugs. We had achieved because of creating opportunity for smart people to the society.

For the next step, the company will still continue to increase its efforts to meet the challenging goals of global sustainable development. We will support and develop the people to have the knowledges, skills and abilities that are excellent to comply with technology changes. We will promote to apply innovative applications and study the auto part production of electric vehicles and using automation system to increase more efficiency in working process. In addition, we will be creating networks with other organizations in the business chain to raise awareness responsibility by protection this planet to survive and grow respectively.

In the name of the company committee, we are pleased to thank shareholders, people with interest, executives and all employees. Company committee will abide the business operation under the supervision and responsibility to the society so that the company would grow in a stable and sustainable way.

1

Company General Information

- 1.1 Business value chain
 - 1.2 Shareholding structure
 - 1.3 Main products and proportion of revenues
 - 1.4 Market share of main products
 - 1.5 Organizational structure
 - 1.6 Vision mission and culture
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 - 1.8 Awards and appreciations
-



Company General Information

Somboon Advance Technology Public Company Limited with its affiliates, hereafter called Somboon Group : SBG, manufactures parts for automotive industry as its main business to be used for the manufacturing of personal cars, pick-up trucks, trucks and vehicles for agriculture. The main customer group consists of both domestic and international original equipment manufacturers (OEM) which signed a long-term purchase

contract with our company, and replacement equipment manufacturers (REM).

Regarding our operation, we have business units (BU) in the organization which follows the policy determined by the board of directors to ensure that SBG will perform its work within the same operational direction. The director of each business unit will report the operation result to the board of directors and company

• SAT was established in 1995 • Listed in SET on 31st January 2005 • Registered capital : 425,193,894 Baht Paid-up share capital: 425,193,894 Baht • On 31st December 2017 The company has 2,745 employees

Somboon Group



BUSINESS UNIT : SAT&SFT

Manufacturing technology: Metal casting, forging, lathing and assembling (Hot Forging & Machining)

1. Somboon Advance Technology PCL.: SAT

This is headquarter of SBG manufacturing rear axle shafts for domestic and international automotive manufacturers. The headquarter and its plants are located at 129 Bangna-Trad Rd. (Km 15) Bangchalong sub-district, Bangplee district, Samutprakan province (SAT1) Rayong plant is located at 300/10 Eastern Seaboard industrial estate, Rayong province (SAT2)

2. Somboon Forging Technology Co., Ltd. : SFT

This company manufactures automotive parts through hot/cold metal forging. The office and the plant are located at 7/388 Amatacity industrial estate, Rayong province



BUSINESS UNIT : BSK

Manufacturing technology: Hot and Cold Coiling, Hot Metal Bending

3. Bangkok Spring Industrial Co., Ltd. : BSK

This company manufactures automotive parts. The main products are leaf spring, stabilizer bar and coil spring. The office and the plant are located at 112 Bangchalong sub-district, Bangplee district, Samutprakan (BSK1 and BSK2)

Rayong plant is located at 7/260 moo 6 Amata city industrial estate, Rayong province (BSK3)



BUSINESS UNIT : SBM&ICP

Manufacturing technology: ironcasting, lathing and assembling (Iron Casting & Machining)

4. Somboon Malleable Iron Industrial Co., Ltd. : SBM

This company manufactures automotive parts; casts and forms chassis part and engine part. The main products are disc brake, drum brake and parts for agricultural machines.

The office and the plant are located at 112 Bangchalong sub-district, Bangplee district, Samutprakan province (SBM1 and SBM2).

The plant 2 is located at 7/250 Moo 6 Amata City Industrial Estate, Rayong province (SBM3)

5. International Casting Product Co., Ltd. : ICP

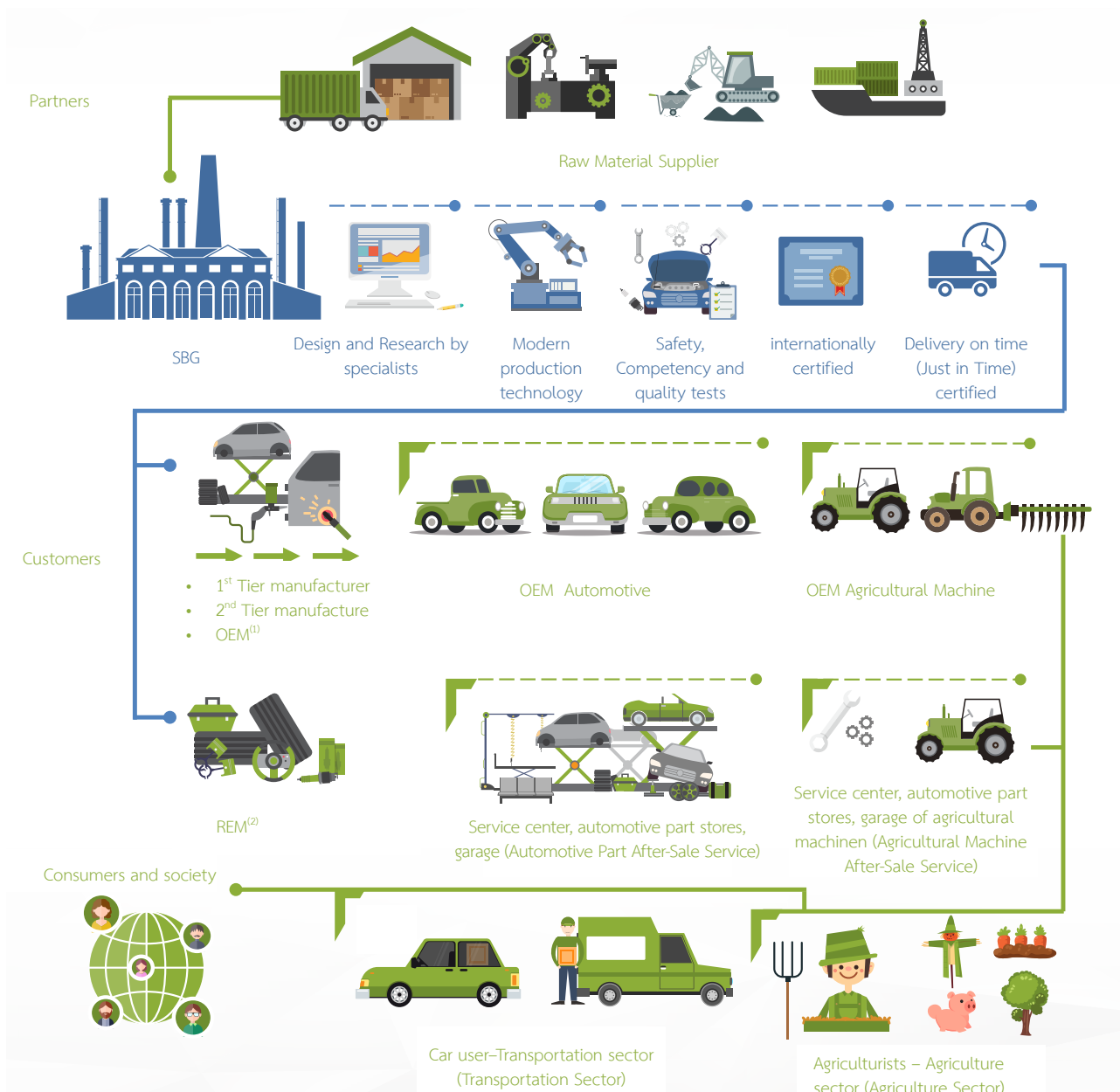
This company manufactures casting products for cars such as disc brake, drum brake and brackets and parts for agricultural machines.

The office and plant 1 are located at 7/137 Amata City Industrial Estate, Rayong province (ICP1)

The plant 2 is located at 7/299 Moo 6 Amata City Industrial Estate, Rayong province (ICP2)

1.1 Business value chain

SBG manufactures automotive parts for vehicles and agricultural machines, specializes in design and production with modern technology. We focus on adding values and sustainability in business value chain with the responsibility to stakeholders and society. From this, the SBG companies gain sales revenue of 8,593 million baht in 2017.



Symbol

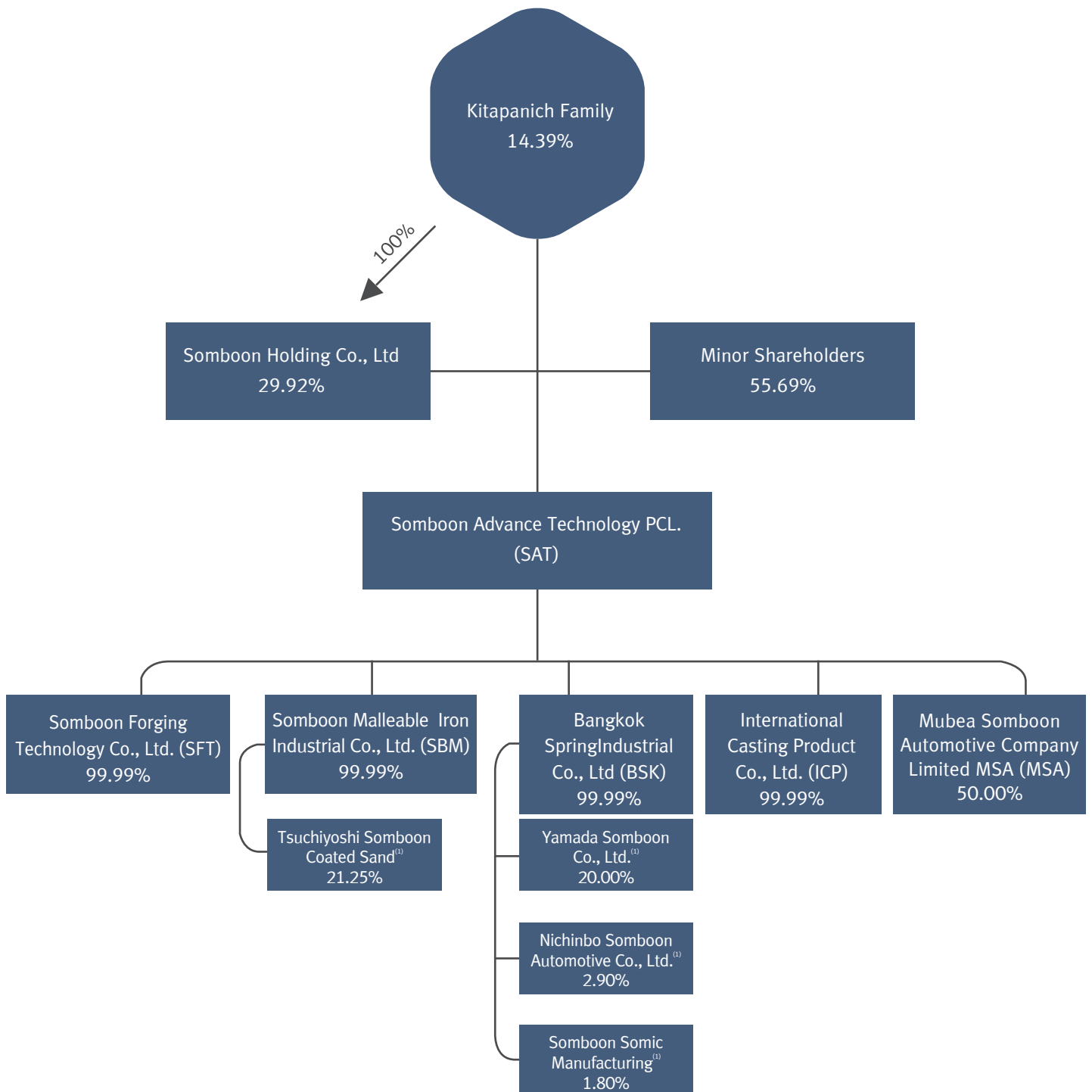
- Business of SBG
- Business outside SBG

Remark :

- ⁽¹⁾ OEM = Original Equipment Manufacturer
- ⁽²⁾ REM = Replacement Equipment Manufacturer

1.2 Shareholding structure

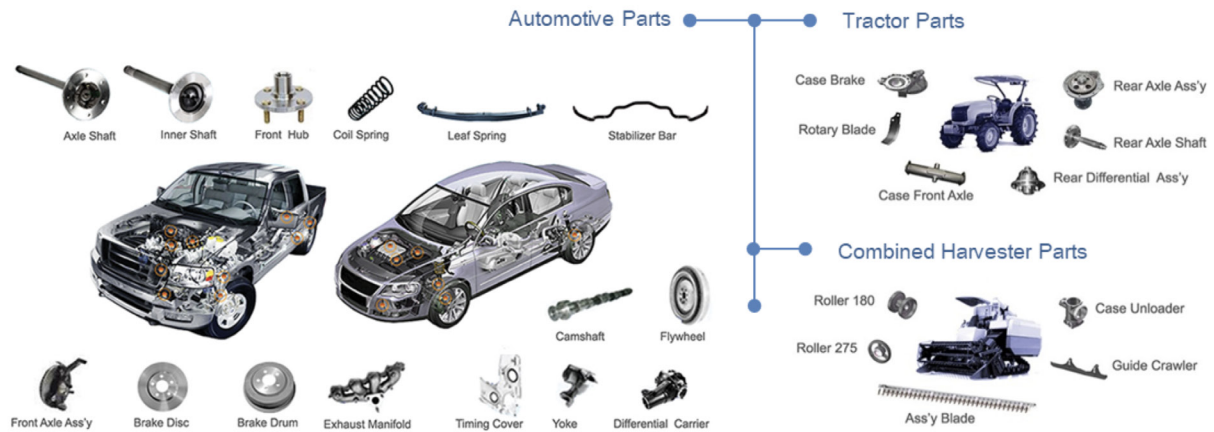
Shareholding structure of Somboon Advance Technology PCL. as of 5th March 2018



Remark :

⁽¹⁾ The company with less than 10% of shareholders tending to cause conflict

1.3 Main products and proportion of revenues



Rear Axel Shaft for Pick Up and Truck
by SAT

24%



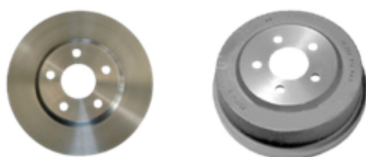
Agricultural Machine Parts
by SAT, BSK, SBM & ICP

16%



Disc Brake & Drum Brake for Passenger Car,
Pick Up and Truck
by SBM & ICP

22%



Coil Spring for Passenger Car and Pick Up
by BSK



5%

Leaf Spring for Pick Up and Truck
by BSK



5%

Stabilizer Bar for Passenger Car, Pick Up and Truck
by BSK



4%

Engine Parts, Manifold Exhaust,
Valve, Rotary Blade and etc.

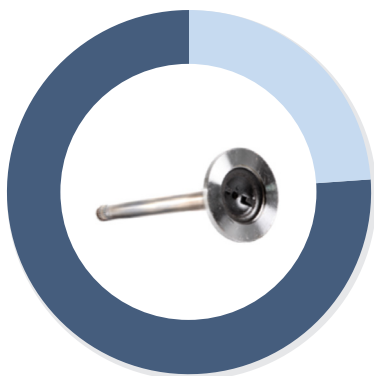
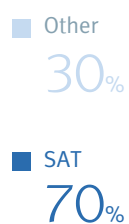


24%

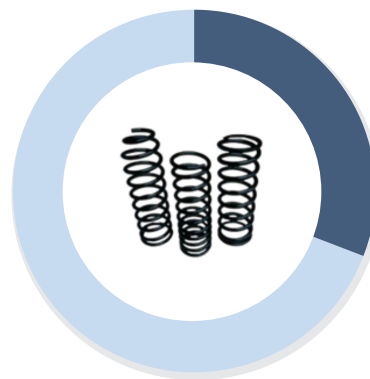
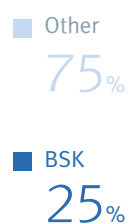
Remark : Proportion of revenues according to 2017 financial statement. 2. Other incomes 2%

1.4 Market share of main products

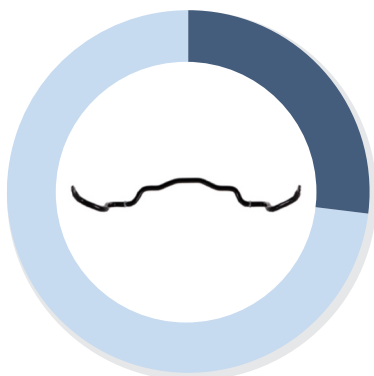
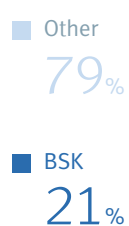
Rear Axel Shaft



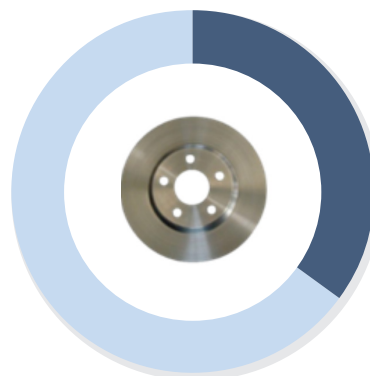
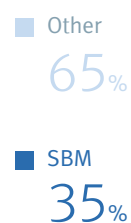
Coil Spring



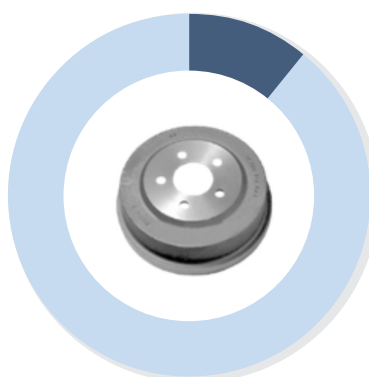
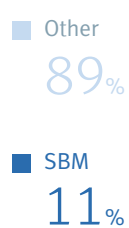
Stabilizer Bar



