



GROWTH SOCIETY

Business Philosophy

Somboon Triple Bottom Line



S

SMART PEOPLE

Creating value
for Ourselves,
Organization,
and Society

B

BUSINESS TRUST

Creating value for
Stakeholders

G

GROWTH SOCIETY

Creating opportunities
for Strength of Society

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Mr. Sansern Wongcha-um
Chairman



Ms. Napatsorn Kitaphanich
President

Message from board of directors

In this year, the automotive industry around the world faced several challenges from the change of global situation. The main challenges include the impact of the trade war between the United States and China, which may have direct or indirect impacts on the Thai and regional economy. In addition, the increased awareness of conservation and mitigation of environmental impacts and the development of electric automotive technology (electric Vehicle: EV) will lead to the change in the automotive industry in the future.

Aside from above external factors, SBG has appointed a new president, ms Napatsorn Kitapanich to replace the late retired president. In such an important situation, the company monitors and analyzes the situation and manages the risk of management and investment. SBG is also preparing for the opportunity through working closely with original equipment manufacturers (OEMs) in manufacturing and developing parts, in which SBG can operate and grow sustainably.

In the year 2019, SBG focuses on creating value added through close collaboration with

business partners to enhance competitiveness with state-of-the-art technology and develop the business administration responding to the needs of all key stakeholders according to SBG's philosophy: Somboon Triple Bottom Line (Smart People, Business Trust, and Growth Society). With this, SBG focuses on human capital in work and management standard and the learning and implementation of new technology in a workplace, which would bring value to own self, organization, and society. Lastly, SBG has developed her administration with the corporate governance and knowledge management framework as a fundamental to develop a good and smart employee according to Somboon People principle.

As a result of these challenges, directors and executives of the companies focus on achieving balanced development of economics, environmental and social perspective of the company. This would result in stable and sustainable growth along with all stakeholders. In the name of the company committee, it's our pleasure to thank all stakeholders, people with interest, executives and all employees, who give us trust and support the company.

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
- 1.7 Important development
- 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 passenger 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, as well as replacement equipment manufacturers (REM). Regarding our operation, we have business units (BUs) 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 2018 The company has 2,389 employees

บริษัทในกลุ่มสมบุญ



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, Samutprakarn 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 Amata City industrial estate, Rayong province



BUSINESS UNIT: BSK

Manufacturing technology: Hot and Cold Coiling, Hot Metal Bending

3. Bangkok Spring Industrial Co., Ltd.: BSK
Rent of real estate and investment in other companies



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. 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, Samutprakarn province (SBM1 and SBM2). The plant 2 is located at 7/250 Moo 6

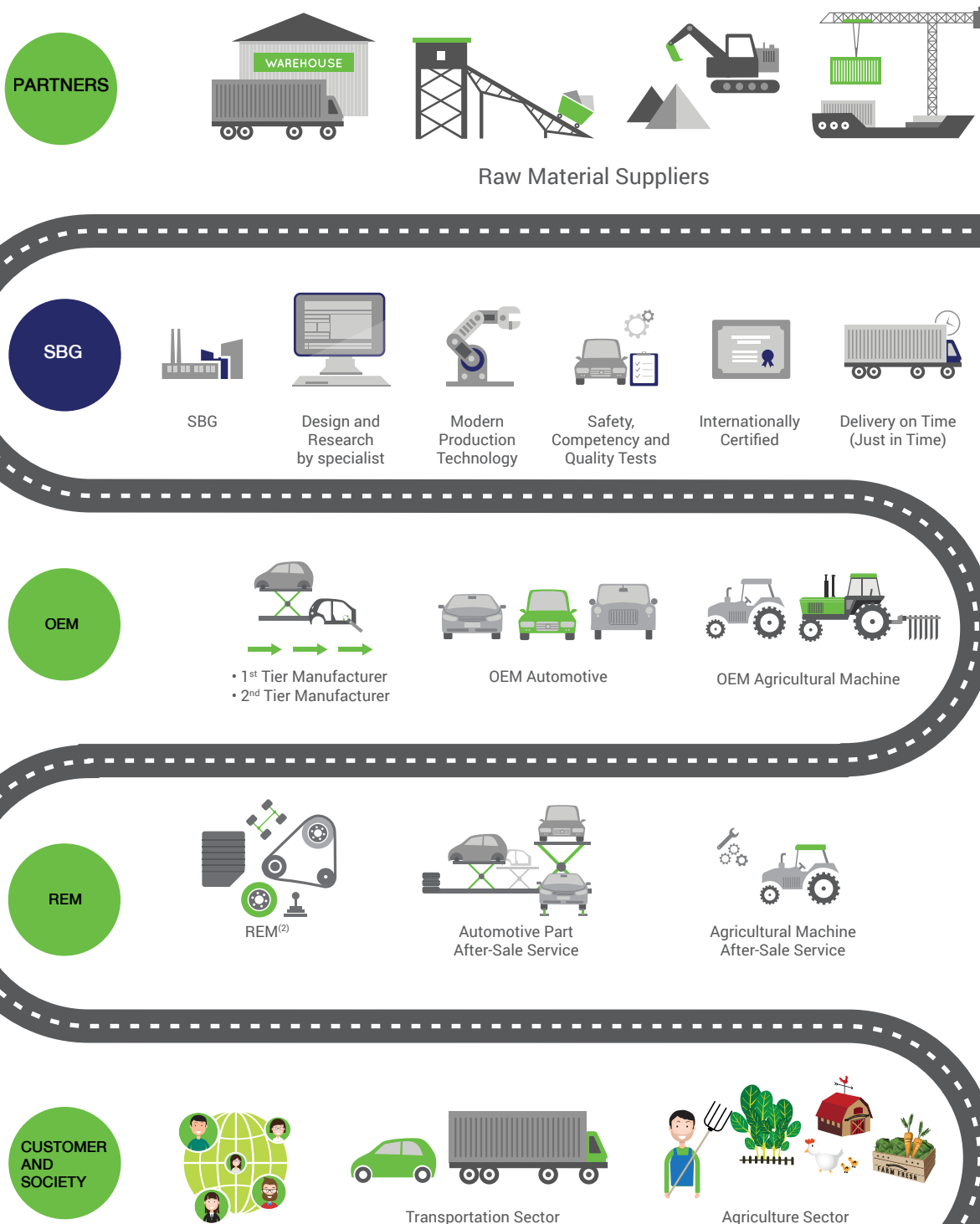
5. International Casting Product Co., Ltd.: ICP

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 value chain with the responsibility to stakeholders and society. From this, the SBG companies gain sales revenue of 8,193 million baht in 2018.