Disc Brake

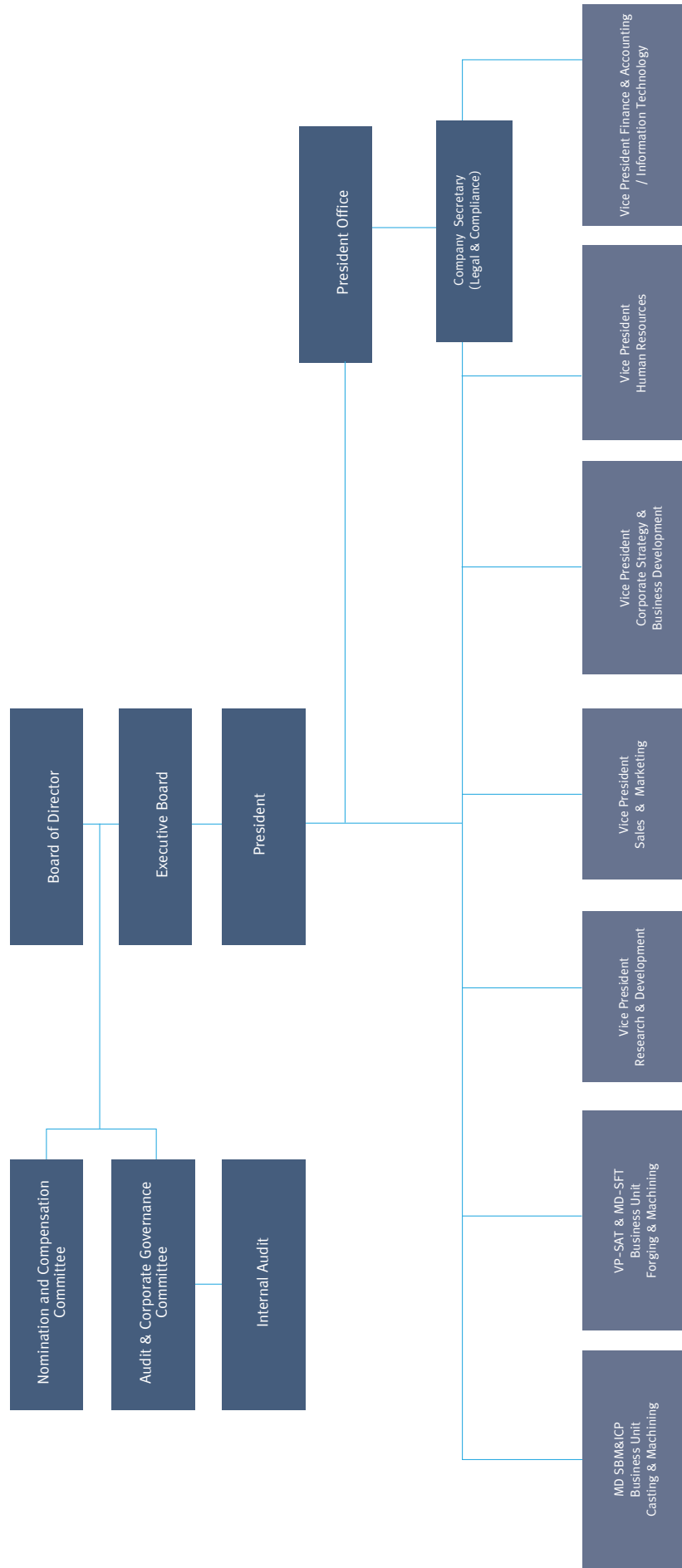


Drum Brake

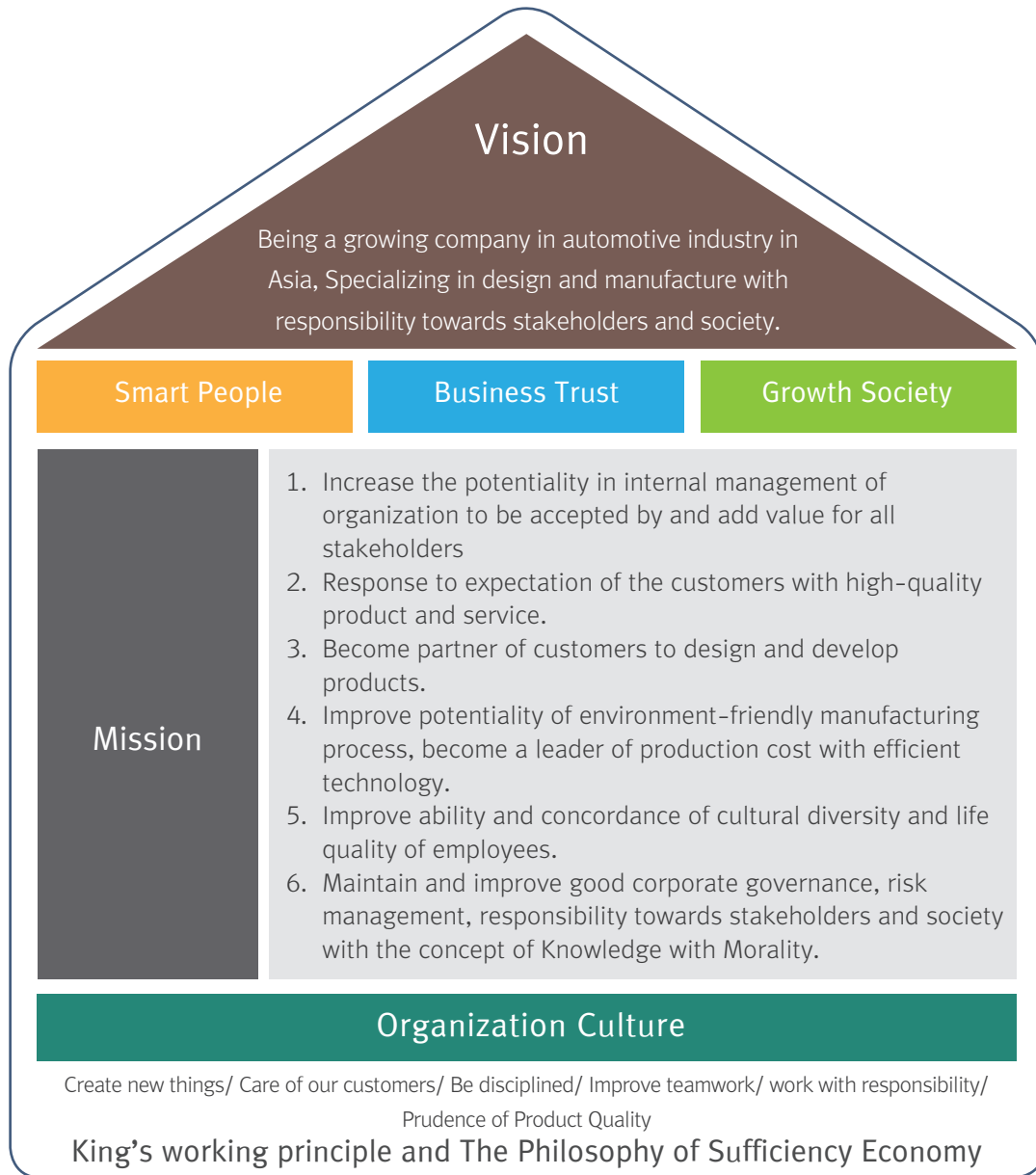


1.5 Organization chart

Somboon Advance Technology Public Company Limited



1.6 Vision mission and culture



King's working principle and The Philosophy of Sufficiency Economy

Since the company has been established until now, Somboon Advance Technology PCL. and SBG strive to stably grow and be a leader in automotive part manufacturing with vision focusing on the growth through business strategies, value-adding from product design and development and excellent work to gain profits and response expectation of customers and be responsible towards stakeholders. Important factors driving sustainably business value are smart and good

people. The company realizes the fair treatment to employees; career opportunity, wage, appointment, rotation, potentiality and morality development, environment preservation and safety management system to ensure quality of life, benefit and health and their happiness. We perform according to the philosophy of sufficiency economy "moderation, self-immunity, reasonableness".

1.7 Important development

	Important development (Company Milestone)
1962	<ul style="list-style-type: none"> Established Somboon spring tweezer manufacturing limited partnership (SBS) Established Somboon axle shaft and gear manufacturing limited partnership (SBA) Established Somboon brake and clutch of cars and motorcycles partnership
1975	<ul style="list-style-type: none"> Established Somboon Malleable Iron Industrial Co., Ltd. (SBM)
1977	<ul style="list-style-type: none"> Established Bangkok Spring Industrial Co., Ltd. (BSK)
1987	<ul style="list-style-type: none"> Relocated Somboon Malleable Iron Industrial Co., Ltd. (SBM) to Bangna-Trad Rd. (km 15)
1995	<ul style="list-style-type: none"> Established Somboon Advance Technology Co., Ltd. (SAT)
1998	<ul style="list-style-type: none"> Certified ISO 9002/ QS 9000
2000	<ul style="list-style-type: none"> Certified ISO 14001
2004	<ul style="list-style-type: none"> Certified ISO/TS 16949 Expanded production base of SAT and SMB to Eastern Seaboard Industrial Estate in Rayong province (SAT2 and SBM3)
2005	<ul style="list-style-type: none"> SBG registered in Stock Exchange of Thailand under the name of Somboon Advance Technology Public Company Limited (SAT)
2007	<ul style="list-style-type: none"> Purchased International Casting Products Co., Ltd. (ICP1), Amata City Industrial Estate, Rayong province, to increase production capacity of casted products
2008	<ul style="list-style-type: none"> Expanded production base of BSK to Amata City Industrial Estate, Rayong province (BSK3)
2010	<ul style="list-style-type: none"> Expanded International Casting Product Co., Ltd. (2nd branch) (ICP2), Amata City Industrial Estate, Rayong province to support main customers in automotive parts sector, including agricultural machine sector.
2011	<ul style="list-style-type: none"> Established and registered Somboon Forging Technology (SFT) to increase production capacity of forged metal products Approved the establishment of Somboon Learning Academy : SLA, Amata City Industrial Estate, Rayong province
2012	<ul style="list-style-type: none"> Establish an office in Nagoya under the name SBG International Japan Co., Ltd. (SIJ)
2013	<ul style="list-style-type: none"> Approved SFT to increase its registered capital from 100 million baht to 150 millions baht, approved SAT to buy 1.5 million shares to increase the capital of SFT (value per share = 100 baht) Approved the corrections and amendment of company objectives to support the establishment of SLA Created master plan for sustainability under the business operation philosophy "SBG Triple Bottom Line creates a balance" Created Sustainability Report (1st issue) under the reporting guidelines GRI version 4.0
2014	<ul style="list-style-type: none"> Determined CSR and SD Policy Expanded coalition of anti-corruption to partners and certified a Recognition of anti-corruption practice to partners Created SD report (2nd issue) under the reporting guidelines GRI version 4.0
2015	<ul style="list-style-type: none"> Expanded coalition of anti-corruption to partners and certified a Recognition of anti-corruption practice to partners (2-year consecutively awarding) Created SD report (3rd issue) under the reporting guidelines GRI version 4.0 Announced its intention to promote kid-friendly business under the children's right and good business practice
2016	<ul style="list-style-type: none"> SAT has resolved that the Company increase its stake in Somboon Forging Technology Company Limited (SFT) to increase its registered capital from 250 million by 100 million to have the new registered capital of 350 million SAT has resolved that the Company SBG International Japan Co., Ltd. (SIJ) whollyowned subsidiary of the Company in Japan has registered the dissolution of a company since October 31, 2016 because the automotive industry has slowed down and most of operation can be managed in Thailand. SAT has joined the project of Collective Anti-Corruption: CAC by Certified In the year 2016, the company has been to renew the certificate the anti-corruption from CAC . SAT Persuade 88 suppliers to submit a sign declaration to coalition against Corruption with Private Sector Collective Action Coalition Against Corruption Council (CAC).
2017	<ul style="list-style-type: none"> Approved BSK to enter into a joint venture agreement and established a joint venture between SAT and MUBE ENGINEERING AG



1.8 Awards and appreciations

Awards received by agencies and institutions.

- SAT received the SET Awards 2017 from the Stock Exchange of Thailand. Together with the Financial Bank
 - Award of Honor, Listed Companies for Sustainability Sustainability Awards of Honor
 - Sustainable Investment Thailand Sustainability Investment (THSI)
 - Best Investor Relation Award
- SAT was awarded the Gold Level Thailand HR Innovation Award 2017, which is the highest award. From the National Institute for Productivity In collaboration with the Association of Personnel Management of Thailand (PMAT) and the National Institute of Development Administration (NIDA)



2017

- ESG 100 Certificate from the selection from 1 in 100 registered company listed in SET which performs an excellent operation with responsibility towards environment, society, good corporate governance from Thaipat Institute

Awards received from customers in 2017

- Quality Award and Deliverables: Kuboya (SAT)
- Outstanding Quality and Delivery Award: IZUZU (SAT)
- SKC Delivery Skill Contest 2017: Kubota (SAT)
- RUNNER UP SKC Delivery Kaizen Award 2017: Kubota (SAT)
- Gold Award QCD 2017: Kubota (SBM)
- TCC HRD Activity 2017: Toyota (SBM)
- The Winner TPS Awards 2017: Toyota (BSK)

- SAT, BSK and SBM received the CSR-DIW Continuous Awards 2017 from the Department of Industrial Works.

- SAT received the Outstanding Disabled Support Organization From the Ministry of Social Development and Human Security

- SBM1, BSK received the National Outstanding Prototype Award for Safety, Occupational Health and Working Environment. From the Department of Labor Protection and Welfare

- SAT Receives Certificate Carbon Footprint From the Greenhouse Gas Management Organization (Public Organization)

- Award from Department of Labor Protection and Welfare
 - SAT, BSK and SBM have been awarded the "Outstanding Business Excellence Award". "Labor Relations and Welfare" for 12 consecutive years.
 - SBM 3 won the honor of the outstanding enterprise. "Labor Relations and Welfare" for 7 consecutive years.
 - ICP was awarded the Outstanding Business "Labor Relations and Welfare" for 2 consecutive years.

2016

- SAT received SET Awards 2016 from the Stock Exchange of Thailand (SET) in collaboration with Money & Banking Magazine as follows:
 - SET Sustainability Awards 2016
 - Thailand Sustainability Investment

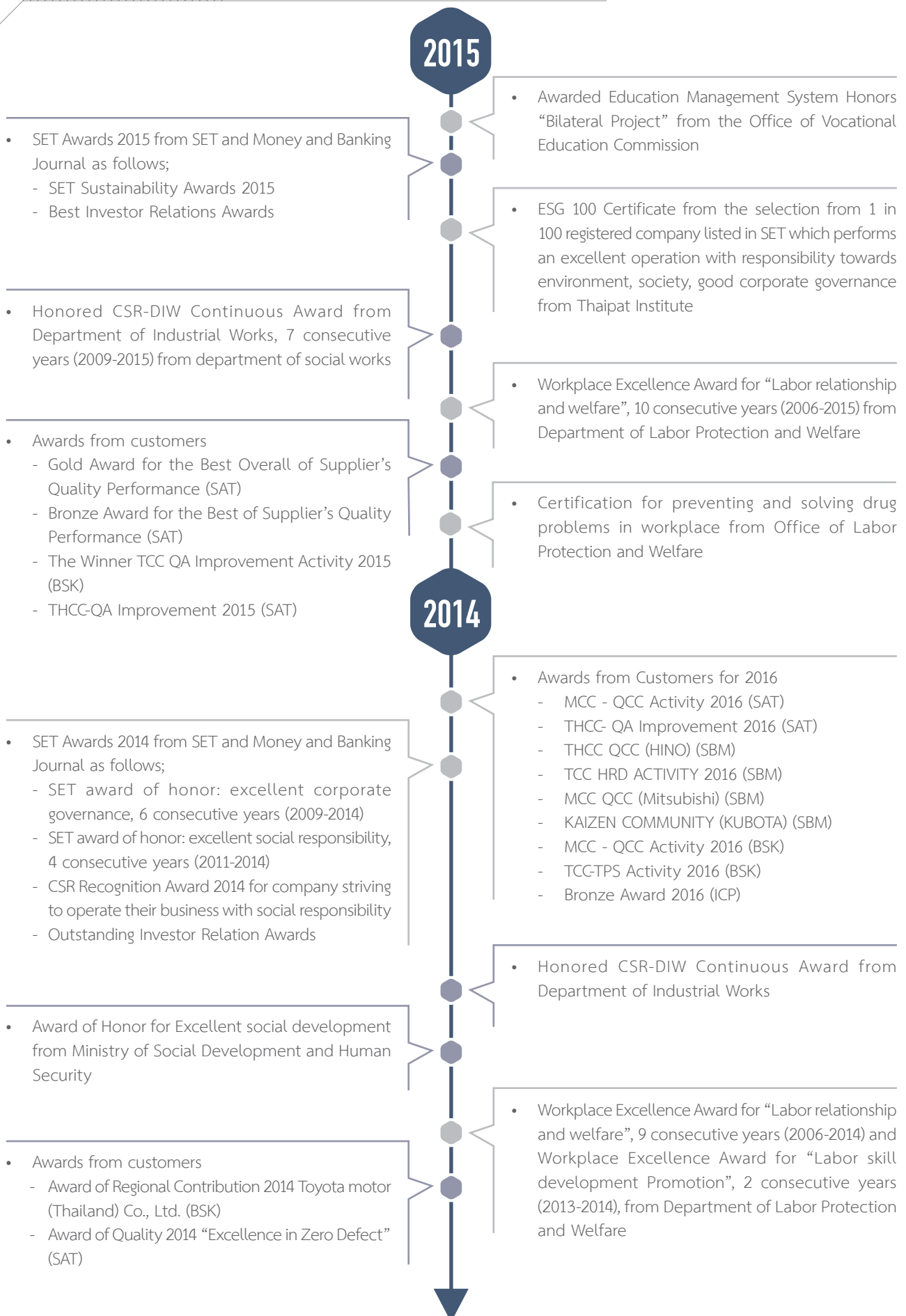
- SAT received HRH princess Maha Chakri Sirindhorn Royal Award for Thailand Excellence Awards 2016 from Sasin Graduate Institute of Business Administration and Thailand Management.

- Outstanding Investor Relations Awards

- SAT received the 4th Investors' Choice Award 2016 as the Company's AGM was assessed and received 100 full score for the 4th consecutive year. (from 2013 to 2016)

- SAT, BSK and SBM received the CSR-DIW Continuous Awards 2016 from the Department of Industrial Works.

- Rewards From the Department of labor Protection and Welfare
 - SAT, BSK and SBM received the honorable awards of being outstanding organizations Association in employee relations and benefits for 11 consecutive years.
 - SBM received the honorable award of being outstanding organizations in employee relations and benefits for 6 consecutive years.
 - ICP received the award of being outstanding organizations in employee relations and benefits for 2016.



2

Sustainable Development

- 2.1 Main strategies leading to sustainable organization
 - 2.2 Policy and corporate social responsibility and sustainable development
 - 2.3 Sustainable development master plan
 - 2.4 Operations with stakeholders
-



Sustainable Development



2.1 Main strategies leading to sustainable organization



1. Growth through strategic business partners

The company aims at growing through strategic business partners by expanding main and new products in automotive industry, including improve marketing aspect and new businesses in both domestic and international markets. This is to increase the source of revenue and reduce the risk of main business. In addition, the company evaluates the satisfaction survey of customers according to QCD (Quality/ Cost/ Delivery). At the same time, the company launched customer relationship management activity to strengthen the relationship with the customers continuously.



2. Value adding through product design and development

We improve our design and development ability of the product of which value can be increased and accepted as it meets the needs of the customer by our own design and technology. Besides, in order to respond to the needs of environment-friendly in automotive manufacturing, we launched new technology to create lighter-weight and more durable. We also aim at reducing energy in future operations.



3. Excellent operation

We increase the ability to earn more profit, competitive advantage and meet customer expectation by quality products and service. We strive to improve and increase the potentiality in internal management, efficient production process, cost control, production lead-time reduction, use of material and energy, and environmental management.



4. Sustainable cooperating organization

For sustainable growth, with skilled employees, corresponding management in organization, responsibility towards stakeholders thought human resource management and work process that corresponds to organizational vision efficiently. We encourage the employees to perform the task according to the aim of the organization which is a cultural strength of organization. We promote our employees who are knowledgeable, potential, and smart, and have morals.

2.2 Policy and Corporate Social Responsibility and Sustainable Development

With the aim of our board of director to operate the business with good corporate governance principles and transparency to achieve the objectives as mentioned in vision and mission, and to be a growing company in automotive industry in Asia specializing in design and production with responsibility towards stakeholders and society, the company attempts to develop employees to grow in their career along and sustainably live in society

and environment. We attempt to meet the needs of stakeholders and extend business opportunity within the policy of social responsibility and sustainable development stating that “SBG focuses on improving an organization by developing its main resource which is employees to drive the organization to meet the expectation of stakeholders and to be able to live in society peacefully and sustainably”. In order to accomplish the mission, the company has

1. Human Resource Development

We aim at having good and smart employees by improving potentiality of each employee to be professionals for the future industry growth as well as the individual social responsibility (ISR) within the concept of creating self-value, and value for organization and society. Improving from internal management to the society along with creating cultural strength are our mission to increase the management skill to gain more value for organization.



2. Business Development

We create business value under the concept of good corporate governance through innovations. To make stakeholders trust in our company, we focus on quality, worthiness and impacts from business operations, including promote supply chain value management process and environment-friendly and safe for our customers. We also promote the philosophy of sufficiency economy in our business management.



3. Responsibility towards society and community

We promote a good and happy living with the community. We provide education opportunity to youths, especially in vocational level to have proper knowledge and experience, including careers in community to promote self-reliance and provide careers as professional network which corresponds to the development direction of public and private sectors.



The social responsibility and sustainable development policy has been well communicated in SBG companies. All employees have work and responsibility to perform their work as per the 5-year masterplan for sustainable

development (2013-2017) under the philosophy “SBG Triple Bottom Line creates a balance”. All employees in SBG will strictly and continuously comply with such philosophy under the control of steering committee.

2.3 Sustainable development master plan

The company has made the 5-year master plan for sustainable development (2013-2017) with the target and indicators according to the strategy “SBG Triple Bottom Line creates a balance”, including continuous follow-up and evaluation in order to develop new evaluations. This is to reduce the negative impacts and create business value for stakeholders.



Smart People

Creating value for Ourselves,
Organization, and Society



Business Trust

Creating value for
Stakeholders



Growth Society

Creating opportunities
for strength of society

Plan/Year	2013 - 2014	2015	2016	2017
	Defining Goal	Developing a Team		Creating an Innovation
Smart People	<ul style="list-style-type: none"> Review organizational culture and set indicator, communicate to ensure the same understanding and proper practice Set human resource development to cover the philosophy “SBG Triple Bottom Line creates a balance” 	<ul style="list-style-type: none"> Employee potentiality development as per the framework of organizational culture Initiate the project through project based and cross functional method 	<ul style="list-style-type: none"> Promote cross-section knowledge sharing (Knowledge Sharing Cross Function) 	<ul style="list-style-type: none"> Create an innovative learning culture
	• 2014 Sustainability Report Smart people section (page 26 and 23)	• 2015 Sustainability Report Smart people section (page 24-25)	• 2016 Sustainability Report Smart people section (page 27-29)	• 2017 Sustainability Report Smart people section (page 27-42)
	Developing a process	Developing a product		Creating a network
Business Trust	<ul style="list-style-type: none"> Make and disclose Sustainability Report data according to GRI Extend the impacts of TPS project to partners 	<ul style="list-style-type: none"> Improve QCC project as per the philosophy “SBG Triple Bottom Line creates a balance” 	<ul style="list-style-type: none"> Develop Green products Create green culture in the organization 	<ul style="list-style-type: none"> Build relationship with business partners to create value and trust to all who involved in business chain
	• 2014 Sustainability Report Business Trust section (page 36, 41 and 72)	• 2015 Sustainability Report Business Trust section (page 56)	• 2016 Sustainability Report Business Trust section (page 53-56)	• 2017 Sustainability Report Business Trust section (page 43-72)
	Joint development	Creating a network		Create value
Growth Society	<ul style="list-style-type: none"> Initiate bilateral project to improve technicians Initiate the project Good community with professional opportunity 	<ul style="list-style-type: none"> Initiate community engagement project Initiate the local partners development 	<ul style="list-style-type: none"> Build a network with public sector, educational institute and independent organizations 	<ul style="list-style-type: none"> Create a learning plant for society and community Cooperate with community business development network
	• 2014 Sustainability Report Growth Society section (page 56, 58)	• 2015 Sustainability Report Growth Society section (page 61)	• 2016 Sustainability Report Growth Society section (page 59-66)	• 2017 Sustainability Report Growth Society section (page 73-82)

2.4 Operations with stakeholders

The sustainability operation in SBG involves and connects with stakeholders which takes an important role to drive the company business as per the vision and mission. The company has classified different groups of stakeholders and determined the participation method and important operation to create a balance in terms of economy, society and environment as shown in the table below.