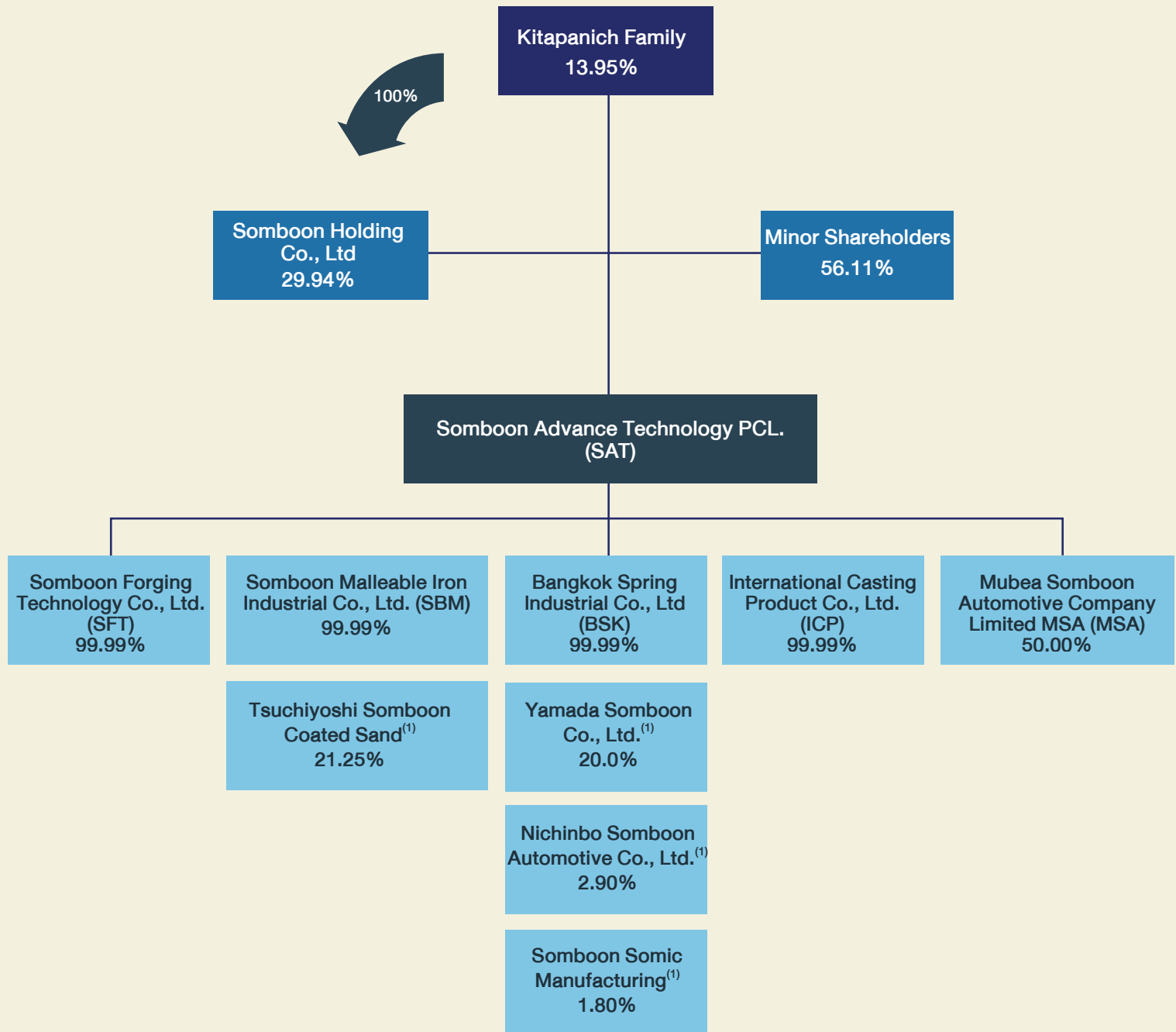
Remark

⁽¹⁾ OEM = Original Equipment Manufacturer

⁽²⁾ REM = Replacement Equipment Manufacturer

1.2 Shareholding Structure

Shareholding structure of Somboon Advance Technology PCL. as of 28th February 2018

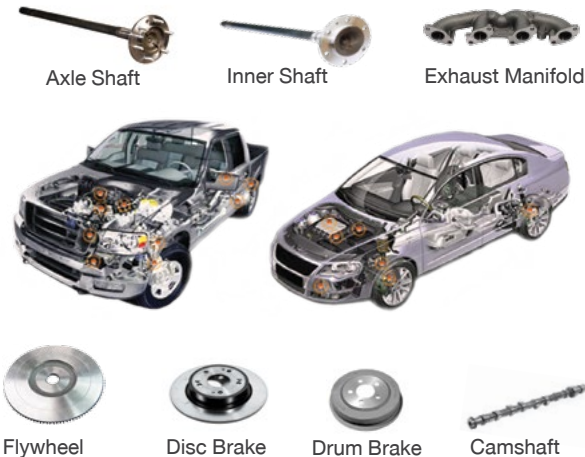


Remark:

⁽¹⁾No interest persons are holding shares in the related companies exceeding 10%

1.3

- Automotive Parts



Rear Axle Shaft for Pick Up and Truck by SAT



28%



- **Tractor Parts**



- **Combined Harvester Parts**



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



Agricultural Machine Parts by SAT, BSK, SBM & ICP



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

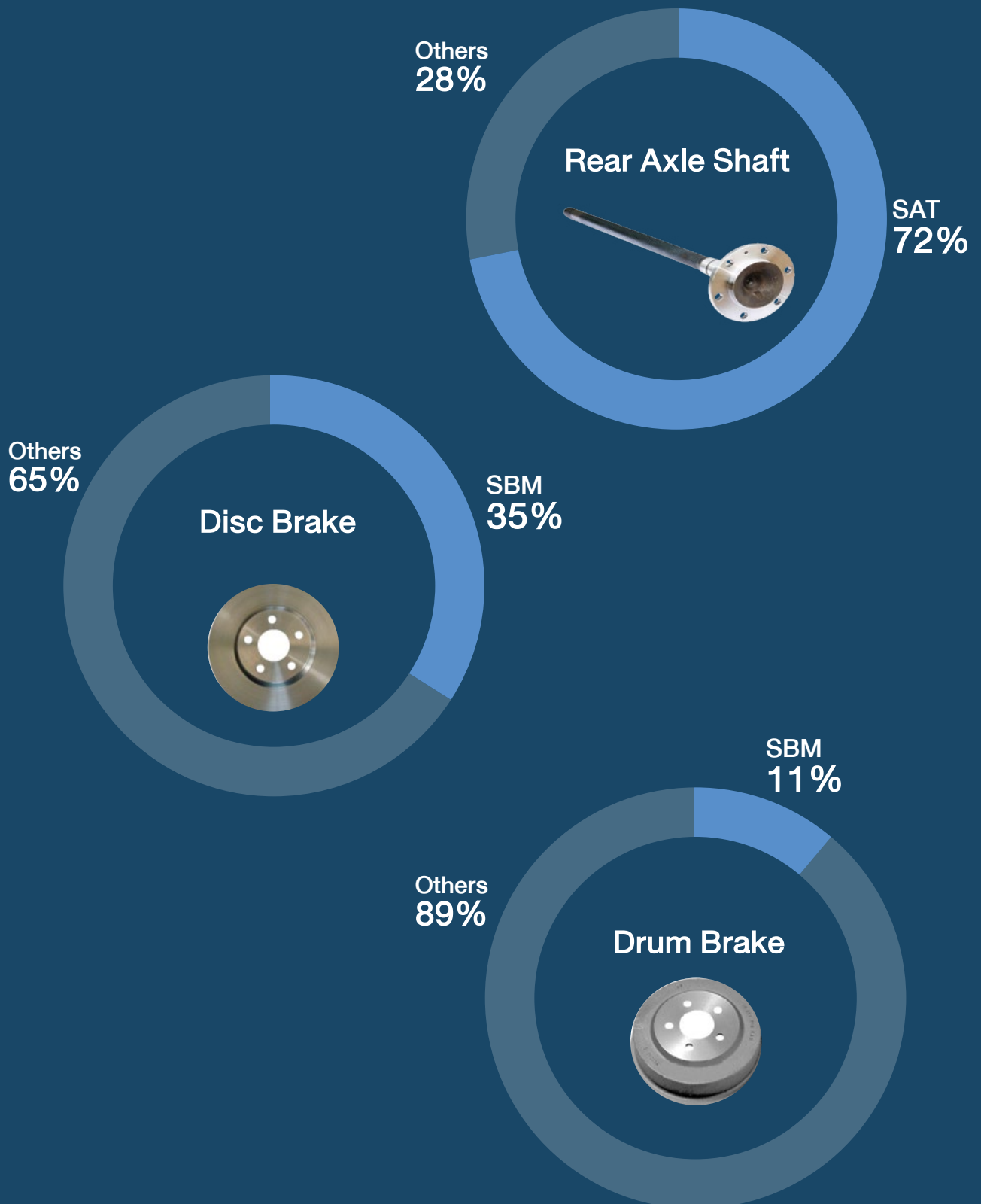


29%



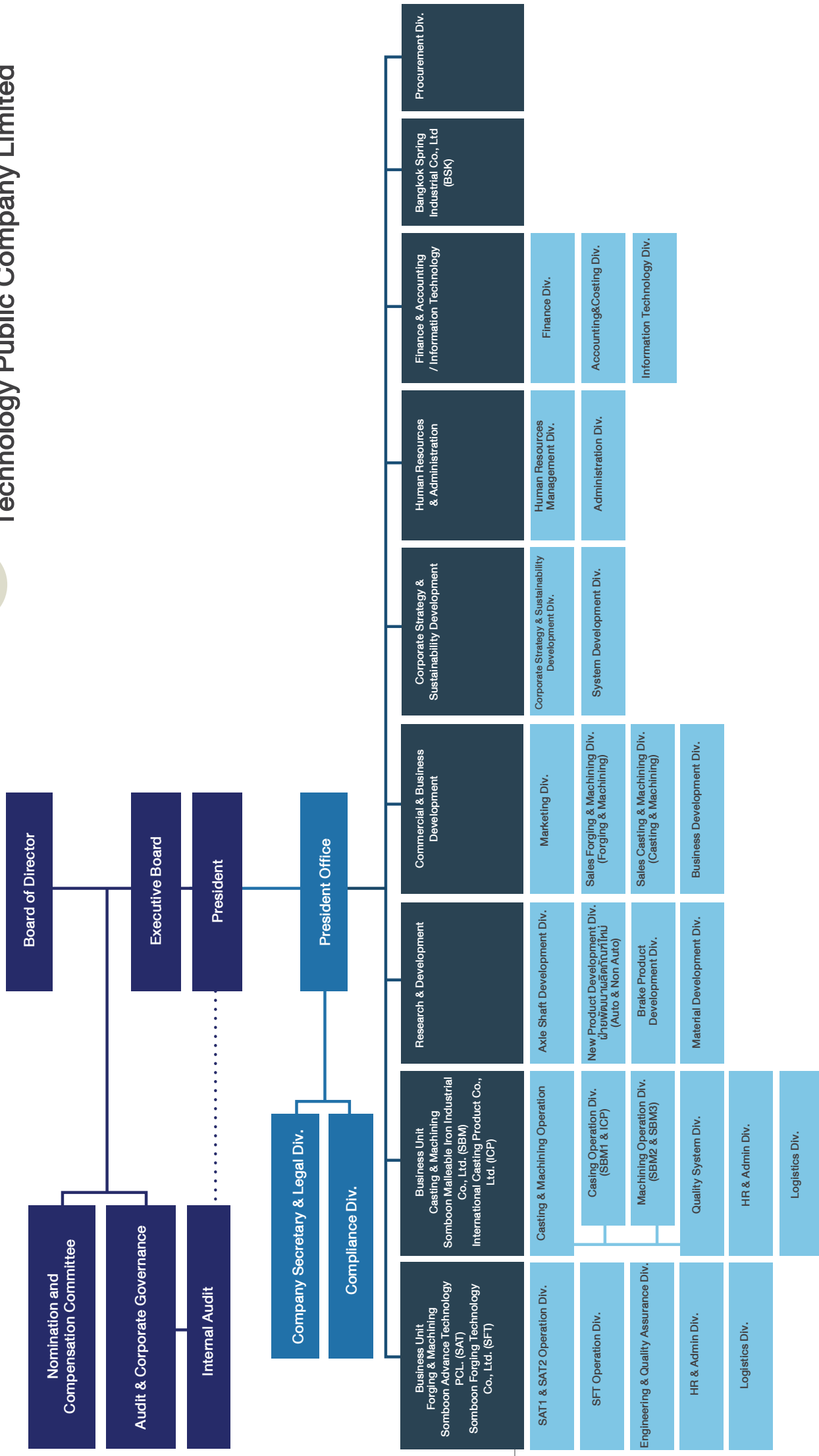
Remark: Other incomes 1%

1.2 Shareholding Structure



1.5

Organization chart Somboon Advance Technology Public Company Limited



Business Philosophy
SBG Triple Bottom Line
Smart People Business Trust Growth Society

Vision

Strive for sustainable growth
in automotive industry through
advanced technology and partnership

Mission

- Create values for shareholders
- Collaborate with strategic partners to develop business administration
- Provide solutions for customers through advance technology in products design and development
- Enhance excellence in operation and corporate system with information technology
- Embrace corporate governance and fairness throughout supply chain
- Be socially and environmentally responsible
- Continuously enhance our people skills and competencies through Somboon Learning Academy (SLA)

Corporate Culture

- 1) Creativity
- 2) Customer Care
- 3) Discipline
- 4) Team Spirit
- 5) Accountability
- 6) Quality Mind

1.7 Important Development

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	Established Somboon Malleable Iron Industrial Co., Ltd. (SBM)
1977	Established Bangkok Spring Industrial Co., Ltd. (BSK)
1987	Relocated Somboon Malleable Iron Industrial Co., Ltd. (SBM) to Bangna-Trad Rd. (km 15)
1995	Established Somboon Advance Technology Co., Ltd. (SAT)
1998	Certified ISO 9002/ QS 9000 2000
2000	Certified ISO 14001 2004
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	SBG registered in Stock Exchange of Thailand under the name of Somboon Advance Technology Public Company Limited (SAT)
2007	Purchased International Casting Products Co., Ltd. (ICP1), Amata City Industrial Estate, Rayong province, to increase production capacity of casted products
2008	Expanded production base of BSK to Amata City Industrial Estate, Rayong province (BSK3)
2010	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	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	Approved BSK to enter into a joint venture agreement and established a joint venture between SAT and MUBEA ENGINEERING AG
2018	<ul style="list-style-type: none"> Created SD report (3rd issue) under the reporting guidelines GRI version 4.0 Certified standard system for quality management system in Automotive Industry, IATF16949

1.8 Awards and Appreciations

1) SAT received SET Award 2018 from Stock Exchange of Thailand as following:

- Award of Honor, Listed Companies for Sustainability Awards of Honor, 2 consecutive years



- Sustainable Investment Thailand Sustainability Investment (THSI), 4 consecutive years



- Best Investor Relation Awards, 2 consecutive years



2) Award from Department of Labor Protection and Welfare

- SAT1, SBM1-2 have been awarded the “Outstanding Business Excellence Award on Labor Relation and Welfare” for 13 consecutive years.
- SBM3 has been awarded the “Outstanding Business Excellence Award on Labor Relation and Welfare” for 10 consecutive years.
- ICP1 has been awarded the “Outstanding Business Excellence Award on Labor Relation and Welfare” for 9 consecutive years.
- ICP2 has been awarded the “Outstanding Business Excellence Award on Labor Relation and Welfare” for 7 consecutive years.
- SAT2 has been awarded the “Outstanding Business Excellence Award on Labor Relation and Welfare” 1st year
- SAT, SBM2, ICP1 have been awarded the “National Outstanding Prototype Award for Safety, Occupational Health and Working Environment”

- 3) • SAT received the CSR-DIW Continuous Award 2018 from Department of Industrial Works for 10 consecutive years.
- SAT2 & SBM3 received the CSR-DIW Continuous Award 2018 from Department of Industrial Works for 4 consecutive years.

- 4) SAT received the Outstanding Disabled Support Organization from Ministry of Social Development and Human Security for 2 consecutive years.

5) Award from Customers

- 1st Prize Award from MCC – QCC Activity: 2018 (SAT1)
- 2nd Prize Award from THCC – QCC: HINO (SAT2)
- 1st Prize Award from TCC HRD: TOYOTA (SBM3)
- 2nd Prize Award from Kubota Kaizen: KUBOTA (SBM3)
- 2nd Prize Award from QCC Activity: HONDA (SBM3)
- 1st Prize Award from Group E: THCC QCC: HINO (SFT)
- 2nd Prize Award from Gemba Kaizen; Technology Promotion Association (Thailand-Japan) (SBM1, SBM3)

- 6) Certificate of ESG100 Company 2018 from ESG Rating; Thaipat Institute

2

2.1 Sustainable Development Policy

2.2 Sustainable Development Roadmap

2.2 Sustainable Development Roadmap



2.1 Sustainable Development Policy

SBG has adopted sufficiency economy philosophy for her business operation. The main purpose is to conduct business in order to achieve sustainability under the philosophy of "SBG Triple Bottom Line" with "people" as the main resource to move organization forward to create value and innovation to achieve stakeholders' requirement in a balanced manner to be a positive part, and live sustainably with society.

The Company has adopted the principles of good corporate governance as a guideline and announced the sustainable development policies as follows:

1) Smart People: Creating value for ourselves, organization, and society

- Focus on creating employees to be good and talented people by developing employees' capabilities to become professional
- Encourage employees to have volunteer spirit to do good by using their skills to help internal and external society.
- Support budget for activities and/or projects to empower good people and talented high achiever people.

2) Business Trust: Create Value for all stakeholders

- Create business value on good governance innovation and modern technology to enhance confidence for stakeholders throughout the value chain.
- Develop product with quality, value and safety for consumers with environmental friendly production processes.
- Take responsibility for safe environment to create satisfaction, hygiene and work safety of employees.
- Budget for continuous research and development of products and business processes.

3) Growth society: create an opportunity for strong community

- Create educational opportunities for youth by supporting scholarships and intership to gain experiences of school project in factory.
- Support career promotion and income for communities and disadvantaged groups in order to have a good quality of life and be able to rely on themselves.
- Focus on network collaboration with community approach according to government's development direction.
- Support budget for society to receive educational opportunities, career and incomes opportunity for a better quality of life.