Stakeholders	Expectation	Participation and Communication Method
1. Shareholders, Creditors, Financial Institutes	<ul style="list-style-type: none"> Benefit from good and sustainable operation Good corporate governance and risk management Compliance with conditions and agreements Equal and fair treatment Correct, complete and transparent data prompt to make decision 	<ul style="list-style-type: none"> Reporting : Annual report, sustainable reports, code of conduct Meeting : General shareholders' meeting (Opportunity day analyst meeting) • Activities: Company visit, Roadshow Communication channel: website, IR, Press release
2. Employees	<ul style="list-style-type: none"> Remuneration and welfare Career stability Compliance with conditions and employment agreement Potentiality development and career growth Motivation through remuneration and/or recognition Environment and safety in the workplace. To be treated equally and fairly. 	<ul style="list-style-type: none"> Reporting: Annual report, sustainable reports, code of conduct Meeting: Welfare committee meeting, Group discussion Training : as per the career path Activities: Activity for a better thing, sports "fit for fun sport day", sport club, employee birthday activity, Somboon volunteer club, factory police club Communication channel: announcement, e-mail, intranet, SBG Portal Web, Meeting, Voice through cables, Advertisement board, SBG Weekly news, We care, satisfactory survey and attitude of employees towards the organization
3. Customers	<ul style="list-style-type: none"> Products with quality as per the standard Satisfactory cost On-time delivery Engineering capacity Management system Compliance with conditions and agreements 	<ul style="list-style-type: none"> Reporting: Annual report, sustainable reports, code of conduct Meeting: annual policy acknowledgement meeting, monthly meeting Trainings: quality system development programs, environment and safety Activities: club, trainings, seminar with customers Communication channel: monthly meeting with customers, club meeting, website, annual satisfaction survey
4. Partners	<ul style="list-style-type: none"> Fair and transparent procurement Compliance with conditions and agreements Full and on-time payment Long-term business relationship Growth and progress are sustained along with the companies in the group. 	<ul style="list-style-type: none"> Meeting: annual partners policy meeting Trainings: business operation ethics program, anti-corruption Activities: anti-corruption network extension, knowledge sharing through TPS Communication channel: announcement, e-mail, website, purchasing officer
5. Community and Society	<ul style="list-style-type: none"> Health and environmentally friendly production process Help, support and promotions Participation in community and social development Compliance with related conditions and agreements Employment of the people with disabilities 	<ul style="list-style-type: none"> Reporting: routine meeting conclusion report Meeting: community need discussion to create a community development plan Trainings: complimentary profession program Activities: Preservation of tradition, culture and local religion, environment quality evaluation in communities around the factory Communication channel: community visit in festive season, website, activity promoting officer
6. Government authorities and related organizations	<ul style="list-style-type: none"> Tax and fee payments made according to the due date Compliance with applicable laws, regulations and agreements Participation in activities 	<ul style="list-style-type: none"> Reporting : report as laws and condition of license Meeting : Meet to get informed any rules Training : Conduct training course as Activity : Participate with any networks and join training & seminar Communication Channel : Website, Team of laws, BOI officer
7. Press	<ul style="list-style-type: none"> Accessibility to correct, complete and verifiable information Participation in business information disclose 	<ul style="list-style-type: none"> Meeting: Opportunity day Communication channel: website, roadshow, interviews, investor relations officer
8. Competitors	<ul style="list-style-type: none"> Fair competition No intellectual property violation 	<ul style="list-style-type: none"> Reporting: code of conduct Communication channel: website, salespersons

Administrative strategies	Sustainability Report section
<ul style="list-style-type: none"> • Application of sufficiency economy theory to the business practice • Management with good corporate governance principles • Cash flow management and financial risk management • Database system and reporting improvement 	unit 5. Business Trust 5.1 Corporate governance 5.2 Fair operating practices 5.3 Anti-corruption 5.4 Tax operations 5.5 Risk management
<ul style="list-style-type: none"> • Comparison of wage and welfare to leading • Prioritizing recruitment from internal employees • Employee improvement by learning center of SBG • Development of many program covering the needs of each career • Opinion sharing through representative of welfare committee • Environment improvement as per QWL • Communication channels to receive news related to corruption and witness protection 	unit 4. Smart People 4.1 Good people development 4.2 Smart people development unit 5. Business Trust 5.2 Fair operating practices 5.6 Labor and human right works 5.7 Safety and preparation for emergency situations
<ul style="list-style-type: none"> • Design and product development • Participation in product development with customers • Company technology development • Compliance with customer's policy related to quality, environment and safety 	unit 5. Business Trust 5.8 Relationship building and mutual development with customers 5.9 Responsibility towards consumers 5.7 Safety and preparation for emergency situations 5.11 Environment and energy preservation management 5.12 Innovations in business process for sustainability
<ul style="list-style-type: none"> • Value chain management improvement • Anti-corruption network creation and expansion • Promote the participation of partners to develop community and society • Partner development 	unit 5. Business Trust 5.3 Anti-corruption 5.10 Value Chain management unit 6. Society Growth 6.2 Discussions and local business partner development 6.3 Life quality and community environment development
<ul style="list-style-type: none"> • Promotion of Green organization through environmentally friendly production and energy preservation • Promotion of smart people project and value creation for society • Creation of educational and professional opportunity for community long-term self-reliance • Promotion of development corresponding to local way of life and wisdom • Life quality development for disadvantaged people • Operation with good corporate governance principles • Participation in the network of public sector and related organizations • Development with responsibility towards society, environment and community 	unit 4. Smart People 4.1, 4.2 Good people development and Smart people development unit 5. Business Trust 5.11 Environment and energy preservation management unit 6. Society Growth 6.1 Education opportunity for youths 6.2 Discussions and local business partner development 6.3 Life quality and community environment development 6.4 Life quality development for disadvantaged people 6.5 Local tradition preservation
<ul style="list-style-type: none"> • Operation with good corporate governance principles • Participation in the network of public sector and related organizations • Development with responsibility towards society, environment and community 	unit 5. Business Trust 5.1 Corporate governance 5.7 Safety and preparation for emergency situations 5.11 Environment and energy preservation management unit 6. Society Growth 6.1 Education opportunity for youths 6.2 Discussions and local business partner development 6.6 Network with other organizations
<ul style="list-style-type: none"> • Accessibility to correct, complete and verifiable information • Participation in business information disclosure 	unit 5. Business Trust 5.1 Corporate governance. 5.3 Anti-corruption
<ul style="list-style-type: none"> • Fair competition • No intellectual property violation 	unit 5. Business Trust 5.1 Corporate governance. 5.3 Anti-corruption

3

About the Report

3.1 Reporting scope

3.2 Important sustainable issues



About the Report

3.1 Scope of the report

This Sustainability Report is made to present the operation result of Somboon Advance Technology Public Company Limited in 2017, from 1st January to 31st December 2017, which relates to management for sustainability and economic, social and environmental issues. We operate the business as per the master plan of sustainability (SD roadmap) of the company based on the philosophy of business operation “SBG Triple Bottom Line creates a balance” which consists of smart people, business trust and growth society. The company has made and disclosed the report since 2013 (5 consecutive years). Our presentation is based

on Global Reporting Initiative version 4.0 (GRI G4), The contents and important information of the 2017 report focuses on the information on operation based on strategy to achieve the vision, mission of organization with good corporate governance, risk management, and application of business philosophy to the operation comprising employee care, improvement for smart and good moral employee, value-adding for business, and providing opportunity to society and community sustainably. We apply the above philosophy to the operation for the sustainability in term of economics, society and environment.

Scope of the report

Scope of the report This 2017 Sustainability Report presents operation result covering all field of work in Somboon Advance Technology PCL. including the workplace in Samutprakan province (5 plants) and Rayong province (6 plants); 11 plants in total which can be classified in 3 main business units as follows

Business Unit	Samutprakan province	Rayong province
1. SAT & SFT	Somboon Advance Technology PCL. (SAT 1)	Somboon Advance Technology PCL. (SAT 2) Somboon Forging Tehnology Co., Ltd. (SFT)
2. BSK	Bangkok Spring Industrial (BSK 1) Bangkok Spring Industrial (BSK 2)	Bangkok Spring Industrial (BSK 3)
3. SBM & ICP	Somboon Malleable Iron Industrial Co., Ltd. (SBM1) Somboon Malleable Iron Industrial Co., Ltd. (SBM2)	Somboon Malleable Iron Industrial Co., Ltd. (SBM 3) International Casting Product Co., Ltd. (ICP 1) International Casting Product Co., Ltd. (ICP 2)

Remark : (G4-21)

- The disclose of information on other aspect can be viewed on the website www.swatpcl.co.th, in investor relations section of the 2017 Sustainability Report.

Inquiry

If you have any questions or suggestions, please contact our sustainable development section, department of organizational strategy, Somboon Advance Technology PCL., 129 moo 2 Bangna-Trad (km 15) Bangchalong sub-district, bangplee district, Samutprakan province 10540. E-mail: kasidit.c@somboon.co.th, thepyuda.s@somboon.co.th, natthamon.c@somboon.co.th Tel: 0-2080-8237-8, Fax: 0-2080-8249

3.2 Important sustainable issues

We work with expert consultants and collect important information in automotive industry and related industries both domestically and internationally to analyze the important trends and direction. This is to review and improve the policies and plans to suit the competitive situation and to ensure that the company follows the

SD Roadmap and business operation philosophy “SBG Triple Bottom Line creates a balance”. We also apply the philosophy to the operation for the sustainability in term of economics, society and environment as per Global Reporting Initiative Version 4.0 (GRI G4).



Principle of selecting important issues in the report

The company focuses on the participation with stakeholders and selects factors that are needed to be known from stakeholders' perspective, and may impact the sustainability of the organization in term of economics, society and environment.

Internal information

Data is collected from meetings related to sustainability, and organizational strategies, including long-term, medium-term and short-term risk managements for organizational goals.

External information:

Data is collected from meetings with stakeholders to acknowledge factors impacting the decision of stakeholders of each company group. It is made with an opinion survey and evaluations, including data collection both formally and informally such as group discussions, seminar, interviews, as the case may be.

Issue Prioritization

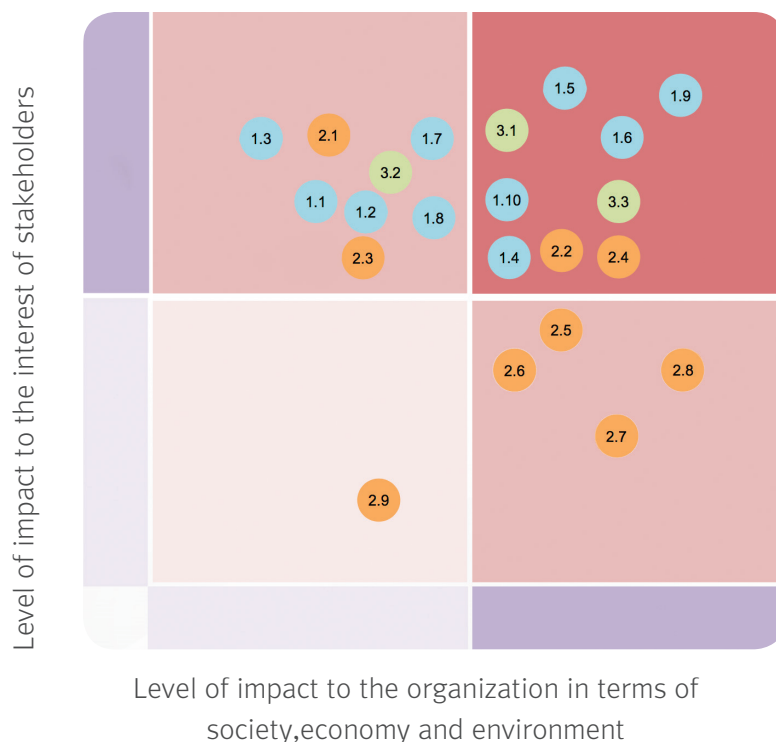
We select the significant issue to organization and stakeholders to analyze and compare with issues and indicators as guided in GRI F4, then prioritize and select them according to the expectation and interest of stakeholders. The information is presented in form

of horizontal materiality matrix showing the impacts to the organization in term of economy, society and environmental, whilst vertical one showing impact to the interest of stakeholders. It can be described in the table below.

Significant Issues to the organization

1. Economy	2. Society	3. Environmental
1.1 Corporate governance 1.2 Fair business operation 1.3 Anti-corruption 1.4 Tax process 1.5 Risk management 1.6 Relationship building and mutual development with customers 1.7 Responsibility towards consumers 1.8 Value chain management 1.9 Innovations in business process 1.10 Emergency plan	2.1 Development for employees to have good moral 2.2 Development for smart employees 2.3 Labor and human right works 2.4 Safety and occupational health 2.5 Educational opportunity for youths 2.6 Participation in life quality development and community environment 2.7 Development of local partners 2.8 Participation in the network of public sector 2.9 Participation in local tradition preservation activities 2.10 Creating a career for the disabled	3.1 Compliance with laws related to environment 3.2 Water management 3.3 Energy preservation and the reduction of global warming problems

Materiality Matrix



4

Smart People

Roadmap: Creating an innovative learning culture

4.1 Good people development

4.2 Smart people development



Smart People: Creating value for Ourselves, Organization and Society

SMART PEOPLE & an Engaging Culture

Our Approach

“SBG aims at improving our employees to be good and smart people as expected. We develop the potentiality of our employees to be a good member of society with the concept “Promote good people for organization and society”. This is to encourage and promote the human resource from “inside-out” which means the employees will be the center of development to promote “good and smart people” to extend their ability for the society. We encourage the employees to comply with organizational culture to increase skill in management and use of their potentiality.”

18.12
Hours Training
per person
per year

82 Programs
Professional
trainings per
person per year

5.6 Million
Baht Budget
for employee
potentially
development

6.9 Hours
Good activities
for society per
person per year

Source : HR performance Report 2017

Smart People: SD Roadmap

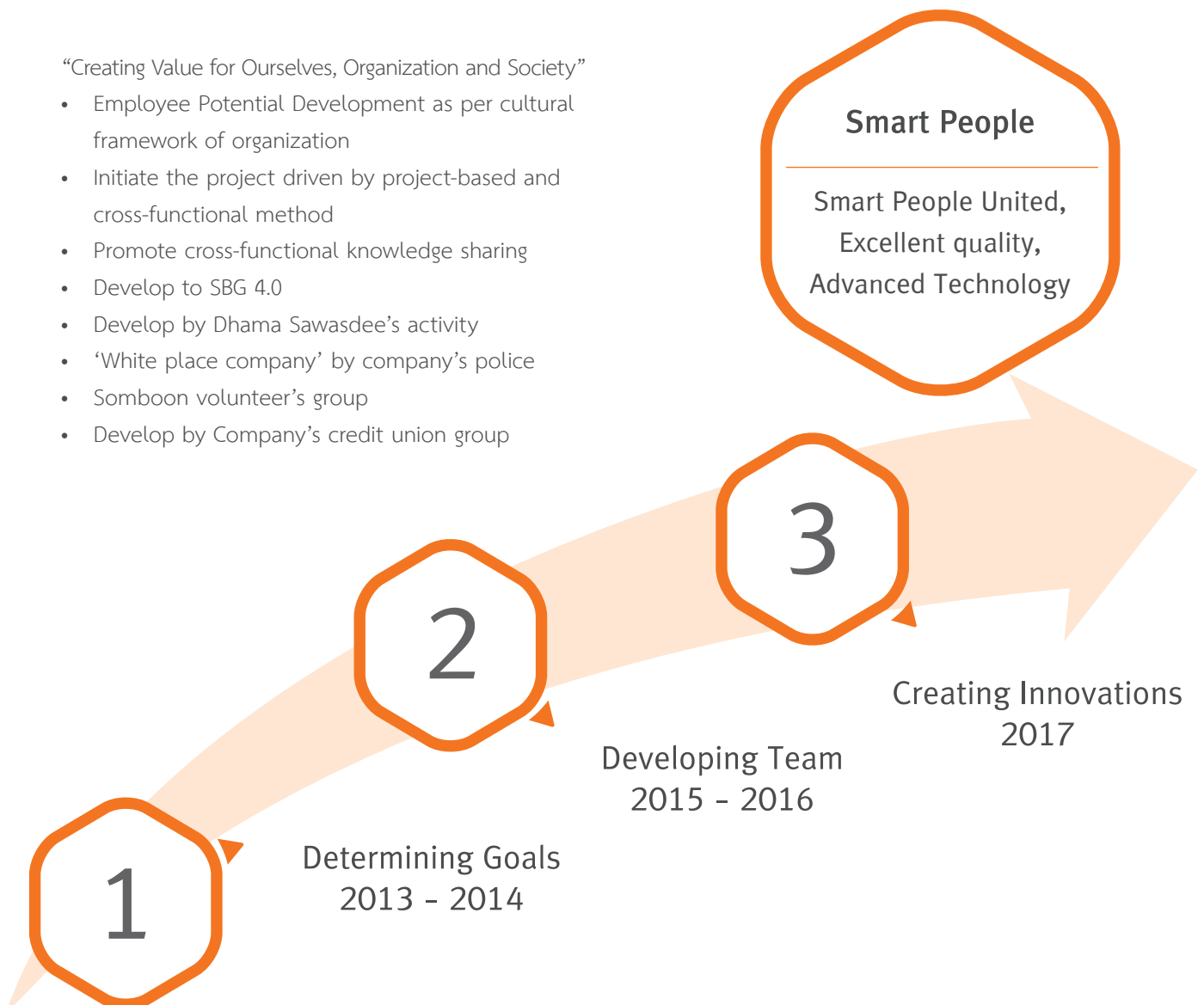
“The company realizes importance of smart and good people development. We applied the King’s working principles and philosophy of sufficiency economy to make the employees become smart people prompt to create value for ourselves, organization and society. We believe that the company will sustainably grow by the important driving factor which is employees to accomplish the vision and mission targeted. Therefore, the company focuses on developing the employees at every level to be ones who have good moral and improve their skill and knowledge, including professionalism that corresponds to organizational culture to create value for ourselves, organization and society as per the master plan of smart people.”

“Creating Value for Ourselves, Organization and Society”

- Employee Potential Development as per cultural framework of organization
- Initiate the project driven by project-based and cross-functional method
- Promote cross-functional knowledge sharing
- Develop to SBG 4.0
- Develop by Dhama Sawasdee’s activity
- ‘White place company’ by company’s police
- Somboon volunteer’s group
- Develop by Company’s credit union group

Smart People

Smart People United,
Excellent quality,
Advanced Technology



Source : Master plan for sustainable development for 5 years (2013-2017)

4.1 Good people development

As the “Employees” are important factor driving the organization to the goal and sustainability, the company realizes importance of employees’ life quality. Also, we encourage the employees to have a sense of a giver, “morality” and “gratefulness”, prudent living,

self-immunity, reasonableness according to theory of sufficiency economy of His Majesty the King which is the important base of thought to develop good people to be “smart people”.



4.1.1 Good people development: creating value for self-esteem

• Develop employee mind with Buddhism

The company has encouraged employees to do good. By committing mercy on every day, monks, by invitation of the monks from the various communities around the factory to rotate around the corpse. And bless the employees It also promotes activities related to the religious maintenance. Both activities are done with external agencies. And the internal activities that the company held regularly. This will result in better staffing. And refine the mind with merit and charity, and also create a good relationship with society and surrounding communities as well.

• Company’s credit union group

The Company has focused on promoting savings. To help ease the burden and create a financial discipline for employees. Including promoting long-term savings to prepare for retirement. Along with promoting knowledge of savings and investment in various forms.