2.2 Sustainable Development Roadmap

The company has made the 5-year master plan for sustainable development (2018–2022) with the target and indicators according to the “SBG Triple Bottom Line” philosophy

KPIs

KPIs	Details	2018	2019	2020	2021	2522
Smart People	Create good employee (Hours of good deed per person per year)	All employees make good ≥ 6 hrs	All employees make good ≥ 7 hrs	All employees make good ≥ 8 hrs	All employees make good ≥ 9 hrs	All employees make good ≥ 10 hrs
	Build potential employee (Achievement of new competency per person)	Implement new competency to all MGR.	Closed Gap for MGR $\geq 50\%$	Closed Gap for MGR $\geq 70\%$	Closed Gap for MGR $\geq 90\%$	Implement new competency to all employees 100%
Business Trust	Times of Sale 2017 (MB)	1.00	1.20	1.40	1.60	2.0
• Customer	• SD project with customers Networking		1	2	3	≥ 3
• Supplier	• Develop SD project with supplier	2	3	4	5	≥ 5
• Employee	• Satisfaction level on working environmental improvement	3.25	plus 7%	plus 8%	plus 9%	plus 10%
• Company	• Reduce CO ₂ to be released	decrease 3%	decrease 5%	decrease 7%	decrease 10%	decrease 12%
	• Achievement of Zero Plastics Project	decrease 30%	decrease 60%	decrease 100%	Expand to others	Expand to Supplier
Growth Society	Value of Investment to create opportunity for society (percent of each year sale)	0.12	0.14	0.16	0.18	0.20
	New educational Project for youth or community	1	1	1	1	1
	New Project to create occupation for community	1	1	1	1	1

This policy applies to all areas and employees are responsible and accountable for compliance with SD Road Map for the period from 2018 to 2022, strictly adhered and under the supervision of management.

3

About the Report



About the report

Companies in Somboon Group developed this Sustainability Report 2018 to present the sustainable development's key results of Somboon Advance Technology Public Company Limited, from 1st January to 31st December 2018 on the corporate governance, economic, social, and environmental perspective to create value for stakeholders under the Somboon Triple Bottom Line philosophy; Smart People, Business Trust, and Growth Society.

This 6th report is being developed according to Global Reporting Initiative (GRI) framework while being the 1st report being developed according to GRI Standards.

The credibility of the report

This report has been created according to GRI standard to cover sustainable development of the company. It presents all key results, which affects company administration and key issues from stakeholders. The process of development shows completeness and accuracy from sourced division as well as from central corporate function. Most importantly, information in this report has been reviewed and approved by the company's executives

Scope of the report

This 2018 Sustainability Report presents operation result covering all fields of work in Somboon Advance Technology PCL. including the workplaces in Samutprakan province (3 plants) and Rayong province (5 plants); these 8 plants in total can be classified into 2 main business units as follows:

Business Unit	Samut Prakan Province	Rayong Province
1) SAT & SFT	Somboon Advance Technology PCL. (SAT1)	Somboon Advance Technology PCL. (SAT 2) Somboon Forging Tehnology Co., Ltd. (SFT)
2) SBM & ICP	Somboon Malleable Iron Industrial Co., Ltd. (SBM1)	Somboon Malleable Iron Industrial Co., Ltd. (SBM 3) International Casting Product Co., Ltd. (ICP 1) International Casting Product Co., Ltd. (ICP 2)

Remark:

- The information being disclosed in other areas can be found in more details in the annual report 2019 from the company website: www.satpcl.co.th (Investor relations' section)

2019 annual report requires company overview scopes to be changed from 2018 annual report. With this requirement, BSK, approved by SAT to be joint venture with MUBEA ENGINEERING AG would be left out from 2019 annual report. This information would result in differences in each area of the company.

The determination of report content

This report has its content outlined according to GRI Core standards which has 4 steps.

Step 1: Identification step

- **The determination of sustainability aspects which are important to the business operation.**

The identification has collected and reviewed from 6 sources of information including:

- 1) The company strategic plan and sustainability development roadmap reviewed annually.
- 2) The business key risks and the external factors, which impact significantly on the automotive industry including new risks from the future trends, which has an impact to the company.

- 3) Information and media from credible sources reviewed and analyzed on its trends, opportunities, and risks, which might have an impact to the company including the expectation from the stakeholders.
- 4) The opinions from middle management up, which reflect from their experiences help to identify key issues and future trends on the possible impacts to the company and the expectation from the stakeholders.
- 5) Listening to opinions and discussing informally with relevant agencies or working with individual stakeholders directly to glean key information on the trends and risks to the business operation.
- 6) The opinions of key-stakeholder representatives from discussions or two-way communication, including customers, partners, major shareholders, securities analysts, media, communities and regulatory agencies

Stakeholders categories

The company considers key relevance of both positive and negative impacts on direct business operations divided into 8 categories. The company has a stakeholders' engagement process to define the right initiatives responding to the expectations of each group summarized as follows:

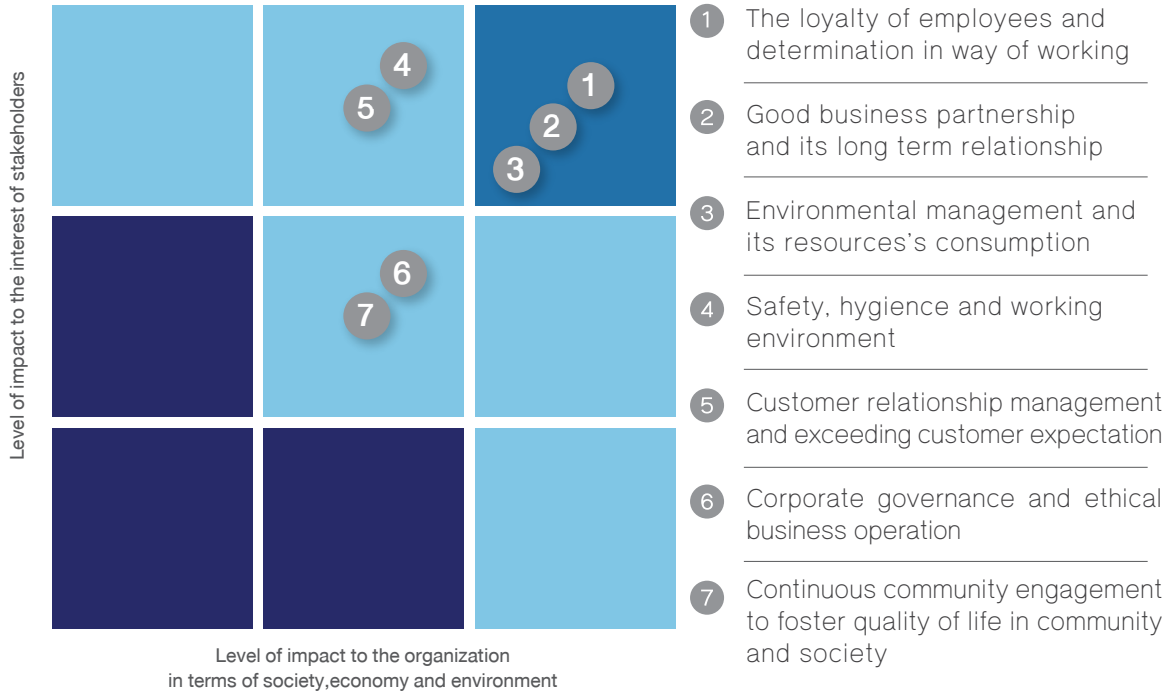
Stakeholders	Expectations	Participation and communication methods	Strategy and management
1) Shareholders, creditors financial institution	<ul style="list-style-type: none"> Effectively manage the organization, Good manager on income, share price and dividend Fair business practices and transparent information disclosure Operate in accordance with the business direction in order to increase competitiveness. Financial discipline and debt repayment ability The reputation and credibility of the company 	<ul style="list-style-type: none"> Shareholders' Meeting and Analyst Meeting Business visit Meeting investors through various activities Company website 	<ul style="list-style-type: none"> Formulating a strategic plan and business goals that are consistent with the trend of growth in the automotive industry Business expansion and new business development to create stability and sustainability financially. Arranging a shareholders' meeting to be a platform that shareholders can ask questions and express opinions Being certified as a member of the Thai Private Sector Collective Action Against Corruption Disclosure of information in the performance report and annual sustainability reports.
2) Employees	<ul style="list-style-type: none"> Receiving compensation and fair benefits, incentives and remuneration comparable to the same business Employee Development Career advancement and participation in planning according to position level and responsibilities Safety and good working environment 	<ul style="list-style-type: none"> Staff meeting and sub-meetings of the department Channel of comments and complaints Welfare committee, safety, occupational health and working environment committee Activities to promote activities and employee relations of the Human Resources Department Somboon Group Volunteer Club 	<ul style="list-style-type: none"> Regularly reviewing the structure and remuneration compared to the same industry Establishing a succession plan for employees to have the opportunity to advance in their careers. Clear career path to learn of opportunities for growth, which helps retain capable employees Employee training plan to promote development of knowledge and ability including the development of the mind of employees with the Buddhism's project Preparation of annual good deeds promotion plans to provide opportunities for employees to participate in making merits for themselves, organizations and society Developing occupational health safety measures and working environment to meet standards Listening to comments and suggestions from operators in order to improve the working guidelines

Stakeholders	Expectations	Participation and communication methods	Strategy and management
3) Customers	<ul style="list-style-type: none"> • Production and delivery in both quantity and quality • Eco-friendly production meets standards and reduce the impact on the community • Good governance with morality, ethics • Compliance with the terms and conditions of the contract • Innovative ability 	<ul style="list-style-type: none"> • The customer meeting to acknowledge the annual and monthly customer policy. • Annual satisfaction survey • Participation in customer club activities 	<ul style="list-style-type: none"> • Environmental management according to the law, correctly, completely and continuously care for the community • Annual review and practice of emergency crisis response plans • Research study and develop innovations in both processes and products to meet the needs of future technology.
4) Suppliers	<ul style="list-style-type: none"> • Being a good business partner and having a long-term relationship • Fair and transparent and professional operations. • Stable financial status and payment as scheduled • Safety, occupational health and work environment • The reputation and credibility of the company 	<ul style="list-style-type: none"> • Annual supplier policy meeting • Meeting and monitoring progress in the work according to the plan continuously including listening and solving problems and obstacles in working together • Regular communication with suppliers and contractors 	<ul style="list-style-type: none"> • Negotiations with partners in order to obtain a satisfactory working agreement for both parties. • Assessing partners before and after signing contracts. • Training on sustainability, safety and environment compliance to create understanding for partners to develop the sustainable business. • Upgrading the anti-corruption system by allowing partners to declare their intentions with SBG and CAC.
5) Community and society	<ul style="list-style-type: none"> • Responsible operation with limited negative impact on the community and the environment. • Visit and cooperation to, develop quality of life for communities and society • Participation with the community to listen to opinions • Raising the level of social and environmental friendly operations to contribute to lessen climate change problems 	<ul style="list-style-type: none"> • Business visit • Community development activities • Listening to opinions and visiting communities • Public relations and disseminating information to create understanding • Social activities with various campaigns 	<ul style="list-style-type: none"> • Environmental management according to the law, correctly and completely, and continue to care for the community • Communicating regularly with community, such as informing the meeting and visiting according to the agenda as well as on community development activities • Creating value for society by hiring, and purchasing products from the community.
6) Government agencies And related organizations	<ul style="list-style-type: none"> • Compliance with relevant laws and regulations • Environmental compliance management and continuous care for the community • Fair and transparent business operation • Cooperation and support in various fields. 	<ul style="list-style-type: none"> • Information exchange, transfer experience and expertise between each others. • Activities and meeting visits on various occasions to strengthen relationships • Cooperating on social contribution activities 	<ul style="list-style-type: none"> • Negotiations with partners in order to obtain a satisfactory working agreement for both parties. • Assessing partners before and after signing contracts. • Training on sustainability, safety and environment compliance to create understanding for partners to develop the sustainable business. • Upgrading the anti-corruption system by allowing partners to declare their intentions with SBG and CAC.
7) Media	<ul style="list-style-type: none"> • Information about the operations of the company. • Providing accurate, complete and verifiable information 	<ul style="list-style-type: none"> • Providing information through roadshow • Inquiries from the Investor Relations Department 	<ul style="list-style-type: none"> • Access to accurate and complete information • Participation in the disclosure of business information.
8) Competitors	<ul style="list-style-type: none"> • Competitors. Fair competition. • Non-infringement of intellectual property 	<ul style="list-style-type: none"> • Business ethics guide • Company website 	<ul style="list-style-type: none"> • Fair competition • Non-infringement of intellectual property

Step 2: Prioritization step

The key issues from the identification step are evaluated of their significance in business operation of 3 perspectives: economic, social, and environment to the stakeholders with materiality matrix tools to determine its importance.

Results of materiality matrix on the sustainable development



Step 3: Validation step

The validation step is to review each issue from the central corporate function, to develop the final company report and to highlight the key issues to the executives to review and agree upon. The reason is to ensure report's completeness and content is well reviewed according to the report quality level needed.

Step 4: Review step

The review step includes suggestion from report and company's website also from interview and suggestion from stakeholders right after publishing report to ensure satisfaction of the SD report with content completeness, information adequacy and credibility, presentation, report format, language appropriateness, and feedback of additional sustainability issues to be included in the next report to ensure that the company's report can satisfy all stakeholders.

For more information

For additional information or suggestion, please contact Sustainability development department of SBG at 02-080-8233, 02-080-8237 or email: theyyuda.s@somboon.co.th, sirinphat@somboon.co.th