The company has started “Company’s credit union group” since 2007. This project is beneficial to employees

and organizations as it gives employees choice to plan and rely on self-sufficiency. To reducing corruption risk and to make employees be more focused on work.

These factors make the Union group be more efficient and continue working until now

- 1) Management systems were believable.
- 2) Equally treated from Staff.
- 3) Reliability reports.
- 4) Equity investment.

So that, Along 2017 Somboon’s Union Group has got the Norm keeper rewards.



Savings and Credit Cooperatives for employees in Somboon Group (year 2017)

Members	Working Capital	Dividend
1,436	174 Million Baht	4.15%

• To the better things

The Company has featured on the creation and development of corporate culture. Because it is the foundation that drives the organization to achieve its vision. And grow sustainably. It is used as a tool to manage and develop people as both good and good. In 2017, the company focused on corporate culture. Through a variety of communication channels covering all target groups in the company, such as SBG Weekly News, Borrowing Public Relations, etc., to understand the importance of changing employee behaviors in the same direction throughout the organization. And the outstanding and effective way to communicate is the “Better for the Better” project, which is a great way to communicate with the people in the community. Behavior through various activities. By using language and symbols that are easy to understand (17 times, 2,772 employees).

• Understand Dhamma and do good things for a happy life

Apart from making merits in our “Dhamma Sawasdee” event, our employees also had a chance to make merits in many important religious activities, for example, the Buddhist Lent Day, the Asalha PujaDay, the Anniversary of Death of our company’s founder Mr. Somboon Kitapanich, the Birthday Anniversary of Mrs. Malinee Kitapanish. In 2017 our company also participated in an activity “The Buddhist Ordination The program” which this was a part that we pay our final tribute to His Majesty The Late King. In the Bangna plant, 11 of our employees participated and in the Rayong plant, 11 of our employees participated on 7 and 20 October 2017, at the Bangchalong Nai temple, Samutprakarn province, and at the Punsadet Nai temple, Chonburi province, respectively. We hoped that our activity would help to nurture the religions, to prolong the traditions, and to make us good people for a long time.

• Somboon’s consciousness and meditation

Our company has established a project called “Smart people with consciousness and meditation” twice on 22 May 2017 and 5 June 2017 at the the Bangchalong Nai temple, Samutprakarn province, with an aim to help all our employees to understand meditation method, the benefits of meditation, and the correct method to improve consciousness. After this activity, our employees could use the knowledge gained for applying in their working and daily lives based on non-negligent approach, have consciousness, and being self-awareness at all time. This year we had 426 employees participated in this activity.



4.1.2 Good people development: Creating value for organization

• Factory police club

SBG companies are members of factory police of Samutprakan province established in 2007. This club is supported by Police Major General. Suweera Songmetta. The objective of this club is that the supervisors in the factor are responsible for the happiness of employees according to White Factory principles; good and safe environment, no criminal acts and drugs. This project creates activities that covers all factories in the area. Currently we have 68 factory policemen.

In recent year, Factory's policemen have been carry on;

- Categories the level of danger area by colors including red orange green. (Red – Dangerous area, Orange – should be rectify, and White – Non-drug)
- Improved a traffics in company to be more convinience and be aware of traffic rules.
- Join the investigation team to increase safety, to reduce crime and to prevent substance abuse.



• Knowledge management sharing

An effective promotion policy focuses on advancing employees based on their skills and performance, not favoritism. Companies risk putting people in jobs they can't handle when promotions aren't based on workers' abilities. Then, Passing their knowledge to others by trainings or activities. Such as,

- 1) SBG Innovation Day & EV knowledge sharing
To let the employees learn about future technology and possibility impact which held on December 1, 2017.
- 2) Robot programming training
To teach about robot programming theory and process of automation in robot which held on July 11-12 and 19, 2017.
- 3) Basic TPS simulation
To trained about TPS stimulated production for learning how to decrease waste which held on March 27-29, 2017.



● Marigolds bloom in our heart

To pay the highest respect to His Majesty the late King and correspond to Invitation from Ministry of Interior by planting marigold flower together. On August 31st 2017 Somboon Group had activity name “9,000 Marigolds Bloom in our heart” Management team and employee join to plant marigold.



● Sandalwood flower: from our hearts, for His Majesty The Late King Rama IX.

Our company, with the help from external consultants, taught our employee and people from the Bangclalong community to make Sandalwood lowers, or the Daffodil, which were then donated to the general public in order to pay our final tribute to His Majesty The Late King. The major raw material was the corn peel. This kind of raw material could be nicely made as Sandalwood flowers, or the Daffodil. More importantly, the production of these flowers was also in line with the initiative of His Majesty The Late King's on Sufficiency Economy philosophy where the remaining from agricultural products were used for other benefits. Within our company, our employees produced a total of 10,000 Sandalwood flowers as part of a project that pay tribute to His Majesty The Late King. We submitted these flowers to the Banplee District Office, Samutprakarn province, so that the flowers could be donated to the general public for paying the ceremony in the final tribute to His Majesty The Late King, at the Bangplee Yai Nai Temple, Samutprakarn province, on 26 October, 2017 (Attended 2,772 peoples for 5,450 hours).





4.1.3 Good people development:

Create Value for ourselves Organization and society

The company has a policy to encourage employees to make good deeds to the society and provide an opportunity for employees to use their potentiality and skill they have to create value for the interest of community and society as same as the King's work. Besides, this company promotes a development of human resources by making them as the knowledge center along with the creation of pride and commitment to the organization, then extend the sense of responsibility towards society to the organization. This is the foundation of sustainable development. In 2017, SBG encourages the employees to make good deeds to society by participating in community development activities. The number of hours worked was 19,541 hours and good deeds worked hour was 6.98 hours per person

• Somboon volunteering group

Somboon Volunteering Group is the group of volunteering employees aiming at doing good deeds for public interests. This group has organized activities for community service for 17 years. Currently there are more than 200 members. In 2017, this volunteering group has organized following activities.

In year 2017, Somboons' volunteer group had done corporate social response activities including:

- 1) Constructed 47 meter walkway for disable employees.
At the date of 2 June 2017, 21 of employees has join this champagne.
- 2) Volunteering activities for 3 days at Baan Nong Tor Ta Kean School Saraburi province. The purpose is to fix equipment, improve school environment and do activities with student. There are 78 participants in this activities.

● Creating happiness from brother to brother

Every year, the employees from our company participated in the National Children Day in order to create happiness with smiles and to incorporate some knowledge in them. Hopefully these children would grow up as people who have both knowledge and moral.

This year, our company participated in the National Children Day at the Nong Ngoo Hao Sartprasert school, Samutprakarn province, on 12 January 2018, and at the National Council of Social Welfare of Thailand on 13 January 2018. During these activities, we donated water, sweets, dolls, educational materials, and we also organized games and the money saving and safety learning base for the children and the people who joined the event.



● Good people development for the society

For 4 years that our company's employee has participated in the activity at the Boonchu Center for Special Children in Chonburi province. This center is a home of over 200 poor children and children with disability. On 16 September, 2017, around 327 employees from our company volunteered in an event where they help these children by repairing their facilities and the building, donated some cloths, foods, provided them with meals, and made a donation of 80,000 Bahts to this center for use in the future.



● Return happiness to the society

The company always supports our employees to put their strength to use for the benefits for the society. We were aware that people could apply their skills to help each other. Thus we initiated an activity called "Jointly make" in which we selected employees who had skill and knowledge in electrical technician, civil technician, cement technician, and welding technician, to help to improve the houses of people with disabilities in Rayong province on 21 July, 2017. Moreover, these technicians also helped to repair houses at the Bangchalong community and the



Bangplee community on 22 September, 2017. They helped to repair and improve the general areas the Nong Ngoo Hao Sartprasert school, Samutprakarn province, on 27 November 2017. Finally our team of employees went on to help improving the conditions of Ban Nong Bon School, Pluak Daeng district, Rayong province on 25 November 2017, where 157 employees participated.



• Kindness bottle from brother to brother

For 8 year that our company has set up the activity “Kindness Bottle from Brother to Brother”. This activity would help to instill conscious minds in our people and be ready as giver and sharer of happiness. We invited all of our employees to donated useful things and money and we gave these to some foundations, institutions, hospitals, temples, and school when needed. This year we initiated the “Kindness Bottle from Brother to Brother” activity twice: the first time we donated 35,906 Bahts to the Pra Dabos Project, Samutprakarn province and the second time we donated 39,282.50 Bahts to the Siriraj Foundation, as a part to build facility for this hospital.



• Encourage employees to make good deeds for society: blood and organ donation

The company encourages employees to donate blood to the Red Cross four times a year. Because the Thai Red Cross as a center Donate and serve blood. Need large amounts of blood because of the current need for more blood. Resulting from Disasters and accidents This activity demonstrates employee involvement in social responsibility. Clearly, by promoting the blood donation of the company, the purpose is as follows.

1. To encourage employees in the company and the general public to donate blood for the benefit of patients.
2. To promote activities to do good. To increase public awareness for the organization.
3. To promote the development of employees of the company. Both morally and ethically

This activity has been organized for 18 years consecutively. In 2017, there are 204 people (executives, employees and partners). 61,200cc of blood were donated. The executives and employees who meet the donation criteria received the souvenir pin from Thai Red Cross society. Besides, the company promotes the employees to donate organs to Thai Red Cross.



4.2 Smart people development

4.2.1 Employee potentiality development as per the framework of organizational culture

The company recognizes the importance of developing the potentiality of employees at all levels. We focus on both theoretical and practical knowledge to make them a professional according to their career path. The company promotes the organizational culture to be implemented thoroughly in the organization. We aim at making smart people working in the same direction for sustainable development of company comprising quality excellence, innovative creativity through modern technology. Therefore, Somboon

Learning Academy (SLA) is an important mechanism strategically driving the human resource development in line with company operation strategy. With knowledge management system and comprehensive internal trainings composed of core courses, specialty courses, including opportunity given to employees to propose courses from external institutes as they may be interested in. In 2017, Somboon Learning Academy (SLA) has organized 10 section 82 courses as follows



4.2.2 Statistics on the potentiality development and promotion of the advancement of employees

In 2017, the company has invested in the employees' potentiality development for them to be "smart people" with the budget of 5.6 million baht. We organized over 82 courses with 100% attendance of employees. The average training time is 18.12 hours per person per year.

Detail	2017	2016	2015
Investment (million baht)	5.6	7.7	7.5
Courses	82	78	80
Attending Employees	100%	100%	100%
Average Training hours/person	18.12	17.42	17.28
Promoted employees (person)	67	79	74

4.2.3 Workforce Equality Development

The company recognizes the principle of equality in the development of personnel. The employees of all genders and levels have equal opportunity to have a training for potentiality development.

Employee Level	Average hours of training per year					
	2017		2016		2015	
	Male	Female	Male	Female	Male	Female
Supervisory and operational levels (M 85% F 15%)	15.41	2.71	14.98	2.44	14.59	2.68
Department managers (M78% F22%)	14.14	3.98	17.28	3.13	14.61	2.66
Assistant to Managers (M90% F10%)	16.31	1.81	16.54	0.88	16.77	0.39
Executives (M91% F9%)	16.49	1.63	14.11	3.31	14.57	2.08
Total (Male and Female)	18.12		17.42		17.28	

Remark ⁽¹⁾ In 2017: 2,772 employees in total; 2,356 male employees, 416 female employees

4.2.4 Smart people development project for sustainable growth

With employee development courses focusing on fundamental understanding, practices for skill and specialty development, the employees are expected to apply their knowledge to solve problems effectively. It includes the standardized knowledge management (standardization) which can be taught systematically and the knowledge sharing with public and private

organizations in order to strengthen the employee development network. In 2016, the company launched smart people development projects which create value to organization in accordance with business operation strategies for continuous and sustainable growth. The projects are as follows.

Kaizen theory : Leading to continuing work process

Improvement Project	Cost reduction	
	Baht/Year	Projects
Suggestion & Kaizen	2,752,364.68	170
QCC project	17,432,512.04	202
TPS project	6,978,671	10

Projects	Purpose	Value for SBG
 Action Learning Project (Executive Level)	<ul style="list-style-type: none"> • Develop executives and create a knowledge sharing culture in each field of work to create and develop talent and to have successors of important position for business operation • Use potentiality and experience to analyze and find a solution systematically 	The company has human resources sufficiently for a continuous growth
 Key Man (Operation Level)	<ul style="list-style-type: none"> • Encourage the employees to innovate new technology in forging, machine and heat treatment • Create a process know-how from process mapping, competency gap and development of training program in each process 	The company has human resource sufficiently, prompt to expand the business in foreign countries
 Re-Train (Operation Level)	<ul style="list-style-type: none"> • Improve operational employees by reviewing knowledge and principles of total productive maintenance (TPM) 	Improve the efficiency in production line, reduce loss, and increase productivity
 Pre-Operation (New employees in operational level)	<ul style="list-style-type: none"> • Improve new employees in operational level before performing the job in production line • Improve and train new employee to be a man power bank for work rotation and substitute the employees appointed to work in other plant or being promote or resigning from the company by 100% 	The production line is operated continuously.

4.2.5 Smart people development by building corporate culture for sustainability. under the project “Go to something better”

The Company has featured on the creation and development of corporate culture. Because it is the foundation that drives the organization to achieve its vision. And grow sustainably. It is used as a tool to manage and develop people as both good and good. In 2017, the company focused on corporate culture. Through a variety of communication channels covering all target groups in the company, such as SBG Weekly News, Borrowing Public Relations, etc., to understand the importance of changing employee behaviors in the same direction throughout the organization. And the outstanding and effective way to communicate is the “Better for the Better” project,

which is a great way to communicate with the people in the community. Behavior through various activities. By using language and symbols that are easy to understand.



4.2.6 Nurture the smart people by establishing innovative learning culture.

- SBG Automation to SBG 4.0 exhibition.

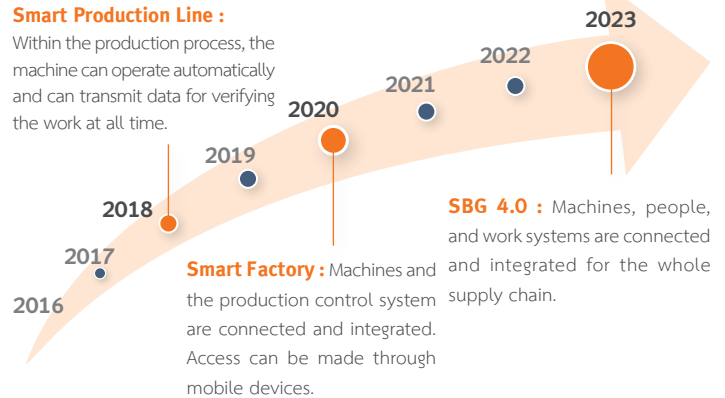
Our company created awareness for our employee on the automation system within an industrial environment by introducing them to the concept of Industry 4.0 in order to increase their potential and to be ready for emerging technologies. In 2017 our company organized an event called “SBG Automation Exhibition and Roadmap to SBG 4.0” on 4-5 March, 2017 at our Somboon Learning Academy, comprising the following activities:

- The Seminar “Somboon Business & Industrial 4.0” was an event that promoted perception on Industry 4.0, the government’s policy direction, and the implications of Industry 4.0 to Somboon group’s businesses. This activity was jointly held by our company with the Thai-German Institute and the Institute of Field Robotics (FIBO) from the King Mongkut University of Technology, Thonburi.
- Robotic and Automation display booth showing methods of using various technologies on automation systems. Our company invited 11 suppliers, which provides Robot, Sensor, Karakuri Equipment, Gripper Design, for example, YASKAWA Electric (Thailand), Sumipol Corporation (Robot Nachi), Camou (Thailand), Brainworks (for Gripper brand SCHUNK), into our activity and they displayed and demonstrated these systems.
- Automation Contest was an event in which employee organized into groups that competed on programming a robot arm and tried to control the arm to move as the prescribed positions. The groups competed on the accuracies obtained and the time spent. There were 3 types of competition: shooting a basketball into target by focusing on programming, hitting a golf ball into a hole by precise control of robot arm, and moving of an object to the pre-determined positions where the focus was also on precisely controlling the robot arm. Moreover, our company also constantly provided training related to robot operations for our employee in the production department so that they could gain appropriate knowledge on using and working with robots and automations.

SBG 4.0 Direction

Smart Production Line :

Within the production process, the machine can operate automatically and can transmit data for verifying the work at all time.



• SBG Innovation Day

To share about Electric Vehicles Topics which is increased in skills and knowledge for future.

Seminar

1. Developmental of Electric Vehicles to bring company to “Green and Smart Factory”
2. Possibility of change and technology of SBG’s losing weight
3. Future plan to industrail supply chain
4. A speech about “Leading Thais to World’s Electric Vehicle Association” by Professors and Experts

• Feild trip

Learning EV technology at Thailand Automotive Institute through the feild trip and Adapt for SBG works



• Visited EV Technology and Innovation Learning Center

Our company created awareness for our employee on the Electric vehicle (EV) . In 14 December 2017 our company visited to EV Technology and Innovation Learning Center in the following :

1. EV Technology showroom
2. EV Power station (Nissan Leaf and BMW i3)
3. Testing center

Summary of activities : completed 100%



5

Business Trust

- 5.1 Corporate governance
- 5.2 Fair operating practices
- 5.3 Anti-corruption
- 5.4 Tax action
- 5.5 Risk management
- 5.6 Labor and human right works
- 5.7 Safety and preparation for emergency situations
- 5.8 Relationship building and mutual development with customers
- 5.9 Responsibility towards consumers
- 5.10 Value chain management
- 5.11 Environmental management and energy conservation
- 5.12 Innovation in business processes for sustainability
- 5.13 Mutual value creation in agricultural machine business



“ Our approach

Business Trust & Share Value to Stakeholders are Crucial of our Future ”

SBG focuses on creating business values based on good corporate governance and philosophy of sufficiency economy and adding business value with innovations and stakeholder's trust, including developing production process, providing environment-friendly products which are safe for consumers. The company promotes an efficient supply chain value management and sufficiency principles to save costs and reduce impacts to society and environment

1,923.69 tons

of carbon dioxide reduction
from energy preservation
project⁽¹⁾

19 million
baht

Investment for development of
quality of work life

636

Suppliers have joined with
the anti-corruption project

88 %

level of customer's
satisfaction⁽²⁾

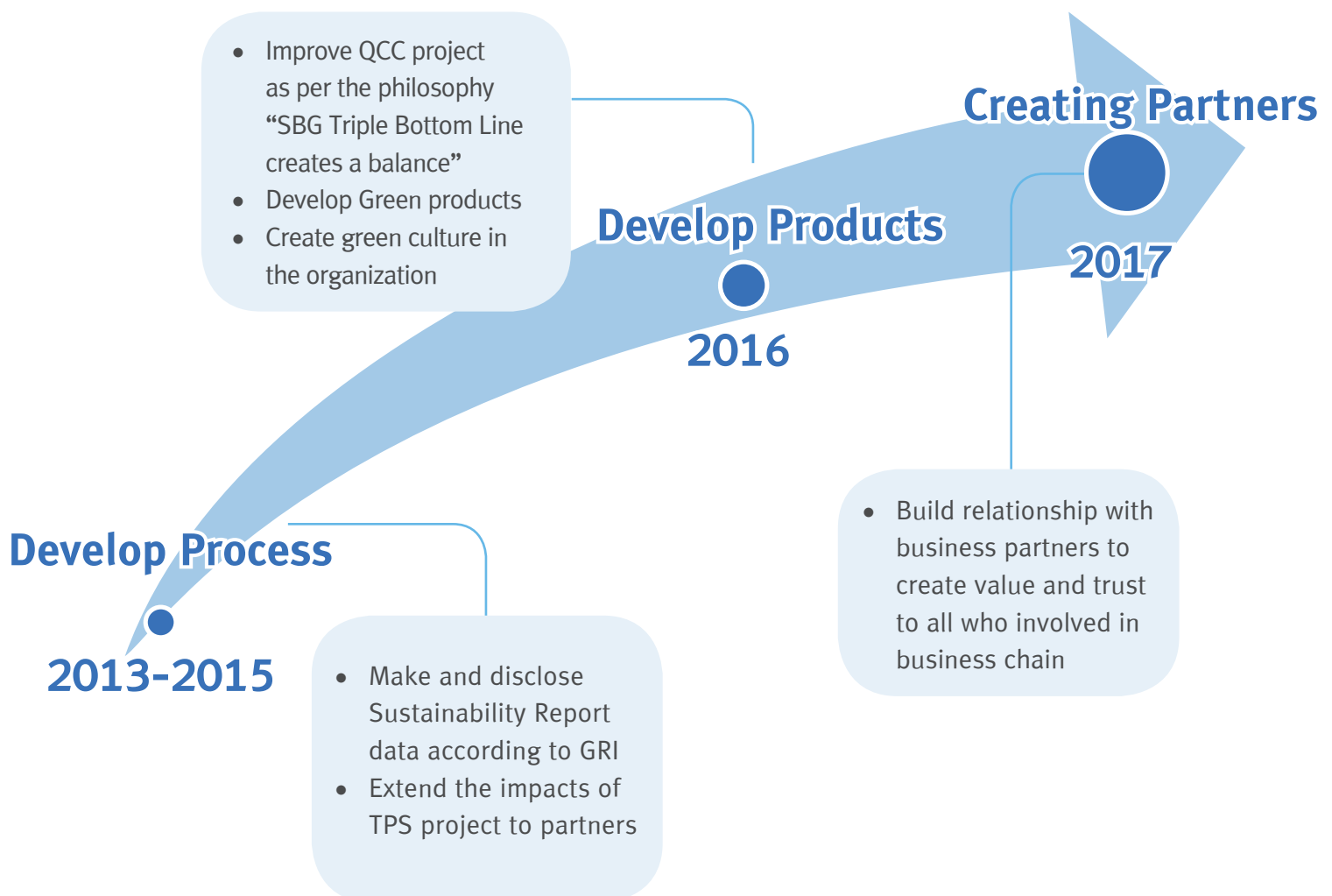
Source: ⁽¹⁾ Energy Conservation Project page 69

⁽²⁾ Survey of customer satisfaction page 64

“ Create values and meet the expectation of stakeholders ”

The company focuses on creating value of their business based on self-sufficiency and social responsibility, including good governance principle. We aim at having a transparent and verifiable operation whilst managing the risk to maintain benefit for stakeholders and creating a balance between business, society and environment. The life quality development, career growth and efficient value chain development are important factors to increase the competitiveness. Through innovations and business alliance, we expect to achieve the goals as mentioned in master plan of business trust.