4

Smart People

SD Roadmap

4.1 Development of good people

4.2 Development of smart people

4.3 Evaluation of operational results

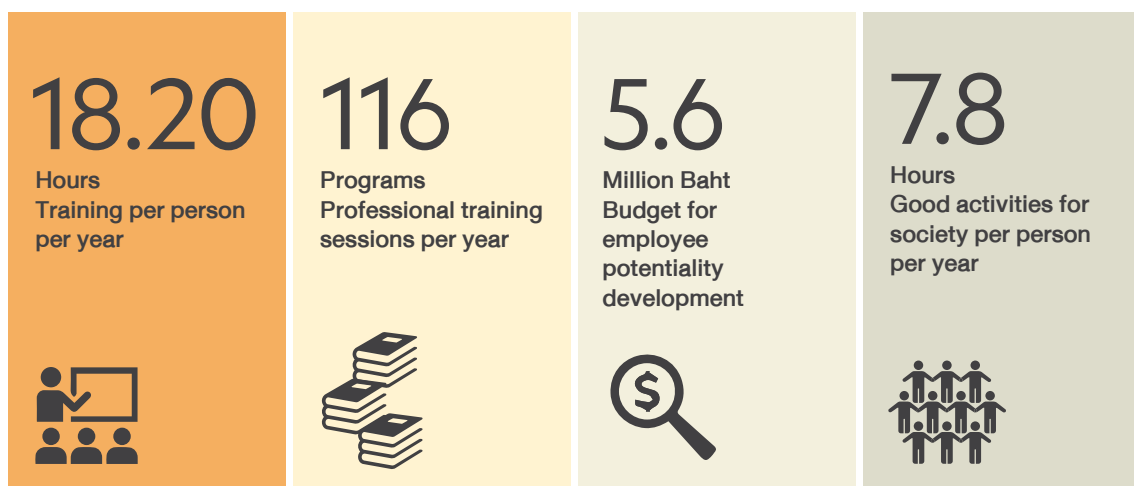


Smart People; an Engaging Culture

Our Approach

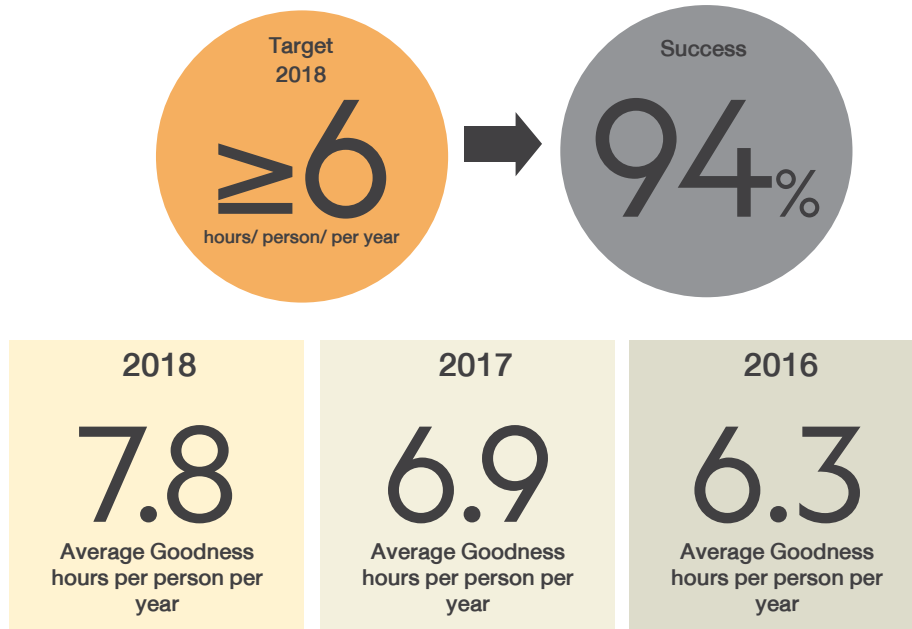
“SBG purposefully aims to create smart and good people. We develop our employees’ potentiality to be good members for both organization and society. The core is to encourage and promote human resource from “inside-out”, which means employees will be the center of development to promote “good and smart people” to extend their ability for the society complying with organizational culture to increase management skill and potentiality.

Smart People is a key to success and sustainability development of organization. Human resource development focuses on strengthening organization to drive business growth targeting on development of learning organization to level up the competitiveness of organization through enhancing employees at all levels to be aware of their duties and responsibilities coupled with morality and ethics to create value for themselves, organization and society.



4.1 Development of Good People

The company believes in developing employees to have good work potentiality by developing good person through creating value for themselves, organization and society. This would promote the expression of behavior that reflects the company's guideline on morality and ethics by encouraging employees to do good things as follows:



1) Activities promoting doing good for society

The company promotes continuous participation of employees with their communities to create value and good relationships of business operations and also encourages employees to be good citizens. SBG provides opportunities for all employees to participate in company social development projects to bring knowledge, skills, experience and expertise of their own to contribute for organizations and communities.

Division of Company	Places / Communities	Activities / Projects	Skills	Values to society
Corporate	Army Nature Education Center (Bang Pu) Samut Prakarn Province	Mangrove forest replanting, equipment repairing and environment improvement	Agricultural know-how, painting, welding and carpentry skill	Better environment quality and safety
SAT1	Wat Sawang Arom School, Khlong Dan Sub-district, Ban Bo District, Samut Prakan Province	Equipment repairing and environment improvement	Painting, welding, and carpentry skill.	Better environment quality and safety
SAT2 & SFT	Baan Khao Klong Song, Rayong province	Equipment repairing and environment improvement	Painting, welding, and carpentry skill.	Better environment quality and safety
SBM & ICP	Pong Saket Temple, Chonburi province	Equipment repairing and environment improvement	Painting, welding, and carpentry skill.	Better environment quality and safety



In addition, there are good activities from Somboon Group Volunteer Club founded by employees with volunteer spirit to carry out public service activities. The volunteer club has been carried out such activities continuously for 18 years, with over 300 members. This year, there are numbers of activities as follows:

- Home repair activities for poor people in the Samut Prakan province
- Clean public areas activities for Bangchalaong Subdistrict Administrative
- Volunteer activities for SBG by making a 60-meter distance corridor at Suan Chalermpakiat
- Clean public areas activities for Doing good by heart project
- Volunteer activities for 3 Days 2 Nights, Wat Nong Krang School, Ang Thong Province



• Photographic club

took student photos for applying for continuing study at the Rajawinit Suwannaphum School, Nong Prue Sub-district, Bang Phli District, Samut Prakan District

• Cycling club

did biking to donate money for buying medical equipment to the Chakri-Narupodin Medical Institute, Bang Pla Sub-district, Bang Phli District, Samut Prakan Province.

In 2018, employees formed a group based on their own aptitudes or interests. They also conducted activities by bringing club members' skills under the good deeds activities to create value for society as follows:

• Vipassana club and Laantham Laanthong

did a good deed activity at Tanwandee Charoen Suk Temple, Bangkok

• Football club, Taklaw club, Badminton club

did renovating playground at Wat Sawang Arom School, Khlong Dan Subdistrict, Ban Bo District, Samut Prakan Province

• Agricultural club

donated 120 straws of mushrooms and teaching how to grow mushrooms at Wat Sawang Arom School, Khlong Dan Sub-district, Ban Bo District, Samut Prakan Province

• Food and beverage club

participated in annual Kathin ceremony, Wat Hom Sin, Bang Phli Noi Sub-district, Samut Prakan Province

2) Knowledge sharing for both inside and outside company

In addition, the company encourages and supports employees to do good by participating in social activities and also promoting knowledge sharing to develop their own skill. The company helps employees to create value for society leading to achievement in jobs and organizational culture with generosity among each other from exchanging learning experience and knowledge from person to other employees, organizations, and society



- Knowledge sharing in organization by a group of employees interested in a particular subject together. SBG has encouraged participation in exchanging and learning voluntarily to promote understanding or develop practices in that subject, such as; infographic, photography, and etc.
- Knowledge sharing outside organization by the staffs brings practical knowledge to stakeholders or society such as transferring knowledge on practices of anti-corruption, environmental risks, and safety for business partners as well as giving career guidance for high school students.

3) Blood donation activities

The company cooperates with Thai Red Cross Society to organize blood donations 4 times a year, as Thai Red Cross is a center for receiving blood donation and services for those patients who need blood due to disaster and various accidents. This activity clearly demonstrates the participation of employees in social responsibility. Promoting blood donation in the company has the following objectives:

- 1) To encourage employees in company and general public to donate blood to patients.
- 2) To promote good deeds in order to increase public consciousness for organization
- 3) To promote the development of the company's employees both moral and ethical



In 2018, SBG encourages employees to donate blood to Thai Red Cross for the 19th consecutive years. The donors are employees, executives, and partners' employees total 403 persons with total blood volume of 181,350 cc. for Thai Red Cross. There are numbers of executives and employees who continuously donate blood to meet the criteria and receive souvenir from the Thai Red Cross.

4.2 Development of Smart People

People are key to the success and sustainability of the organization. Equal and fair treatment is important for both employees as well as other stakeholders. With this, SBG has laid out clear guidelines for staff development summarized as follows.

- To focus on the development of employees to practice skills and increase potentiality through giving equal and accessible learning opportunities for all employees.
- To appoint, transfer and reward based on knowledge, ability and suitability of all employees

The company is committed to enhance the knowledge and skills necessary to perform the work according to the level and characteristics of work continuously through the Somboon Learning Academy. In this year, all employees have trained in various courses both inside and outside accounting for 100 percent of all employees.



The company has the policy to develop employees to be good people, and learn to share knowledge, therefore resulting in reduction of training costs. Summary of operations in development of human resource management and development systems to achieve learning organization, is as follows

Details	2018	2017	2016
Investment (millions Baht)	5.4	5.6	7.7
Number of internal courses	116	82	78
Percentage of employees being trained	100	100	100
Average training hours (hours/person/year)	18.20	18.12	17.42
Number of promoted employees	76	67	79

In addition, the company also considers equality in development of personnel potential by giving opportunities for all employees of all sexes and levels to receive training equally.

Level of employees	Average training hours (hours/person/year)					
	2018		2017		2016	
	M	F	M	F	M	F
Operator, foreman, chief	15.20	2.47	15.41	2.71	14.98	2.44
Manager	18.42	3.03	14.14	3.98	17.28	3.13
General manager, Assistant General Manager	16.03	0.94	16.31	1.81	16.45	0.88
Executives	15.36	1.31	16.49	1.63	14.11	3.31
Total male and female	18.20		18.12		17.42	

With the change of organization's vision to grow through business and market expansion, the company focuses on exploration for new business opportunities. At the same time, competition and rapid change in technology can challenge ability to achieve such expectations and goals. Therefore, strengthening internal organization capability is a key to achieve challenge of business goals.

The company therefore has the concept of High Performance Organization to develop and enhance efficiency of employees with important courses in the past year as follows.

Project	Objectives	Value/Benefits/Positive Outcomes
1) SBG Innovation Sharing Day	1) To allow employees to exchange and learn good models in improving work processes with technology 2) To learn automation system that support production process. 3) To learn about electric vehicles and development of the electric charging station in the company	1) Develop competencies in technology and knowledge on electric vehicles for employees to be ready for opportunities for new business in the future 2) Create awareness of technological changes for self-development 3) There is a process to share knowledge and create new knowledge within organization.
2) Language skills development	1) To develop knowledge of foreign language skills in a professional way. 2) To learn new technology and international working styles. 3) To develop the potential for international business.	1) Learn foreign language to further study on new technology from abroad including business communication skills.
3) Draft of professional qualifications standards	1) To collect core organizational knowledge from internal expert into organization knowledge base. 2) To measure potential of personnel in each level according to professional qualifications standards. 3. To develop remuneration scheme according to potential of personnel.	1) Employees have potential for future organization growth 2) Personnel has morale in workplace and learn of career path advancement. 3) The organization has qualified personnel resulting in quality products satisfying customers' needs

Project	Objectives	Value/Benefits/Positive Outcomes
4) Develop knowledge and skills for industry 4.0	1) To develop knowledge and skills of personnel in technology 4.0 2) To reduce the cost of assembling, installing, and maintaining the automation system 3) To automate production process within organization	1) The production process is advanced, satisfying the needs of customers on QCDEM.
5) Key Man (operation level)	1) Raise level of personnel for forging machining and heat treatment to be able to develop their own technology. 2) Create process know-how from process mapping competency gap and develop the curriculum of each process.	1) The company has skilled personnel for the future growth of businesses.
6) Re-Train (operation level)	1) To develop employees in the current production line through review knowledge and standard with Total Productive Maintenance (TPM)	1) Production line has improved on its efficiency and lessened wastes.
7) School in Factory	1) To prepare students' career development with skills and experience in real working environment. 2) To enhance a better internship opportunity with professional experience together with self-development 3) To open opportunities for both private and educational sectors to participate in program to upgrade educational quality. 4) To develop the curriculum and teaching system that is up-to-date and meet the needs of the new labor market. 5) To build relationships between enterprises and higher education institutions through cooperative education students and supervisory teachers which will lead to future cooperation	1) Improve relationship through cooperation of the company with higher education institution 2) Create a good image in the promotion of graduate education on is quality development. 3) Reduce the hiring of regular employees because there are extra labor workers working throughout the year which has a certain level of enthusiasm and knowledge 4) Staff or regular staff in the graduate user organization have more time to work on more important functions and able to transfer skills experience for students as well 5) It is another way to help selecting graduates to become regular employees in the future.
8) Open house for educational visits from external educational institutions	1) To open learning opportunities for management in industrial sector 2) To build relationships between enterprises and external institutions which will lead to future cooperation	1) Improve relationship through cooperation of the company with higher education institution. 2) Create a good image in promotion of graduate education and quality development.
9) Modern professional manager for change through Office of the Public Sector Development Commission (OPDC)	1) To create good cooperation between company and government agencies resulting in a good image for organization 2) To create a network with government personnel and company 3) The organization received the management concept from outsiders	1) Make cooperation and build good relationships with the Office of the Public Sector Development Commission (OPDC) 2) Create a good image in promotion of education 3) The organization has idea to develop and improve organization management.



Human development and succession plan

With the retirement plan for various positions of executive's level during 2017-2019 total of 5 positions, or 12.5 percentage from all executives. The company has developed the human resource development plan and reviewed to ensure continuity of responsibilities.

In the past year, there are executives attending both internal and external training. This is to increase knowledge, skills and exchange experiences on both hard and soft skills to succeed into high-level executives replacing retired positions according to the plan. In addition, the company continues to prepare personnel to grow from generation to generation in order to ensure continuity of various positions and improved skills of qualified leaders for future business

In addition, the company has prepared for the employees to retire through the "Hundred Hearts of Somboon People" program to provide knowledge such as maintaining physical health, financial planning and public welfare and benefits from various types of income tax deduction schemes, and others.



Developing employees through innovation

The company emphasizes and instills employees to invent new things, to develop oneself continuously by providing a consulting clinic in QCC suggestion and Kaizen, and also has a KM (Knowledge Management) website as a source for searching both from internal knowledge and from outside the company. Importantly, the company has sent employees out to train for latest knowledge and know-how in seminars, site visits to bring knowledge that can be applied in the company.

Additionally, the company has also promoted and supported the participation for various awards for development and innovation in workplace. This includes giving rewards as an incentive to carry out QCC suggestion and Kaizen activities, in which the winner will receive the prize money and a certificate from the executive. The winning story will be chosen as company representatives contesting in various stages at the national level, which in the year 2018 received the following awards.

- 2nd runner up (Silver Award) Kubota Kaizen: KUBOTA (SBM3)
- 2nd runner up QCC Activity: HONDA (SBM3)
- Winning award of Group E: THCC QCC: HINO (SFT)
- 2nd runner up (Silver Award) Gemba Kaizen: Technology Promotion Association (Thailand-Japan) (SBM1, SBM3)

Project	Number of projects	Cost reduction (THB)
Suggestion & Kaizen	2,557	2,576,764
QCC Project	205	7,862,299.51

4.3 Evaluation of Operational Results

In 2018, Human Resources Development Department has set the goal, supervise, and propose guidelines and follow up to evaluate performance of all levels of the company with efficiency and participation of all departments. In addition, the company has improved performance evaluation system of executives and employees fairly and in line with goals of the group by implementing key performance indicators (KPIs) aligning from the organization's goals distributed to work unit level and personal level. This is to ensure full alignment of personal goals to direction of the organization to achieve the company's mission, objectives and goals.

The company also promotes employees through projects that focus on communication and development with employees through activities: "Aiming for the better future" in order to create the behaviors of employees in line with the corporate culture. In the year 2018, 100% of employees has joined in the key communication under the Somboon Triple Bottom Line philosophy.



In addition, the company has developed an online human resource information system, so that every worker can store, access and acknowledge the indicators from the organization, department, and individual level. This will lead to more effective evaluation system, which includes behavior according to the company culture as well as participation in the company's activities and responding to the company's policy. This system will be started by the year 2019.



The company has a plan to encourage communication between supervisors and subordinates through the dialogue and feedback system so that assessors and evaluators have a better understanding including being a channel for coaching to achieve better work effectiveness along with receiving an Individual Development Plan to develop career development roadmap in 2019.

5

Business trust master plan

5.1 Corporate governance and conduct business with fairness

5.2 Anti-corruption

5.3 Tax management

5.4 Risk management

5.5 Labor practices and human rights

5.6 Safety and preparedness

5.7 Customers' loyalty and CSR cooperation

5.8 Responsibility to consumers

5.9 Supply chain management

5.10 Environmental management and energy conservation

5.11 Innovation in production processes for sustainability

5.12 Creating value in agricultural machinery business



Business trust Creating value for stakeholders are crucial for our future

Our Approach

“SBG aims to create value based on key business principles of good corporate governance and increasing business value with innovation, developing safe and environmentally friendly products for consumers with regard to quality, value and positive impact from business processes. This would ensure the trust from stakeholders throughout the value chain (Supply Chain Value). Our practices have been applied from the philosophy of sufficiency economy”

Company fully awares that business operations must come from the needs and expectations of stakeholders. Therefore, SBG has announced the Sustainable Development Policy in 2018 as a framework for the operation by adhering to the principles of transparent operations in accordance with good corporate governance principles, responsible for the economy, society and environment and taking into account all stakeholders. This report would ensure our intention, not only to gain long-term return on investment, but also to create stability for business and society sustainably.

88%

Overall customer
satisfaction levels



4

Companies
Joint declaration of
intent on the anti-
corruption with SBG



21

Million baht
Value for developing
the quality of work
life.



8,185.19

Tons
Carbon dioxide
emission from
energy conservation
projects



5.1 Corporate Governance and Conducting Business with Fairness

Building confidence for stakeholders is the responsibility of board of directors. This shall be done through managing good performance of business, and preparing business to suit changing business environment, while developing good relationships with all stakeholders. The board of directors has adhered to the good corporate governance code to create value for stakeholders in a sustainable manner in economic, social, and environmental perspectives.

Corporate governance policy

The company focuses on creating a sustainable growth based on sufficiency economy principle 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, gain positive impacts on business, society and environment. In addition, we realize the importance of smart and good people development, for the purpose of becoming a sustainable organization.