Business Trust Road Map



5.1 Corporate governance

The company focuses on creating a sustainable growth based on self-sufficiency and social responsibility, including good governance principle. We aim at having a transparent and verifiable operation whilst managing the risk to maintain benefit for stakeholders and creating a balance between business, society and environment. In addition, we realize the importance of smart and good people development, their skill development according to the aptitude and life quality development for the purpose of becoming

a sustainable organization. With our effort, we have been awarded a SET Award of Honor: The best of Good Governance Company for 6 years consecutively (from 2009-2014). As we attempt to develop the sustainability factors continuously, SET Sustainability Award 2015 -2017 are given to our company by SET. It was the first time that this award is a combination of top corporate governance report awards and Best Corporate Social Responsibility Awards).



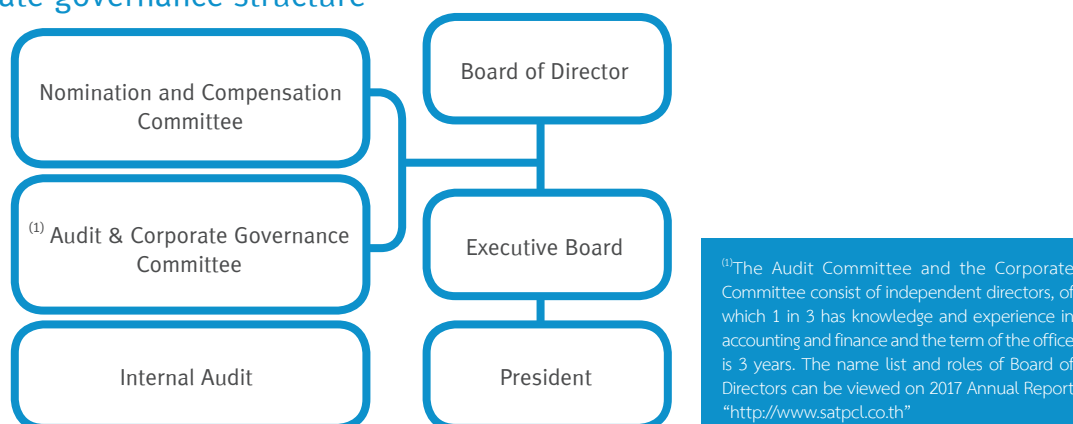
The Board of Directors has set corporate governance policy in writing to be as a guidance for directors, executives and employees to operate and develop the organization sustainably. We review the policy every year and disclosed the information on company

website (Developments for Sustainability Section). In 2017, the company implemented an operation excellence policy in accordance with ASEAN CG Scorecard. We improved the corporate governance policy and important operations as follows.

Important Issues from the implementation of corporate governance policy of the year 2017

Section 1 Right of Shareholders	Section 2 Equal Treatment to all shareholders	Section 3 Consideration of the shareholders' role	Section 4 Information disclose and Transparency	Section 5 Responsibility of Board of Directors
<ul style="list-style-type: none"> - Allow shareholders to submit questions related to the agenda of the Annual General Meeting of Shareholders prior to the meeting through the news report of SET - Determine that the directors and Management must give details on stock trading to Secretary of the Board of Directors prior to trading day at least one day, and the Secretary of the Board of Directors will inform of such trading in the meeting of the board of director every quarter. 	<ul style="list-style-type: none"> - Allow shareholders to nominate persons to be appointed as Director from October 1, 2016 to December 31, 2016. - Determine policies to prevent the use of internal information made by directors, executives or employees for their own benefit during their office, or committing an act likely to be a competition with the company or its related businesses. This includes using internal information for their advantage, or give such information on stock trading to a third party. (code of conduct, page 12, article 3.2.2) 	<ul style="list-style-type: none"> - Create Sustainability Report as per Global Reporting Initiative (GRI) separately from annual report from 2014. In 2017, the company receive SD Report Recognition Awards 2017 from CSR Club - Organize meetings with local authorities on topic Elder School 	<ul style="list-style-type: none"> - Present information to investors (Road Show) 4 (Malaysia & Singapore) time domestically. - Organize analyst meeting 4 times - Organize activity "My Company" with Investors Association of Thailand for shareholders to visit our company and discuss with company executives once a year. - Publish earning news (Earning release) 4 times a year 	<ul style="list-style-type: none"> - The Company had a policy for Non-Executive Directors (NED) to organize their own meeting in order to discuss on outstanding management problems at least once a year without the attendance of Operation Department. - Organize the trainings to review knowledge and ensure the understanding of stakeholder report preparation to prevent problems related to conflict of interests for directors, executive and related employees.

Corporate governance structure



- Role as a leader in corporate governance and sustainable business operation.

The Board of Directors is responsible for the supervision of the business policy by reviewing and approving the direction or goals, vision, mission of the company. The

executives will take this policy to consider a strategy and plan to accomplish goals and create values for stakeholders, follow up and report according to frequency stipulated.

Executive level	Role/ Important Issues	Sequence
Board of Director	Set policy and drive business based on good governance and philosophy of sufficiency economy Risk management policy	- Quarterly
(President, MD, EVP, VP)	Define strategies to enhance the value for the stakeholders, Including risk management strategies Follow up the efficiency and effectiveness of the strategies (KPI)	- Weekly, Monthly - Quarterly - Quarterly
GM, AGM, Mgr	Implement the strategies, follow up the progress and report the result	- Monthly - Weekly, Monthly - Yearly

- Follow up and report of operation... for Sustainability

Follow-up and report of efficiency and effectiveness of the implementation of plans and strategies for the purpose of achieving goals as mentioned in vision and

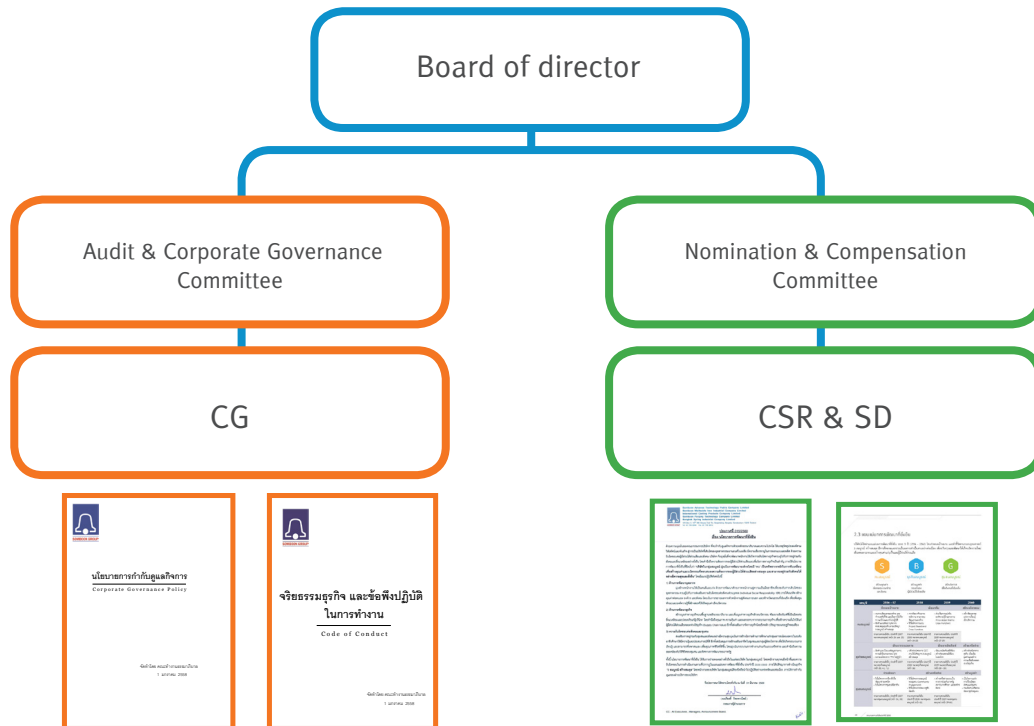
mission. The responsibility of employees in each level is as follows.

Executive level	Role/ Important Issues	Sequence
Board of Director	Set policy and drive business based on good governance and philosophy of sufficiency economy Risk management policy	- Quarterly
(President, MD, EVP, VP)	Define strategies to enhance the value for the stakeholders, Including risk management strategies Follow up the efficiency and effectiveness of the strategies (KPI)	- Weekly, Monthly - Quarterly - Quarterly
GM, AGM, Mgr	Implement the strategies, follow up the progress and report the result	- Monthly - Weekly, Monthly - Yearly

- Supervision of good governance and social responsibility and sustainable development

The Board of Directors appointed the audit and Good Governance Committees to be responsible for supervision and good governance and business ethics (CG) in order to review CG Policy and Code of conduct and follow up the performance of CG team once a

year. The Nomination and Remuneration Committee is responsible for the supervision of social responsibility and sustainable development (CSR & SD). It forms CSR & SD team to review CSR & SD policy and SD roadmap and follow up the process of CSR & SD 4th a year.



- Evaluation Result of Corporate Governance of Thai registered companies

In 2017, according to the evaluation of National CG committee, after surveying 620 Thai companies in terms of CGR, SAT is 1 in 110 companies receiving 5-star score

“Excellent CG Scoring”. We receive this score for 10 years consecutively in the industrial products and companies in SET 100.

ผลการสำรวจการกำกับดูแลกิจการ (CGR)
บริษัทจดทะเบียนไทย ประจำปี 2560

5.47 ทั่วประเทศการสำรวจการกำกับดูแลกิจการประจำปี 2560 ทั่วประเทศ 5 ดาว “พิเศษ” โดยคณะกรรมการส่งเสริมการค้าระหว่างประเทศ 94 และคณะกรรมการ
การรวม รายงานผลการสำรวจการกำกับดูแลกิจการของบริษัทที่ทำการสำรวจทั้งหมด (กลุ่มสินค้าอุตสาหกรรมและบริษัทในกลุ่ม SET 100)

หมวด	ตราสัญลักษณ์	2560	2559	2558	2557
ดัชนีชี้วัด	★★★★★	100	100	100	99
การปฏิบัติตามข้อกำหนดที่เกี่ยวข้อง	★★★★★	99	99	99	98
การดำเนินงานทางสังคมและสิ่งแวดล้อม	★★★★★	94	94	96	95
การเปิดเผยข้อมูลและความรู้ โปร่งใส	★★★★★	97	97	98	94
ความรับผิดชอบต่อสังคมและสิ่งแวดล้อม	★★★★★	90	90	91	84
ภาพรวม	★★★★★	94	94	95	91

ระดับคะแนน 90 - 100 = ดีเลิศ 80 - 89 = ดีมาก 70 - 79 = ดี 60 - 69 = พอใช้ 50 - 59 = ต่ำ

กสท สำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์

Company Profile

ค้นหาบริษัทจดทะเบียน

ค้นหาบริษัท SAT: บริษัท สมบูรณ์ แล็ดวานซ์ เทคโนโลยี จำกัด (มหาชน) 🔍

Sustainability Development
ข้อมูลด้านความยั่งยืน

CG Score 4/

★★★★★

Anti-corruption Progress Indicator 3/

ระดับ 5 : ขยายผลสู่ผู้ที่เกี่ยวข้อง

- **Corporate Governance Report of Thai Listed Companies**

In 2017, the company was listed on the ESG 100 list, or ESG's second-best-performing ESG (Environmental, Social and Governance: ESG). Of Thai Patana Institute He is the innovator of sustainability information for businesses. The rating outlines 100 listed companies with outstanding performance in environmental, social and governance

issues, with 656 listed companies listed. The ESG 100 criteria will consist of six issues, including the Corporate Social Responsibility Report, in the Annual Report. Investment Information on the TISCO ESG Social Security Fund Sustainability Report Corporate Governance Report of Thai Listed Companies Sustainability Report of the Company And data from stakeholder analysis and media.

- **Knowledge Training of Corporate Governance for Employees**

The Company has organized training workshops. To all new employees. Through its "Ethics and Sustainability" curriculum on business ethics and work regulations to prevent corrupt corruption This is to encourage

employees to be aware of the importance of creating ethical quality. The principle of the work. To lead the organization and its self to sustainable success.

5.2 Fair operating practices

The company supports and encourages the practice of good governance and ethics in the business of directors, executives and employees with responsibility to stakeholders both inside and outside the organization in accordance with code of conduct. It includes the progress followup under the control of The Audit and the Governance Committees. In 2016, the implementation of important work related to business ethics as follows.

- **Making of report to stakeholders and related persons**

The Board of Directors has established a regulation for the Directors of the company and its subsidiaries to disclose the information of benefit and make a report to stakeholders as per the section 89/14 of the Securities Exchange Act, B.E. 2551, and required a review of the report within January of each year and/or upon the information change. The report will be submitted to Company Secretary within 7 working days. Besides, the company has extended the regulations to the employees in managerial

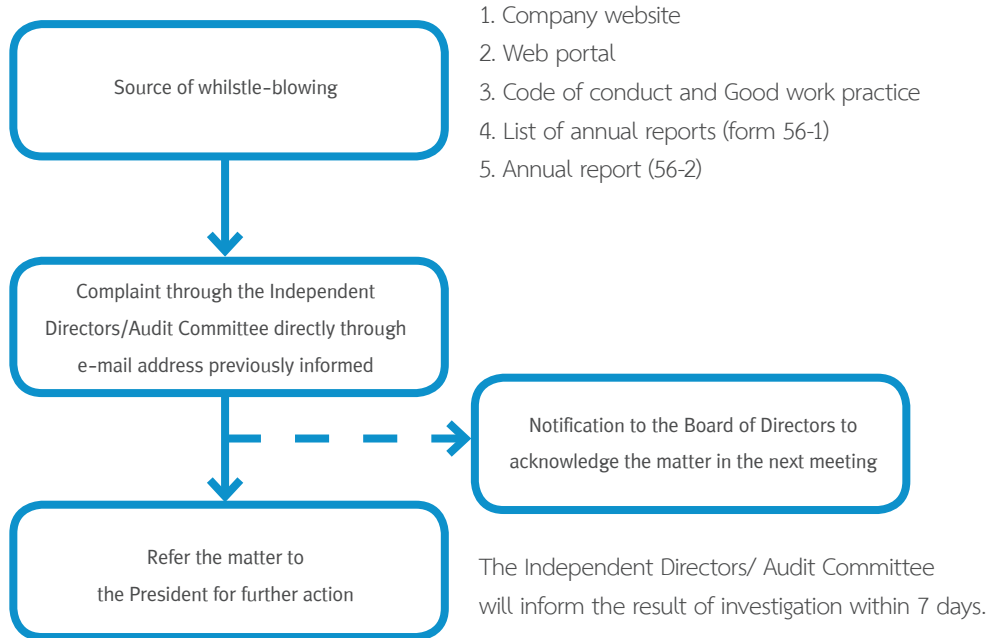
level or above working in the company and its subsidiaries. In 2016, there are 128 reports to stakeholders and 1 case the affects the benefit of company. All have been recorded and concluded for the president to approve the good corporate governance and inform the approval result to the meeting of board of directors

- **Whistle-blowing process**

The company has provided communication channels for suggestions and complaints; website, e-mail, and mail in order that the employees and stakeholders can access the communication channels to give suggestions and clues which will be recorded in company secretary department for investigation or management process improvement. We also have protection measure for those who give clues and information.

Besides, the company used case studies to create training course and content in internal communication to raise awareness of work ethics continuously.

Whistle-blowing process



5.3 Anti-corruption

- Anti-Corruption Policy
Board of Directors Strive to prevent corrupt corruption. To lead a truly transparent organization. The Company has set up a plan to promote and instill corporate ethics in the long term and continuously for 8 years (2010 - 2017) through the “Ethics ... with the sustainability of the organization” program. Have good knowledge, discipline, knowledge, morals. It leads to a new corporate culture. Under the plan to promote and instill corporate ethics.

The company was one of the first 27 organizations to announce their intentions against corruption and one of the first nine organizations to be certified. The Joint Private Sector Collective Action Against Corruption Council (CAC) on 29 July 2013

In 2016, the company received the renewal certificate. (Recertification) Anti-corruption Corruption Program From the Collective Anti-Corruption (CAC) on 16 August 2016



- Expanding anti-corruption corps in the business chain. The company has set up a plan to expand its anti-corruption corps. To a trading partner By choosing a partner with turnover of 50 million baht per year. Partner to announce the intent. With companies in the group complete With a target of 636 comp In the year 2017, the company visited the partners who participated in the declaration of intent. And join the anti-corruption corruptions with SBG to exchange ideas. Suggestions and Progress on the Participation in the Corruption Prevention Measures Program with SBGanies by 2016.



5.4 Tax action

The company has cooperated with government and revenue department in terms of tax. We aim to operate the business with integrity and the tax operation is made correctly, transparently and on time. In 2017,

the total company revenue is 8,802 million baht and we have paid 83.1 million baht as the tax to the government. ⁽¹⁾

Remark : ⁽¹⁾ data excerpted from financial statement of Somboon Advance Technology Public Company Limited and its subsidiaries in Thailand

5.5 Risk management

Risk management structure



Functional Risk Management Working Team

- Indicate and evaluate the risk in department, set work plans and assign persons in charge
- Apply policy from risk management committee in managerial level to practice

- Follow up and report the result of risk management in operational level to the risk management committee in managerial level
- Hold a meeting to review the performance to ensure risk management measures correspond to the circumstance. The frequency of the meeting is 2 months.

Enterprise Risk Management Committee

- Set strategies to operate corporate risk
- Organize risk management process to be systematically implemented in organization
- Nominate and supervise risk management committee (department level)
- Encourage the employees and support resources necessary for enterprise risk management
- Hold a meeting to review the performance to ensure risk management measures correspond to the circumstance. The frequency of the meeting is 2 months.

Risk factors

The company attempts to create risk management policy to consider the risk in all processes, prioritized by its importance and urgency. The company will study on the feasibility, the outcome and the risk that may occur. Therefore, the risk management is applied in every activity in the process systematically and effectively to reduce the negative impacts arisen from the operation that may obstruct the mission achievement. We use appropriate strategies to control, transfer, avoid and accept the risk. The important risk categories can be described as follows.

1. Strategic risks

Nowadays, The world is aware of energy and environmental crisis and the European Automobile Industry has begun to stop using fossil fuels and turn to clean energy instead. This is the reason for using the electric vehicles and it is a force to the Thai government to announce the policy about investment plan on the electric vehicle assembly and the related parts industry. There is also technology changes trends for the other auto parts manufacturers such as moving towards lightweight products, shapes, sizes, new materials, etc. These changes in technology are risks that could affect our competitiveness and achievement of the goals. So Somboon Group has a policy to promote and support the research development on lightweight materials include kick off the learning of technology related to electric vehicles through practical working. This project is to prepare and ready to start the new technologies which may affect the production of products and services and will be focused on eco-friendly innovations, safety and energy saving.

In addition, the company also emphasis on human resources development to respond to the automation system which be used in the production process such as automation and semi-automatic machinery. We have conducted the training course in factory, seminars, field

trips and trial in the working area. These methods are to support the SBG 4.0 policy, cost reduction project, efficiency improving project including any wastes and accident reduction. In order to reduce the risk of competition in price of products and services, quality and comply with customer satisfaction.

2. Operation risks

The Company is committed to quality assurance throughout all processes to get excellence products and services which will respond to maximum customer satisfaction. These risks are monitored such as the damage of products, the inadequate capacity in the future, external suppliers who may not be able to supply raw material to produce and deliver products to customers on plan. So the company conduct risk management plan such as contingency plan, quality improvement plan by front line control, the analysis of customer requirements and preparing a backup plan for the production capacity of the enough, the plan of machine preventive maintenance and ensure the spare parts are prompt. In addition, we have already certified the new version of quality management system or IATF16949:2016 and conducted the internal quality audit and implemented zero claim campaign. There are many of activities about encourage and motivation all employees to have a sense of quality including appointment a Quality Management Representative to control and supervise the quality system to ensure that all processes, activities, and procedures are strictly enforced.

3. Financial risks

In 2017, The company has expanded its business growth both domestically and overseas. The company's main raw materials are imported from abroad resulting in the company to face financial risk associated with the volatility of exchange rates. The company has taken into account the higher cost of raw materials and the impact

of price competition by adjusting prices according to changes in raw material prices and exchange rates within a particular period. In order to manage the risks arising from the importation of machinery and equipment from abroad, hedging policy is in place in order to reduce the impact of imported goods. In addition, the company has continuously cost control measure for SG & A by follow up and monitor which that control its costs in planned budget.

4. Compliance risks

The company attaches importance about good business policy and quality assurance of products and services throughout all the processes. The company has monitored these risks such customer complaints from quality of products and the damage of products during transport etc. and provides a team of legal experts to study the limits of laws , monitor and analyze the impact that may hinder the expansion of the organization both domestically and internationally including provide product liability insurance.

For occupational health and safety issue, The company has policies, regulations and safety rule for all employees and visitors to know clearly. There are indicators, targets include appoint safety committees and safety officers to supervise and monitor the performance. The company is committed “good company on occupational health and safety award” to achieve zero accident by 3E strategy(engineering, education and enforcement). There had done these safety activities such as near miss accident report, view point , completely check completely find out , safety shop floor management, promotion safety culture, machine safety, safety week, 5S&suggestion and kaizen etc. In addition, The company operates and certify in accordance with the ISO14001:2015 or environmental management standard, with internal and external

auditors annually audited and management review by executive. There are a committee and environmental staff at the factory to act. Supervise and monitor the performance of environmental quality monitoring. Both within the factory and the community. Environmental framework reduce energy consumption and waste including support environmentally-friendly and energy-saving technologies are used inside the factory.

5.6 Labor and human right works

SBG is committed to respecting fundamental human rights by complying with all applicable legal requirements, cultures, customs and values in dealing with all of our stakeholders and avoiding any complicity in human rights abuses.

- **Labor Practice**

We believes that human resources is an important factor that drives the organization towards success. We focuses on the development of systematic human resources management, treating employees equally, and encouraging employees to develop their professional knowledge and skills through our sophisticated competency management and performance management systems, as well as promoting their work-life balance. In addition, SBG’s employee engagement approach focuses on a two-way communication in order to incorporate employees’ feedback to continually improve our work process, work environment, and employees’ well-being.

We strictly complies with labor laws in every area we operate. The Welfare Committee, which comprises employees from various work locations was established to discuss compensation and benefits and labor rights issues on a monthly basis.

- **Freedom of expression for the development of life quality at work**

The company will provide a communication channel for employees to express their opinions and nominate the welfare committee of each plant to listen to and gather all suggestions to propose them to executives and related sector for life quality development in terms of labor and human right issues. The communication was made through group discussion, opinion survey and needs of employees. The questionnaire “We care”, company website, e-mails of Board of Directors, etc. are used in this project.

In 2017, the company cooperates with and help government sector by giving correct and complete information on this issue. There is no complaint or error on the subject of labor treatment and human rights in working process of the company.

- **Encourage employees to show their highest ability and develop the skill according to their aptitude**

The company encourages employees to show their highest ability and develop the skill according to their aptitude through activity clubs such as Somboon volunteer group club, factory police, golf club, badminton club, football club, music club, decoupage club, etc.





- **Relationship strengthening for our beloved children**

The activities of their children to explore new knowledge during the summer break of each year. In 2017, 41 children visited Chaloem Phra Kiat Museum And Rangsit Child Welfare Foundation. To cultivate and raise awareness. In the matter of kindness. And generosity to children as well.

- **Scholarship for father's children**

In 2017, the company provides 141 scholarship for employees and their children, 900,000 baht in total. This is the 20th year that the company operates a scholarship program project.



- **Building corporate culture for sustainability under the project “Go for something better”**

The Company has featured on the creation and development of corporate culture. Because it is the foundation that drives the organization to achieve its vision. And grow sustainably. It is used as a tool to manage and develop people as both good and good.

In 2017, the company focused on corporate culture. Through a variety of communication channels covering all target groups in the company, such as SBG Weekly News, Borrowing Public Relations, etc., to understand the importance of changing employee behaviors in the same direction throughout the organization. And the outstanding and effective way to communicate is the “Better for the Better” project, which is a great way to communicate with the people in the community. Behavior through various activities. By using language and symbols that are easy to understand.

• Welfare for quality of life and happiness at work

The company believes that “the success of organization begins with the happiness of employees”. Therefore, the company focuses on the development and improvement of the workplace to be a place of happiness and second home of the employees. In 2017, the company

launched the project as per quality of work life (QWL) activities to take care employees and improve working environment continuously. Plus, we provide the equipment to employees to run the activities, renovate canteen, and improve lighting system, relaxation area, sport field and annual sport day. The total budget for this project is 18 million baht.

Financial support and Facilitation ⁽¹⁾	Money Savings	Health	Employee's Family Care
<ul style="list-style-type: none"> - Employee Uniform - Transportation Bus - Allowance for lunch, accommodation, mobile phone, transportation service - Scholarships for employees and children of employees (Scholarship “For Father’s Children”) 	<ul style="list-style-type: none"> - Social security - Reserve fund - Cooperative for money savings and dividend 	<ul style="list-style-type: none"> - Annual medical check-up - Health & Accident insurance - Sport club FIT for Fun - Annual sport day 	<ul style="list-style-type: none"> - Scholarships for employees’ children - Help for funeral ceremony of employee’s father or mother - Fieldtrips for employee’s children in the project “relationship strengthening for our beloved children”
Moral support	Religion, Culture, Tradition on the occasion of important festivals	Social service	
<ul style="list-style-type: none"> - Employee birthday activities - Labor day gifts - Home visit - Bring the staff and family to the grave. - Organizing activities for employees. 	<ul style="list-style-type: none"> - Give away the staff on the Chinese New Year. - No alcohol during Buddhist lent period - Monk’s Robe Donation at the end of Buddhist lent and candle offerings - Receiving lotus traditional festival, Porluang shrine veneration - make merit and worship - Charity merit offering on the day of the reign of King Rama 9 	<ul style="list-style-type: none"> - Somboon volunteer group - Factory police - Somboon decoupage group - social and community service projects 	



• Creating employee engagement

The Company has evaluated customer satisfaction and employee attitudes. Under the project, “We care”, which assesses satisfaction with the environmental well-being of employees. This affects the engagement and learning of employees. It consists of work security returns and welfare Support and promote. Environment and work atmosphere and communication within the organization. In addition, the employee resignation report for the year 2017 showed that employees turnover rates was 10.6%.

• Workplace excellence awards 2017: Labor relation and welfare



Awarded companies	Number of years
Somboon Advance Technology PCL. : SAT1	12 years consecutively
Bangkok Spring Industrial Co., Ltd.: BSK1-2	12 years consecutively
Somboon Malleable Iron Industrial Co., Ltd.: SBM1-2	12 years consecutively
Somboon Malleable Iron Industrial Co., Ltd.: SBM3	7 years consecutively
Internatioal casting products Co., Ltd.: ICP1-2	2 years consecutively

• Employee Retention and career growth

The company realizes importance of employee retention and employee potentiality development. We work on this issue in accordance of organizational growth guidelines as follows.

Recruitment	Retention	Retirement
<ul style="list-style-type: none"> The company has a policy to recruit internal employee to substitute the vacant foreman and chief position. 	<ul style="list-style-type: none"> The career path development plan and individual development plan subject to career path. The job rotation and assignment of challenging job to employees so as to improve their skills, knowledge and experience for them to be ready for future career growth The improvement of potentiality of Key Men to be future specialists in foreman and chief levels. The performance evaluation which is fair and accurate and follows the same direction. The welfare suitable to each employee level which leads to employee engagement 	<ul style="list-style-type: none"> Succession plan for important position to ensure the continuous operation Employees of 50 years of age or above transfer their knowledge to the employees in the same department Smart people network participation after retirement

5.7 Safety and preparation for emergency situations

The companies in SBG focuses on safe work with the design process for safety, area and machine inspection before working, trainings and safety culture campaign to raise awareness of safety to employees in all levels.

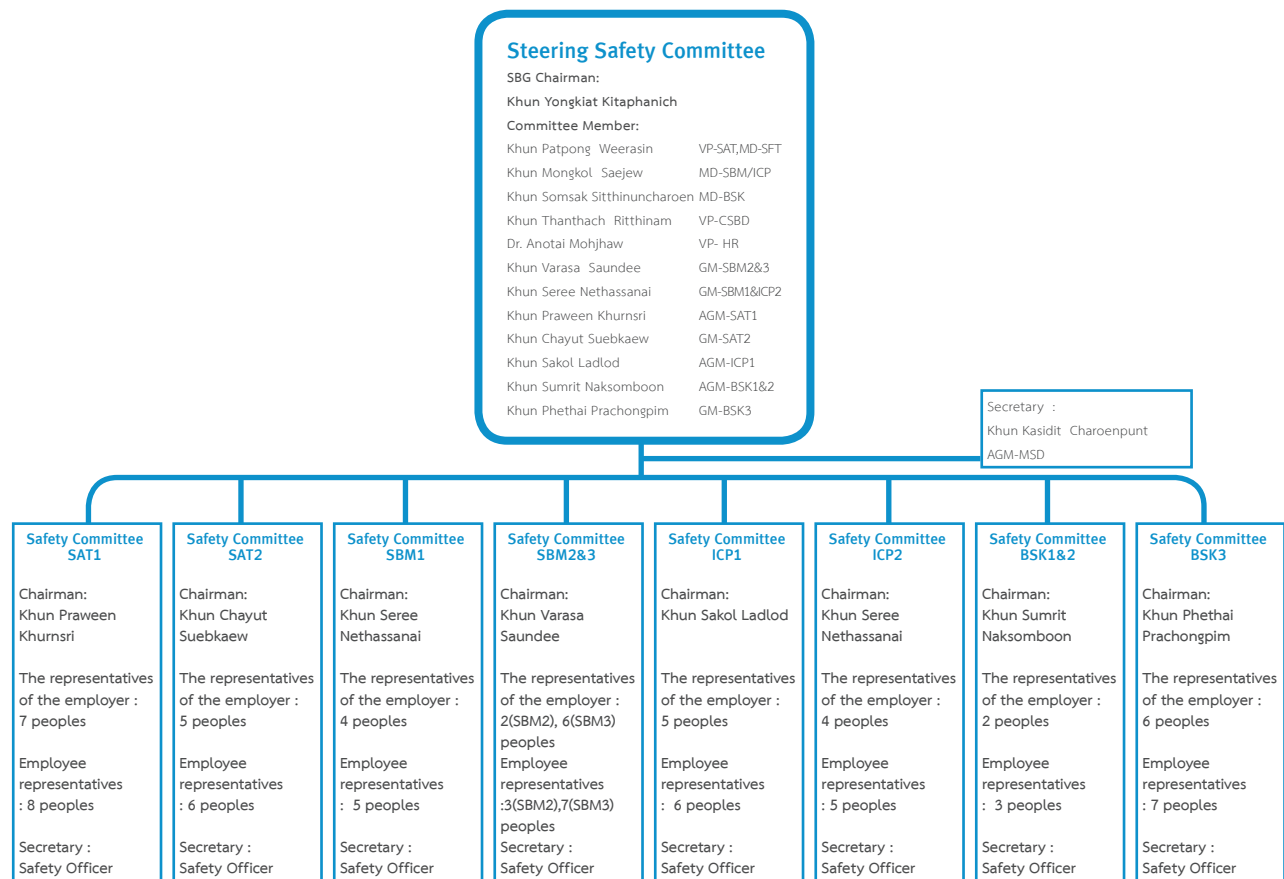
We aim at meeting satisfaction of customers in terms of safety. We apply the policy to the practice thoroughly in organization and continuously develop the policy.

Objective

1. Development of Safety Processes to reduce the risk of accident.
2. To meet customer and government policies in compliance with laws and regulations.
3. To gain knowledge, skills and awareness on safety and working environment. By training personnel development. And the creation of culture and safety behaviors.



Annual Safety Policy 2017



• Occupational health and safety operation result summary

Safety Indicators	Target	Year		
		2017	2016	2015
1. Serious accident causing absence (employees)	0	3	5	6
2. Accident not causing absence (employees)	≤ 5	10	10	13
3. Severe accidents from fire (time).	0	0	0	0
4. Safety culture project	100%	90%	85%	80%
5. Compliance with Thai law	100%	98%	100%	100%

Safety and occupational health activities 2017

Preparing for an emergency

The company prepares to respond to emergencies through activities for preparedness such as fire extinguishing training, fire drill for day-shift and nightshift employees, and reviews the plans for labor situation and flood prevention plan every year.



Safety and environmental week

The company focus on to set new standards by the stopped risk behaviors caused occurring all accidents and campaign to comply with the safety rule “stop-call-wait” when abnormal occurred including conduct safety week in June-July every year. All employees participated about 100% and got >90% of knowledge test





Safety network

Safety network activity was conducted every month to encourage learning and adding experiences in an

occupational health and safety management for safety committee and working team each factory

Stop drinking alcohol activity

This activity was conducted to encourage good health, save money and protect any accidents for the employees and executives. In 2017, there had 1,200 persons to join this activity



Safety driving activity

It was campaigned and supported safety on the road both on the job and off the job and was conducted on long holidays of Songkarn festival day and happy new year period. Result was zero accident.



Completely check completely find out activity

This activity was set by safety committee of factory to protect any hazards to harm health from unsafe action and unsafe condition. It was conducted twice per year by employees must found any risks and these were eliminated to zero including they joined with Kiken Yoshi Training(KYT) before started working everyday



Safety culture campaign

The purpose was to encourage behaviors based safety for all employees so conducted Safety Culture Campaign

to add safety awareness and develop it continue and result is on plan



5.8 Relationship building and mutual development with customers

• Customer relationship management

The company realizes importance of information access to and meet the needs of customers which is a key element of business development. The exchange and communication and activities with customers regularly. We respect the policy of customers and product design and develop with

customers to produce quality and safe products. We give the importance to raw materials and process to reduce environmental impacts, and provide products with competitive price in order to acquire highest satisfaction from the customers.

Topic	Mitsubishi	Toyota	Isuzu	Kubota	Hino
Performance Awards and Improvement Activity	<ul style="list-style-type: none"> SAT : Excellence in Zero Defect Best Quality of 2016 	<ul style="list-style-type: none"> SBM : TCC HRD Activity 2017 BSK : The Winner TPS Awards 2017 	<ul style="list-style-type: none"> SAT : Quality and Delivery Award 	<ul style="list-style-type: none"> SAT : Quality and Delivery Award SAT : SKC Delivery Skill Contest 2017 SAT : RUNNER UP SKC Delivery Kaizen Award 2017 SAT : Gold Award QCD 2017 	<ul style="list-style-type: none"> Join the volunteer group at THCC in Baan Nong hoij, Prachuapkirikan district

• Customer engagement and communications

Successful customer engagement helps strengthen relationships and build loyalty and trust with customers. Our approach to engaging customers focuses on proactive engagement and two-way communications. We communicate regularly with our customers through a variety of appropriate channels, in ways which meet customer preferences, such as direct contact through sales and marketing executives, meetings, conferences, email, website, publications and social media platforms. These methods will be reviewed regularly to maintain an

effective line of communications with customers and adapted more advance communication technology where appropriate.

SBG values trustworthiness, honest and open communications. When communicating with customers, we aim to provide accurate, sufficient and useful information and keep our customers up-to-date with new development. In any communications, we aim not to mislead customers by providing false or exaggerated information.

• Customer satisfaction

Customer satisfaction is essential to achieving sustainable business success. Many of our branded global customers are in the Automotive industry, located in emerging market. We expand our geographical coverage in these attractive and high growth markets and offering supports to these branded customers with local coverage. By partnering with customers,

we believe that it offer long-term growth prospects to the Company and keep our customers satisfied.

The Company regularly surveys customer satisfaction. Customer satisfaction is a reflection of the company's performance. To improve products and services. To continue to be satisfied in the years to come.

Customer Satisfaction	2017	2016	2015	2014
1. Quality	90% ▲	80%	84%	83%
2. Delivery	88% ▲	85%	85%	87%
3. Management	87% ▲	84%	86%	75%
4. Engineering	88% ▲	74%	77%	81%
5. Cost	84% ▲	81%	77%	73%
6. Service	93%	-	-	-
Overall average score	88%	81%	82%	80%

The satisfaction survey in the year 2017 showed that the customer satisfaction in all aspects. This shows that the company The results of the satisfaction assessment in the past year to improve and develop continuously. However, the Company Still committed to operating well. And to maximize customer satisfaction next year as well.

5.9 Responsibility towards consumers

The company recognizes the importance of quality control products by using error prevention system called (POKE-YOKE). First, especially in critical process in production lines and promoting the employees to participate in "Do Right" activity for quality excellence.

• Customer confidentiality

The company has a channel for customer feedback or complaints on the subject of confidentiality of customer information. They can contact via website, e-mail or survey. In 2016, there is no complaints about customer confidentiality.



With care and attention to the customer, consumers in society and environment, including actions that may violate or limit the rights of consumers, the company has implemented the practices for responsibility towards consumers as follows;

1. Respect the right to receive the basic needs of consumers,
2. Protect the safety of consumers
3. Not limit the customer 's right to access information
4. Respect consumer choice
5. Respect the right to express the views of consumers
6. Protect the right to receive remuneration of consumers
7. Protect the right to study information for consumer
8. Give the right to live in a condition that promotes health.

5.10 Value chain management

• Policy to treat partners

The company has a policy to treat partners and creditors equally and fairly on the basis of the fair compensation for both parties. We avoid the situation that may lead to conflict of interests,

and comply with agreements. We provide true and correct information based on the 5 guidelines as follows.

1. Fairness and Equality	We provide the business opportunity to all partners and the supplier selection is based on the quality and fairness
2. No intellectual property violation	We use the products and services that are copyrighted and patented and have legal trademark. We do not support or conduct the violation of the intellectual property.
3. Anti-corruption	Before receiving anything or benefit, we will strictly comply with code of conduct.
4. Compliance with applicable laws	We provide the business opportunity to partners complying with the law and standard system of quality, environment, safety and occupational health. We have the responsibility towards society.
5. CSR Promotion	We promote CSR activity of partners and invite partners to participate CSR activity of the company.

• Green procurement policy

The company has a procurement policy that is in accordance with the policy of customers, domestic law and international regulations. We communicate our policies with our partners in partner meeting every year. In additional, we support and promote this policy to cover the issues as follows.

1. Partner policy: Human rights

1.1 Conflict minerals policy

The Company has a policy to purchase quality raw materials from reliable sources. We implement a partner survey and promote policies on human rights to the involved partners. We inform the public that we will not accept the raw materials from the countries that violate human rights or are banned from international trade, especially the 4 minerals being Tin (Sn), Tantalum (Ta), Tungsten (W) and Gold (Au), from the mines in countries in Africa that violates the human rights.

2. Partner policy: Environment, occupation health and safety

2.1 Substances prohibited in raw materials

The company has a quality control delivered by raw material suppliers; we request the certificate of product from the suppliers and implement a random check of 11 substances of concerns (SOCs) that are dangerous for health and negatively affect the environment and ecological system such as Lead (Pb), Cadmium (Cd), Mercury (Hg), Chrome (Cr6+) and Asbestos, etc.

2.2 Raw materials free from radioactive contamination

The company has a policy to select raw materials from manufacturers and distributors of steel with no radioactive contamination. This is to ensure that all the processes and products of the company are safe from radioactive. With the hope that our employees, partners, customers and consumers feel confident that the company is concerned about and pays attention to the safety and occupational health throughout the value chain.

2.3 Global warming prevention and reduction

The company has a policy to encourage its partners to organize energy conservation activities to reduce global warming such as plastic foam-free project, avoidance of plastic foam packaging, including promote the energy conservation projects in the factories of the partners to indirectly reduce CO2 etc.

• Partner development

Having good partners This will make the business relationship and the growth of the business quickly. Due to the expertise and reach of customers in each area of each partner is not equal. Increasing opportunities for partners to offer the best to their customers at the right time. And with time, it will increase sales channels without costing. development is organized as per the framework focusing on following 3 aspects.

Partner development framework	Increase productivity, create strength from the internal process	Transparency and risk management	CSR promotion
Strategies or tools for development	<ul style="list-style-type: none"> - TPS⁽¹⁾ knowledge transfer system to the partners - Safety and occupational health - Environmental management 	<ul style="list-style-type: none"> - Coalition against corruption 	<ul style="list-style-type: none"> - Participation in community and society development
Operation in 2016	<ul style="list-style-type: none"> - TP^{S(1)} knowledge transfer system partners from 3 companies receive continuous training- Eight new partners joins the company - Communication of policy of safety and environment in annual partner meeting 	<ul style="list-style-type: none"> - Expansion of Alliance Against Corruption <ul style="list-style-type: none"> • Suppliers are to announce its anti-corruption commitment. • Visited and consult with 3 suppliers. 	<ul style="list-style-type: none"> - Partners participate in the company's social activities.- Bowling Charity Activities- Activities 3 days 2 nights



5.11 Environmental management and energy conservation

Somboon Group has committed to business excellence throughout environmentally-friendly business, concerned supply chain and product life cycle. To contribute to a low carbon industry by using the most cost-effective resources. focus on energy conservation,

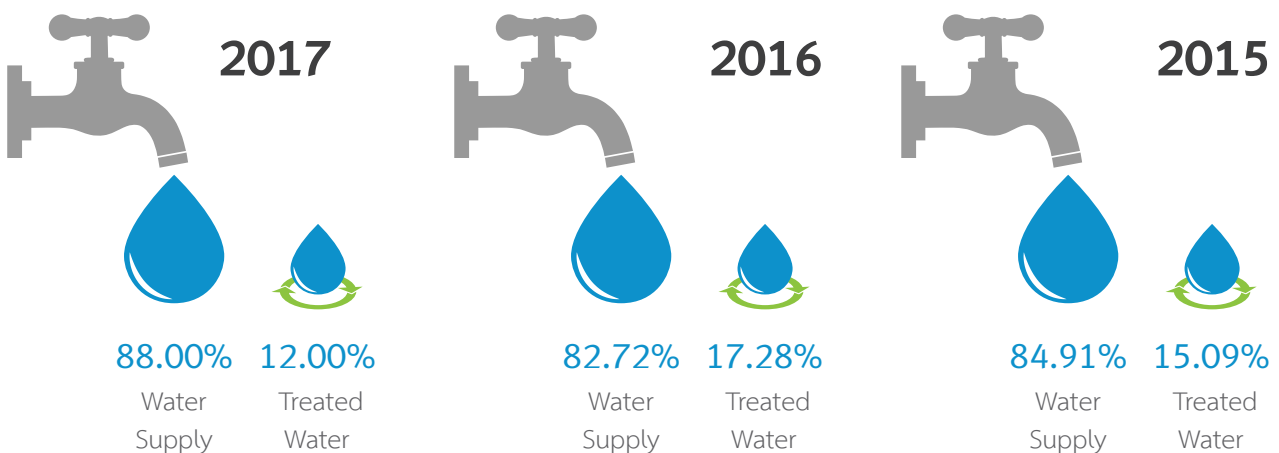
develop production process that can protect continuously the environment and pollution prevention. In addition, we also support learning to create environmental awareness, energy conservation and social responsibility.

Environmental Indicators terms 5-year (2014-2018) ⁽¹⁾	Goal by 2018	2017	2016	2015	2014
1. Reduced water consumption per production	Reduced 5% (<5.88)	Reduced 16.64% (5.16)	Reduced 8.72% (5.65)	Reduced 16.48% (5.17)	Base year (6.19)
2. The amount of CO ₂ (equivalent) reduced to the production.	Reduced 2.5% (< 3.84)	Reduced 16.96% (3.28)	Reduced 14.68% (3.37)	Reduced 7.09% (3.67)	Base year (3.95)
3. The amount of industrial waste shipped. Decrease in production	Reduced 4% (< 0.028)	Reduced 47.96% (0.015)	Reduced 40.09% (0.017)	Base year (0.029)	data collection
4. Environmental projects accomplish the plan.	100%	100%	100%	100%	100%

Water resources management

The company recognizes the importance of using water wisely with water quality improvement system for wastewater from production process and office. The treated water partly is reused in some process in production line and cooling tower. In the year 2560, some production lines of Bangkok Spring Industrial Co., Ltd. (BSK) were relocated to Amata City, Rayong,

resulting in a decrease in the total volume of Treated water from 12.00%. The original figure was 17.28 percent in 2016, as shown below However, wastewater treatment system and treated water production system still works efficiently and it provides sufficiently water resource for future water demand.



The guidelines of used material and industrial waste

The company has measures to sort used materials and store them systematically before sending to disposal agent licensed by Department of Industrial Works for landfill and treatment permitted by laws. In 2017, the company launched the project for waste management according to 3Rs principle (Reduce, Reuse, Recycle) to achieve the mission “Zero Waste to Landfill”. We avoid the waste disposal by landfill and use recycling method

instead. Some of the waste are used as fuel or raw materials in other industry. This helps to slow the expansion of the landfill waste which causes greenhouse effect problem, and reduce global warming problems. We reduce the risk of contamination in surface and underground water resources due to landfill which negatively affects health and way of life of people.



Somboon Malleable Iron Industrial Co.,Ltd. Rayong Branch (SBM3) received the silver awards from waste management project of Amata City Industrial Estate 2017 on 20 January 2018.

Waste management project according to 3Rs	Cost reduction (Baht per year)		
	Change	2017	2016
1. Reuse of Brine water from RO water system (create Brine water tank, and reuse it in cleaning process)	decrease 4.15%	116,458	121,500
2. Recycle: metal scrap (Increase scrap to raw material)	increase 0.78%	1,988,188	1,972,800
3. External recycle (Separate polishing beads, metal dust, metal scale)	Decrease 2.13%	61,658	63,000
4. External recycle by Sorting out the oil impregnated Slag Sales and bring oil to the surface for reuse.	increase 1.43%	75,565	74,500
Total		2,241,869	2,231,800

• Surveillance of environmental measurement

The company provides a surveillance in plant area and visits the surrounding communities regularly. The visit with the community chiefs is organized once a quarter to receive the opinion and advices for continuous improvement. from the visit in 2016, there is no complaint caused by company business operation.

In addition, the company provides inspection of the factory area. Include community visits around the factory with community leaders once a quarter to survey and listen to feedback to bring about continuous improvement.



In 2017, Somboon Malleable Iron Industrial Co., Ltd., Rayong Branch (SBM3) and International Casting Products Co., Ltd. (ICP) received the Environmental and Safety Governance Award. (Green Star White Flag Project) of Amata City Industrial Estate. Continued for the second year (2016-2017)

• Energy conservation and global warming reduction

The company is committed to the implementation of energy conservation and reduction of global warming from greenhouse gases continuously. We initiated the Foam-Free project from 2008 and 100% avoidance of foam use. We don't purchase CFCs, HCFCs, Halons, and

Methyl Bromide which destroy ozone layer. We aim at reducing CO₂ in production by 2.5% within 2018, comparing with 2014 through continuous implementation of energy conservation projects.

Energy Conservation Programs 2017	Energy Savings (kWh per year)	GHG Reduction (Ton CO ₂ eq per year)
1. Change High Bay Metal Halide 400W to High Bay LED 200W at SAT1 (cost savings of 77,552 THB per year)	24,781.16	14.42
2. Compressed air leak reduction program at ICP2 (energy savings of 164,689 kWh per year)	164,689.00	95.87
3. Change Hi Bay Metal Halide 250 W to High Bay LED 150 W at ICP2	23,337.60	13.58
4. Compressed air leak reduction program at SBM3 (energy savings of 66,718.08 kWh per year)	66,718.08	38.84
5. Install timer switch to control air conditions in canteen at SBM3	21,859.00	12.72
6. Install inverter system to control water pump of cooling towers at BSK1,2 (cost savings of 612,541.44 THB per year)	235,569.60	136.94
7. Change oil type and mixtures to accelerate ignition and warming oven at BSK1,2 (oil savings 47.7% per year)	-	82.84
8. Energy Conservation Programs running since 2013 – 2017 e.g. Solar Rooftop, Efficiency Fan, Ring Loop Compressor Air and ,etc.	2,629,419.02	1,528.48
Total	3,166,373.46	1,923.69



In the year 2017, the companies in the consortium joined the Carbon Footprint for Organization (CFO) project, which details the GHG emissions of each company. The project is as follows

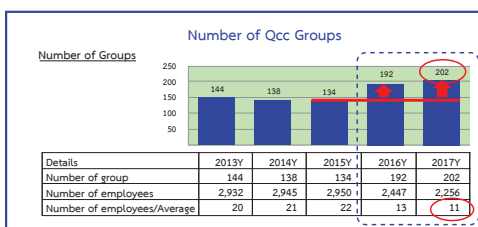


In the year 2017, the companies in the consortium joined the Carbon Footprint for Organization (CFO) project, which details the GHG emissions of each company. The project is as follows.

SBG	Total GHG	Pre-Audit Consultant	(Verification/ Registration)
1. Somboon Advance Technology PCL. (SAT1)	5,790.70 Ton CO ₂	Thai Environmental Institute Industry Federation	Verified by VGREEN Faculty of Environment Kasetsart University And the carbon label.
2. Somboon Malleable Iron Industrial Co., Ltd. (SBM3)	8,302.58 Ton CO ₂	Thammasat University	Pending
3. International Casting Product Co., Ltd. (ICP2)	18,344 .00 Ton CO ₂	Thammasat University	Pending

5.12 Innovation in business processes for sustainability

Innovative learning culture from participation of employees throughout the organization



The number of QCC SBG 2017 groups is 202, from 192 in 2016, increasing to 10, representing an **increase of 5.2%**





Supporting to develop corporate innovation

Level	Process
BOD, President, EVP, MD, VP	BOD Workshop opportunity to participate in the direction and strategy.
GM-AGM (Talent & Successor Incubation)	ALP (Action Learning Project) Sharing Day
Manager - Chief	TBL (Team Base Learning) Sharing Day
Staff - Foreman	QCC (Quality Control Cycle) QCC Awards Kaizen, Karakuri Kaizen Sharing Day Suggestion & Sharing Day



The company focuses on the development of a skilled workforce, the creation of learning organization with in aim to create innovations for business process value. In 2011, the company established Somboon Learning Academy (SLA) with staff, program, modern equipment and models to improve learning experience that employees can apply to their work. We also follow up and measure those who have been trained to work with the various development projects. We encourage the employees to give suggestion to improve work efficiency according to Kaizen, QCC group activity (Quality Control Cycle). This is an innovative learning culture from participation of employees throughout the organization.



Green Product

2016 Hollow Axel Shaft	2015-Present Turbo Charger	2014-Present Hollow Stabilizer Bar	2013-Present Cold Coil Spring/High Stress
			
Pending research and Development	Pending customer approval	Pending customer approval	Sales volume: 70 million baht per year
<ul style="list-style-type: none"> Weight reduced by 30-50% Reduce vehicle weight and fuel consumption 	<ul style="list-style-type: none"> Help pre-heat process, reduce engine load, no need to use high pressure Smaller and lighter engine 	<ul style="list-style-type: none"> Weight reduced by 30% Reduce vehicle weight and fuel consumption 	<ul style="list-style-type: none"> Weight reduced by 5% Reduce vehicle weight and fuel consumption
<ul style="list-style-type: none"> New product that uses energy-saving technology Increase sales volume, especially cold coil spring (70 million baht per year) 			
<ul style="list-style-type: none"> Use resource wisely Reduce energy consumption, CO₂ emissions in the production process and global warming 			

Green Process

Project	Sub-Station SAT2	High Efficiency Melting Process ICP1
		
Outcome	Save electricity 6 million baht per year	Reduce energy costs over 25 million baht per year
Value to organization	<ul style="list-style-type: none"> Reduce the cost of raw materials and energy In response to customer demand. 	
Value to society	<ul style="list-style-type: none"> Use resource wisely Reduce CO₂ by 88.13 ton (CO₂ ton) per year 	<ul style="list-style-type: none"> Use resource wisely Reduce CO₂ by 288.04 ton (CO₂ ton) per year



5.13 Mutual value creation in agricultural machine business

The company has expanded business opportunities in the agricultural machinery business with mutual development of technology and sharing of knowledge on the making of cassava planting machine with agriculturist and local wise persons. Since the study began in 2013, we were able to create the products for commercial purpose in the end of 2014 by Somboon Agricultural Machinery Department (SAM). In 2015, The company has researched and developed continuously, and tested the competency of cassava planting machine with agriculturist in many area such as Eastern, Northeastern and Western regions. Recently we presented a new cassava planting machine that better meet the expectation of the agriculturists. We launched this product in Agricultural Fair in Kampaengsaen, Nakornratchaseema province. Besides, the company is

also working with local authorities in several provinces such as the Office of Agriculture in Rayong. We provide trainings for agriculturists to increase cassava productivity efficiently, also demonstrate the cassava planting machine to make it become more known.

In 2017, the company cooperated with local agencies in many provinces such as Rayong Agriculture. Agriculture in Nakhon Ratchasima Group of large farmers in different regions. Especially clustered clusters of Korat to lecture knowledge to farmers. How to increase productivity. Tapioca plantation to optimize the productivity. Along with booths and demonstrations, the company's tapioca plant efficiency is well known in the market.



6

Growth Society

Creating opportunities strengthen the society

- 6.1 Creating educational opportunity
- 6.2 Creating professions for community
- 6.3 Developing life quality to disadvantaged people
- 6.4 Making of good deeds for society by employee of Somboon Group
- 6.5 Local traditional conservation
- 6.6 Networking with other organizations



“ Creating opportunities strengthen the society

Growth Society to Our Giving Opportunity

Living TOGETHER Happily ”

Our approach

“SBG promotes the happy living with community and society, the opportunity of education for youths and disadvantaged people, especially vocational program for self-reliance and strength of local people. We also focus on working with community and participate in activities with near and far communities according to company policy and government development direction. This is to develop life quality and community economy sustainably”.

3.6 Million Bath
Create jobs for the
disabled⁽¹⁾

1.7 Million Bath
to support local
products⁽³⁾

19,541 Hrs.
make good deeds
for society by
all employees in
organization⁽²⁾

3.5 Million Bath
to create educational
opportunity⁽⁴⁾

Remark:

⁽¹⁾ Data of support local products form Human Resource Department page 91

⁽²⁾ Data of making good hours from Human Resource Department

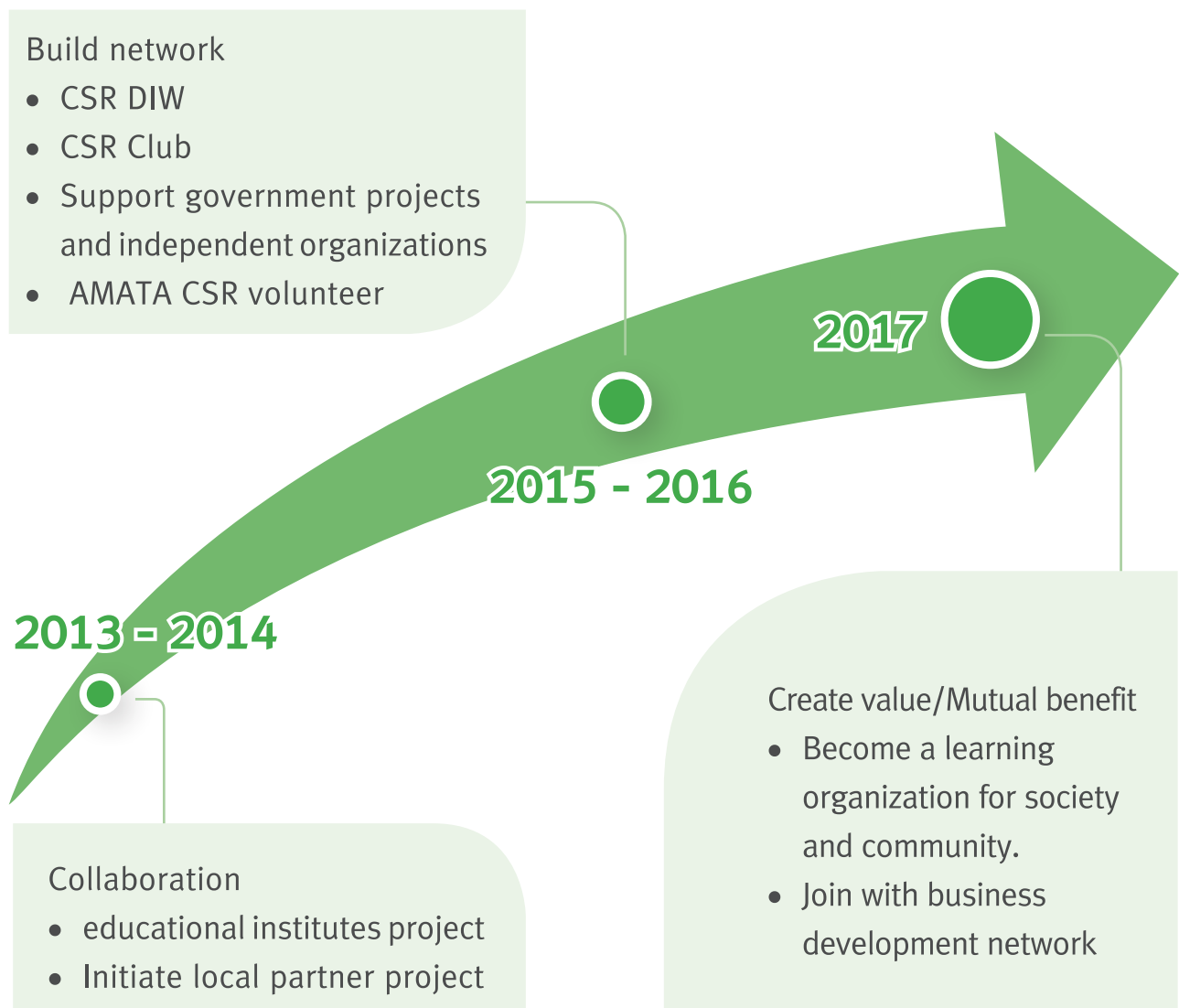
⁽³⁾ Data of creating job for the disabled person from Purchasing Department& Accounting Department page 78

⁽⁴⁾ Data of creating educational opportunity data from Human Resource Department page 77

Growth Society Roadmap

The SBG company realizes importance of community and society, the company encourages employees to create of CSR projects and social activities as follows:

- Creating educational opportunity(cooperative education, special bilateral, technician development)
- Creating professions for community (local product purchase)
- The making of good deeds for society by somboon group (employment of the people with disabilities, SBG volunteer club)
- Local tradition conservation (lotus tradition)
- Networking with other organizations (anti-corruption)



6.1 Creating educational opportunity

The company operates education opportunity for youths join cooperative education project so that the students and those who interested in the project to study and have a real experience. Our employees organized trainings and knowledge publication to create the value to the community and society. The company is associated with local authorities, educational institution to development projects to create a strong and generous society where everyone lives together happily and sustainably as per the master role of growth society.

• Cooperative education project

Based on policy and vision of the company aiming at creating a learning organization, and with the concept of “school in factory”, the company participates in the creation of quality human resource to society. We welcome our employees and other people to join cooperative education project so that the students and those who interested in the project to study and have a real experience. As we aim to create quality people to the society

The cooperative education project aims at proving work-base learning for students who will prepare learning project according to field of study to create value for organization and share knowledge with other companies and educational institutes. Since 2011, the company has implemented the cooperative education project. In the class 17, in 2017 there are 53 students from 9 following institutes having an internship at our company under this cooperative education project

1. Suranaree University of Technology
2. Burapa University
3. Thai-Nichi Institute of Technology
4. Songkhla Rajabhat
5. Rajamangala University of Technology Isan
6. Maejo University
7. Vongchavalitkul University
8. Walailak University
9. King Mongkut's University of Technology Thonburi



• Special bilateral project

The Company promotes and supports for youth to prepare before entering the workplace. Special bilateral program has been developed by these topics such as safety in work, responsibility for work, practicing desirable behavior in the workplace and learning advanced technology in production. This program is considered a royal initiative and is started from 2013 onwards.



Proud on award

In 2017, the company has implemented a special bilateral program for the fifth by total of 11 students participated in the program. These students get knowledge, experienced and well behaved to expect the quality of life for the family. As a result, the company received the “Thailand HR Innovation Award 2017” from National Productivity Institute and PMAT.

The company is very proud on award because we have participated to develop the human resource standard of the organization to meet international standards and is widely accepted by both domestic and international agency. It also supports and promotes continuous and systematic human resource innovation (HR).



Thailand HR Innovation Awards 2017 (Gold Level)

• Promoting education for youths

The company realizes importance of equal educational opportunities of youths. We made survey to schools in the communities around the plant and found youths that needs a financial support for education. Therefore, the company has sponsored scholarships for youth, including scholarships to employees' children and scholarships for students in the community who are grateful and need financial support for education. The project "Scholarship for Father's children" which has been organized for 20 years provides 141 scholarships in 2017 or 9 hundred thousand baht as follows:



Total
scholarships for
employee's children
92 Scholarships



Total
Scholarships
for employee
6 Scholarships



Total scholarships for
employee's children of employee death
1 Scholarships



Total Scholarships
for students in
community
42 Scholarships

• Summary of school in factory project

In 2017, The company operates 6 projects in collaboration with educational institutions in order to create opportunities for youths. 141 students participated in the project

1. Cooperative education project:	53 students
2. Regular bilateral project:	14 students
3. Special bilateral project:	11 students
4. Technician development project:	9 students
5. White elephant project:	11 students
6. General internship:	43 students

Remark : Investment in education for youths value 3,492,847 Baht



6.2 Creating professions for community

• Local product purchase

In order to promote an income distribution in local communities, the company has a policy to purchase products from community to use in production process. We believe that it will create sustainability and more income distribution to community. It is a way to develop the community, promote good life quality of community locals and reduce the migration from rural to urban area. In addition, it increases the tax amount to be paid for government sector to improve the community in several aspects. In 2017, purchase value is 1,737,209 baht as follows:

1. To order some rice from social enterprise in Rice-Livelihood project from Thaipat Institute is 225,500 baht.
2. To order new year gift from Duangpornbenjarong social enterprise is 406,600 Baht
3. To order basketwork from Banbangchalong community is 36,000 Baht
4. To order break from community and employees is 219,209 baht
5. To order from prasamutjadee community, Samutprakan province is 496,873 baht
6. To order coffee from social gift by Happy farmers is 73,027 baht
7. To order birthday's employees gift and labor day gift is 280,000 baht



6.3 Developing life quality to disadvantaged people

- **Employment of the people with disabilities**

Thailand has been a major support on employment opportunities for the people with disabilities from various organizations. This initiative has aimed to develop and enhance these people's quality of life and to live happily in our society. As a result, the Company has established the "SBG build the dreams, share the kindness, and network for the people with disabilities" project, in corporation with the Social Innovation Network. The Company and the Network has signed an MOU with Bangchalong Subdistrict Administration Organization (SAO), Marbyangporn SAO, and Tarsit SAO, in order to recruit and employ the people with disabilities.

Employment has then been initiated according to Clause 33 of the Person with Disability's Empowerment Act, B.E. 2550 (2007) so that the people with disabilities could work in our Company and in other social organizations, for example, Subdistrict Municipality, Subdistrict Administration Organization, community hospitals, child care centers, and foundations. Our Company has employed a total of 28 people.



6.4 Making of good deeds for society by employee of Somboon Group

In year 2017, Somboons' volunteer group had done corporate social response by providing financial supported to community. Also, To permit the awareness and participation of employees, which can be shared ideas of CSR activities to create a sense of ownership of the project and successfully carry out the projects and social activities under the projects. such as,

1. Volunteering activities for 3 days during 8th -10th of December 2017 at Baan Nong Tor Ta-Kean School, Saraburi province. The purpose is to fix equipment, improve school environment and do activities with student.
2. On 7th of November 2017, Group of SBG's Volunteer were fix equipment and improve school environment at Nhong Nhgoo Hao Sart-Prasert School, Samut Prakarn District.
3. "Build up spirits for society" on 16th of September 2017 at Kru-Boon-shu Foundation for Exceptional Children by donations.
4. Improve the electrical system and repair accommodation at BangPhlee community and Bang Chalorm at Samutprakarn on 22nd September 2017
5. Repair building and donation at Luk Phradabos foundation on 27th July 2017
6. Improve the electrical system and repair accommodation at disabling welfare in Rayong in 21st July 2017



6.5 Local tradition conservation

The SBG Company encourages employees to participate in local traditional and external activities because of conservation the culture and good tradition of Thailand. It also creates good relationships with the community by any activities which be conducted every year such as.

- Getting the lotus : Employees proud with this activity because volunteer and donation any things to people attended. This ancient tradition is one in the world because it presents about the generousness and kindly cultural heritage by older generation to next generation. It locates at the community of Bangplee. Samutprakarn. This ancient tradition organized on the 14th day (Waxing Gibbous) of November every year.
- Worship and the sacrifice ceremony: Employees participated in the important traditions by donating money , volunteer to service the herbal water for people attended. In addition, people like to participate this tradition by gilding gold plate on the monk and donation money or something including praying healthy to themselves. This is an ancient tradition over 200 years and organized on 22-23 April every year.
- Making Merit “Khao Pansa” and Kathin Ceremony: The Company has hosted with traditional Ceremony (by offering lamp candles and money for merit) and the Kathin Ceremony (by offering cloth, tri-robles, robes and money making merit). To promote and inherit the good culture of Thailand to continue. As a result, the executives and employees are smart people, morally virtuous including the community will get the harmony and to be more participated. This tradition conducted at Bangchalong temple on Buddhist Lent Day and The end of Buddhist Lent every year.



6.6 Networking with other organizations

The SBG company focus on building partnerships or networks with other organization. To promote social development and advancement by CSR activities, social innovation including clubs and foundations. This result will encourage to improvement and growth of society. In 2017, the company joined as the following

- **Joining with the Anti-Corruption Program**

To response with government policy, the company has joined the Anti-Corruption Program since 2015, to date, for a total of three years. The company has announced a policy against corruption to the public. 100% knowledgeable staff training, and intensive follow-up and monitoring. The staff cooperate very well and the company also expanded its business to other partners.

- **Joining with CSR network and CSR Club**

The company was invited to be a consultant and member of CSR Network and CSR Club (founded by the Stock Exchange of Thailand The Securities and Exchange Commission (SEC) and the Thai Listed Companies Association. This objectives are to build networks and discuss any issues about development of CSR concerned.

- **Commitment to support the child rights and business practices.**

The Company has proud that is one of 30 organizations in the country that has signed to support the child rights and business practices in 2017. The objectives is to promote “Child-Friendly Business” on workplace, marketplace , community and environment by “Children’s Rights and Business Principles” which be developed from many departments such as the United Nations Children’s Fund (UNICEF), save the Children, and the United Nations Global Compact.



- **Joining with innovation social foundation**

The company has joined the Foundation for Social Innovation to promote cooperation in the exchange of ideas, creating motivation and sharing trend of social change. Because society is challenged by rapid change and there are many problems waiting to be resolved such as the number of people with disabilities is increasing and there is a lack of equipment to help these peoples. In 2017, the company has employed about 28 peoples disabled. It is very proud to be involved in this activity.

- **Supporting the outstanding child and youth club of the social welfare council of Thailand under the royal foundation.**

The company was honored as a consultant for the National Youth Leadership Camp and the National Children’s Day organized by the Federation of Thai Societies. In 2017, about 15 volunteer workers joined the National Children’s Day with the Social Welfare Council by service the drinking water, some thinks and gifts for children. As a result, these activities have been successful, children and attendees with smiles and joys.



Summary of activities under

“SBG Triple bottom line”



Conclusion of operation

“SBG Triple Bottom Line create a balance”

Smart People

The company realizes importance of creating “Smart people” who are ready to “create value to themselves, organization and society by developing our employees to be good and smart people.

1. Sustainability Development

- Employees participated in the CSR-DIW Awards 2017 program of the Department of Industrial works about 11 projects
- Decoupage Club
 - Members of the Decoupage Club to teach how to make the artificial flowers for over 300 peoples who live in the community.

- Members of the Decoupage Club to make the New Year gifts for the company after work and holiday and it is worth 37,000 baht.
- Employees participated with the social activities throughout the year 2017 about 19,541 hours or an average of 6.9 hours per employee per year.

2. Competency Development

- The Company has conducted over 70 training courses and learning within the company as below :

Details	2017	2016	2015 ^{www}
Budget (MB)	5.6	7.7	7.5
Number of courses	82	78	80
Number of employees participated	100%	100%	100%
Average hour of training/peoples	18.12	17.42	17.28
Number of employees promoted (people)	67	79	74

- The company has conducted the program development to improve talented employee who can work professionally and applied significant method to solve any problems by 4 main projects:

- | | |
|----------------------------------|----------------------------------|
| 1) Action Learning Project (ALP) | Executive Level |
| 2) Key Man | Operation Level |
| 3) Re-Train | Operation Level |
| 4) Pre-Operation | Operation Level and New Employee |

Business Trust

Economic aspect	2017	2016	2015
Economic value creation (financial statement as at 31st December)			
Ordinary share information			
Par value per share (Baht)	1.00	1.00	1.00
Book value per share (Baht)	15.10	13.85	13.01
Earnings per share (Baht)	1.91	1.43	1.51
Results of operation (Thousand Baht)			
Sale income	8,593,222	8,298,782	8,644,459
Total income	8,802,283	8,397,356	8,817,152
Net profit	811,241	607,558	641,538
Financial statement information (Thousand Baht)			
Current assets	4,486,481	3,463,216	3,427,646
Total assets	9,571,969	9,421,051	9,633,531
Current liabilities	2,464,594	2,248,689	2,333,416
Total liabilities	3,151,999	3,534,193	4,102,698
Issued and paid up capital	425,194	425,194	425,194
Shareholders' equity	6,419,970	5,886,858	5,530,833
Financial ratios			
Return on equity Ratio (%)	13.18%	10.64%	11.94%
Return on fixed Assets (%)	33.6%	25.51%	25.17%
Return on Assets (%)	8.54%	6.38%	6.60%
Gross profit (%)	15.49%	14.90%	14.48%
Ratio of current assets to current liabilities (Time)	1.82	1.54	1.47
Ratio of liabilities (Time)	1.51	1.22	1.11
The ratio of liabilities to equity (Time)	0.49	0.60	0.74
Taxes and Tax Incentives (Thousand Baht)			
Taxes paid to government	83.1	47.7	43.3
Code of Conduct			
Number of complaints of violation of the code of conduct submitted in company's complaint system (number of cases)	0	0	1
Number of violation case verified as true (Number of cases)	0	0	1

Source : data excerpted from financial statement of Somboon Advance Technology PCL. and its subsidiaries in Thailand.

Human resource	2017	2016	2015
Human resources	2017	2016	2015
Number of employees⁽¹⁾ (persons)	2,745	2,802	2,966
Male	2,339	2,101	2,510
Female	406	701	456
Number of employees divided by workplace (1) (Persons)			
Samutprakan		1,021	1,114
Rayong		1,781	1,852
New employees (persons)	232	147	131
Resigning employees (persons)	291	396	400
Resigning employees younger than 30 years	170	179	264
Resigning employees older than 30 years	121	217	136
Resignation rate (% of all employees)	10.6%	14.13%	13.48%
Maternity leaves⁽²⁾ (persons)			
Employees on maternity leave	43	16	34
Employees returning to work after childbirth	43	16	33
Rate of Employees returning to work after childbirth (%)	100%	100%	97.06%
Employee care and welfare			
Budget for quality of work life (Million baht)	18.10	18.20	17.50
Products and Services			
Overall customer satisfaction index	88%	81%	82%
Supply chain management			
Number of partners who have received the knowledge of Toyota Production System (TPS)	4	11	9
Safety			
Serious accident causing absence (employees)	3	5	6
Accident not causing absence (employees)	10	10	13
Accident prevention through CCCF ⁽³⁾ (Percentage of success)	100%	100%	100%
Safety culture project	90%	85%	80%

Environment and Material Use	Unit	2017	2016	2015	Remark
1. Amount of raw materials used in production					
1.1 All main raw materials (steel sheet, steel bar, etc.)	Ton	54,372.26	51,832.47	57,417.45	Data from SAT1,2, BSK1,2,3 and SBM 1,2

source : (1) include subcontractor

(2) exclude subcontractor

(3) CCCF : Completely Check Completely Findout

Environment and Material Use	Unit	2017	2016	2015	Remark
1.2 Main raw materials recycled by external agent (such as metal briquette from car assembly plant, etc.)	Ton	3,032.41	2,912.98	2,452.95	Data from SAT1,2, BSK1,2,3 and SBM 1,2
	% comparing to all raw materials	5.58%	5.62%	5.23%	
1.3 Main raw materials recycled by internal department of the company	Ton	25,897.38	24,454.56	21,318.46	
	% comparing to all raw materials	47.63%	47.18%	45.48%	
1.4 All raw materials in category of chemical mixture	Ton	610.28	587.94	642.70	
2. consumption of electricity and fuel					
2.1 The use of all kinds of energy	Giga joule	854,766	827,461	831,234	Data from all plants
2.2 The energy from the use of all kind of fuel	Giga joule	386,782	356,967	300,985	
	% comparing to all kinds of energy	45.25%	43.14%	36.21%	
Energy from fuel oil of all kinds	Giga joule	163,524.98	151,925.00	100,612.00	
Energy from LPG	Giga joule	36,826.64	34,162.00	44,953.80	
Energy from Natural gas	Giga joule	186,430.08	170,880.00	155,418.99	
2.3 Use of purchased electricity	Giga joule	467,889.89	470,399.00	530,155.00	
	% comparing to all kinds of energy	54.74%	56.85%	63.78%	
2.4 Use of renewable energy	Giga joule	94.59	94.59	94.59	
	% comparing to all kinds of energy	0.01%	0.01%	0.01%	
2.5 Energy used per product unit	Giga joules per number of product unit (Thousand)	16.89	17.18	18.11	Data from SAT1,2 and SBM2,3
	Giga joules per number of product unit (Ton)	8.26	8.18	8.11	
2.6 Amount of greenhouse gases from production	Tons of carbon dioxide equivalent	99,211.62	97,651.90	105,020.34	Data from all plants

Environment and Material Use	Unit	2017	2016	2015	Remark
2.7 Greenhouse gases per product unit	Tons of carbon dioxide equivalent	2.41	2.47	2.64	Data from SAT1,2 &SBM2,3
	Tons of carbon dioxide equivalent	0.91	0.91	0.98	Data from BSK1,2,3 SBM1 &ICP1,2
3. Industrial Waste Management					
3.1 All industrial waste	Ton	30,194.77	29,452.57	32,177.07	Data from all plants
3.2 Non-hazardous industrial waste disposed	Ton	17,610.05	17,185.57	15,410.59	
Landfills	Ton	121.28	130.61	192.71	
Incineration	Ton	-	-	-	
	Ton	-	-	-	
Recycle	Ton	16,228.46	15,638.87	13,569.00	
Recovery	Ton	-	-	-	
Other method	Ton	1,260.32	1,416.09	1,648.88	
3.3 Hazardous industrial waste disposed	Ton	12,584.72	12,267.00	16,766.48	
Landfills	Ton	653.82	720.07	1,380.14	Data from all plants
Incineration	Ton	-	-	-	
Reuse	Ton	-	-	-	
Recycle	Ton	11,741.51	11,304.04	14,866.49	
Recovery	Ton	-	-	-	
Other method	Ton	189.39	242.89	519.84	

Environment and Material Use	Unit	2017	2016	2015	Remark	Remark
4. Air quality						
4.1 Air quality from factory chimney						
Carbon Monoxide : CO	ppm	< 690	1.60	2.00	1.70	Data from SAT1
Oxide of Nitrogen : NO _x	ppm	< 200	<0.01	<0.01	2.80	* Improved production process and drainage chimney.
Sulfur Dioxide : SO2	ppm	< 60	2.07	N/A*	0.26	
Total Suspended Particulates : TSP	mg/Nm ³	< 400	1.60	2.00	1.70	
4.2 Air pollution in communities around the plant						
Carbon Monoxide : CO	mg/Nm ³	< 34.20	0.72	0.57	0.57	Data from measurements in areas surrounding the plant in Samutprakan
Nitrogendioxide : NO2	ppm	< 0.17	0.023	0.023	0.023	
Sulfur Dioxide : SO2	mg/Nm ³	< 0.30	< 0.002	< 0.002	< 0.002	
Total Suspended Particulates : TSP	mg/Nm ³	< 0.33	0.056	0.089	0.089	
5. Water						
5.1 Water used	m3	-	266,629.78	278,173.23	281,763.70	Data from SAT1, 2 BSK1, 2, 3 & SBM1, 2
Quantity of water used in production process (water supply)	m3	-	234,640.47	230,104.90	239,243.07	
	% comparing to total quantity of water used	-	88.00%	82.72%	84.91%	
Renewable water (water from treated water system)	m3	-	31,989.31	48,068.33	42,520.63	
	% comparing to total quantity of water used	-	12.00%	17.28%	15.09%	
5.2Quantity of water treated before discharge	m3	-	103,985.61	111,845.40	123,000.80	
5.3 Quality of water treated before discharge						

Environment and Material Use	Unit	2017	2016	2015	Remark	Remark
pH at disposal point	-	5.5-9.0	7.2	7.6	7.6	Data from SAT2 Line Machine E,F
Temperature at disposal point	Celsius degree	< 40	28.68	28.03	29.70	
Biochemical oxygen demand (BOD5)	mg/l	< 20	5.00	4.42	13.42	
Chemical oxygen\ demand (COD)	mg/l	< 120	44.14	49.17	72.67	
Oil and grease from treated water (Grease and Oil)	mg/l	< 5	2.40	2.00	2.17	
Heavy metal and zinc in wastewater (Zn)	mg/l	< 5	1.51	0.03	0.08	
6. Noise level						
6.1 Inside the factory						
Average noise level during 8 working hours in working area	dB(A)	< 90.0	80.4	83.8	83.4	Data from SAT2 Machine E,F Line
Maximum noise level in working area	dB(A)	< 140	102.5	99.0	102.0	
6.2 Around the factory						
Average noise level in 24 hours around the factory	dB(A)	< 70	57.4	54.3	53.9	Data from plants in Samutprakan
Maximum noise level around the factory	dB(A)	< 115	91.1	88.4	81.7	
7. Oil and chemical leakage						
Number of occurrence of oil and chemical leakage	Occurrence	-	0	0	0	Data from all plants
8. Compliance with environment laws						
Indemnity caused by failure to comply with environment laws	Bath	-	0	0	0	Data from plants in Samutprakan
Number of Occurrence of failure to comply with environment laws	Occurrence	-	0	0	0	
9. Number of complaint about environment from outside factory						
Number of complaint about environment from outside factory	Occurrence	-	0	0	0	Data from all plants

Growth Society

1. Creating educational opportunities for youths

- The company operates the project to create educational opportunities for the youths with the budget of 3.5 million baht. In 2017, The company conducted the educational opportunities for young people by a budget of 3,492,847 baht including there has implemented a cooperation program with educational institutions to offer good opportunities for 141 students by 6 projects.
- | | |
|------------------------------------|---------------|
| 1. Cooperative education project | : 53 students |
| 2. Regular bilateral project | : 14 students |
| 3. Special bilateral project | : 11 students |
| 4. Technician development project: | : 9 students |
| 5. White elephant project: | : 11 students |
| 6. General internship: | : 43 students |
- Scholarships “For my son” for the child of employee and students in community areas about 141 peoples or total 961,000 baht

2. Local partner development

- The company has purchased products from the community. It was worth 1,737,209 baht.
- Create a career for community members with monthly income of 100,000 - 150,000 baht per month.

3. Development of quality of life and community environment through employee participation.

- Employees participated with social activity about 6 projects
- In 2017, Total number of hours for participation of social activities about 19,541 hours. There are over 2,000 employees who joined with these activities and the average of number of participation hours about 6.9 hours per year from total 2,772 employees

4. Development of quality of life for the underprivileged.

- The company has established “SBG to create the dream of the disabled project “ by cooperation with Social Innovation Network which has made the MOU with Bangchak Sub District Administrative Organization and Mabpaporn Sub-district Administration Organization. This project is to hire the disabled person to work within the company and community such as Tambon Municipality, Sub-district Administration Organization, District Health Promotion Hospital, Child Development Center and the other foundations. Total of employment is 28 persons by a budget of more than 3.6 million baht.



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Category : Social		
Sub-category : Society		
Society Aspect : Local Communities		
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G4 Indicator	Descriptions	Page
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Society Aspect : Public Policy		
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Society Aspect : Anti-competitive Behavior		
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G4 Indicator		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	
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G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	
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G4 Indicator	Descriptions	Page
Category : Social		
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G4-DMA	Disclosure on management approach for Product and Service Labeling of Product Responsibility Aspect	
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G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	
Product Responsibility Aspect : Compliance		
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G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	



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