The Board of Directors has provided a "Corporate Governance Policy" to promote corporate governance. By focusing on conducting business with transparency, morality, ethics, and honesty with "business ethics and working practices and used as a good practice for directors, executives and employees of the company, which will lead to a truly sustainable organization,

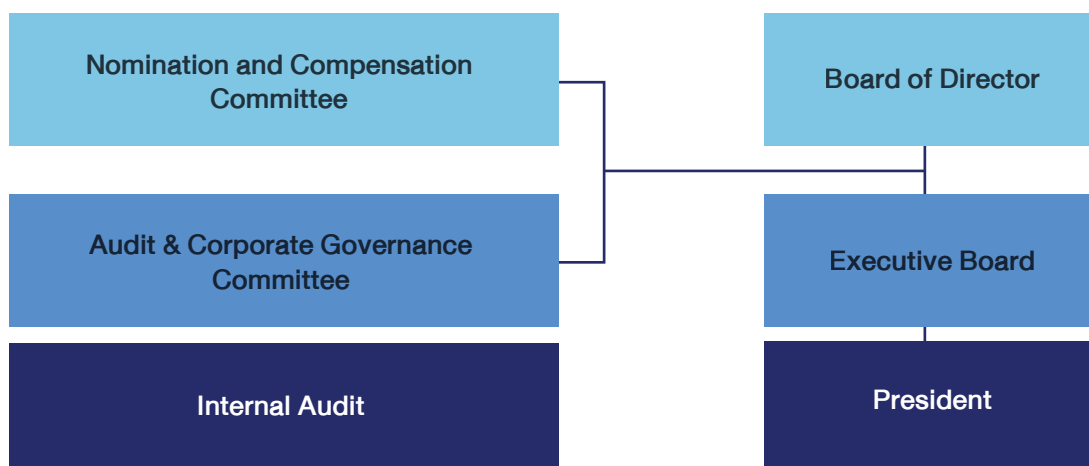
Recognition from outside



- 1 SBG has been awarded Sustainability Awards of Honor from Stock Exchange of Thailand for the second year. This honor has been awarded for the companies with the Best Sustainability Award 3 years in a row.
- 2 The company has been announced for its fourth year as Thailand Sustainability Investment company with the score of 83 from full 100 points, compared with average score of 56 points.
- 3 The company has been awarded Best Investor Relation for the second year.
- 4 Lastly, SBG has been shortlisted in the ESG 100 as the listed company for the third year with outstanding performance in environmental, social, and governance perspective)



Corporate governance structure



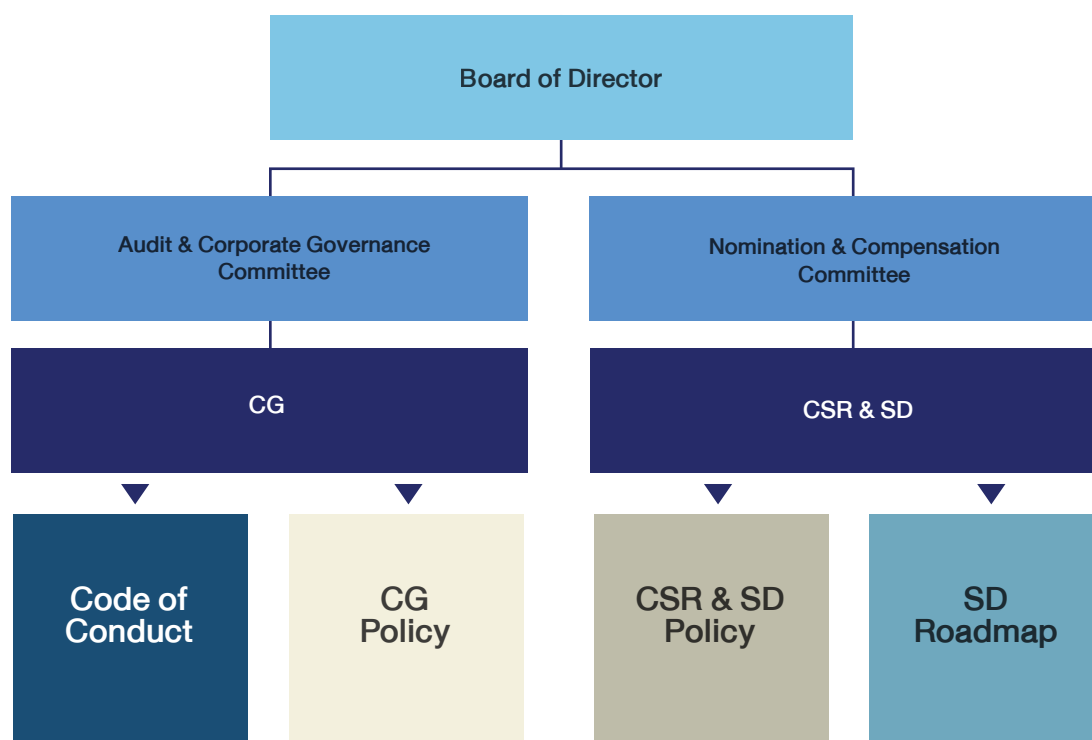
Role as a leader in corporate governance and sustainable business operation

The Board of Directors is responsible for the supervision of the business policy by reviewing and approving the direction of goals, vision, mission of the company. The executives will take this policy to develop a strategy and plan to accomplish goals and create values for stakeholders. The plan will be followed up with a stipulated frequency.

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

Follow up and report of operation on 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.



Evaluation result of corporate governance of Thai registered companies

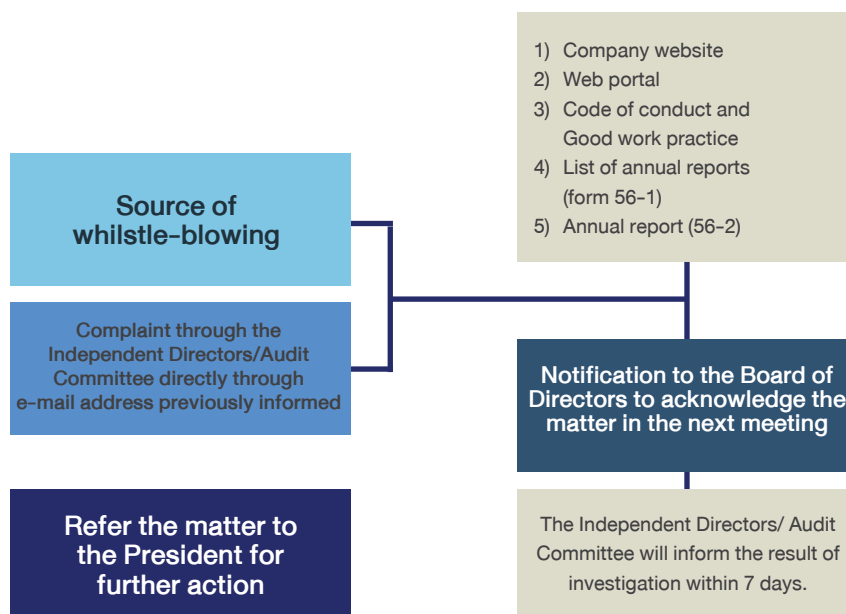
In 2018, according to the evaluation of National CG committee, after surveying 620 Thai companies in terms of CGR, SAT is one of the 142 companies receiving 5-star score "Excellent CG Score". We have received excellence CG score for 11 years consecutively in the industrial sector of companies in SET 100.

Part	Symbol	2561	2560	2559	2558
Rights of shareholders	▲▲▲▲▲	100	100	100	100
Equitable Treatment of Shareholders	▲▲▲▲▲	99	99	99	99
Taking into account the role of stakeholders	▲▲▲▲▲	94	94	94	96
Disclosure and transparency	▲▲▲▲▲	97	97	097	98
Responsibilities of the Board	▲▲▲▲▲	92	90	90	91
Summary	▲▲▲▲▲	95	94	94	95

90-100 = Excellence 80-89 = Very good 70-79 = Good 60-69 = Fair 50-59 = Pass

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 measures for those who give clues and information.



5.2 Anti-Corruption

Company believes that conducting business by adhering to ethics, morality and integrity together with the good governance is the key factors to support the success, sustainability and leadership in the business. The company focuses on all management and employees to adhere to good corporate governance, in which the management is responsible for setting example of good norms and culture, respecting and complying with the code of conduct in the organization by training employees to understand, realize and comply with the code of conduct willingly including responding to various issues appropriately.

After being certified by the Thai Private Sector Collective Action Coalition Against Corruption (CAC) in the year 2016, the company continued to qualify, while improving its business process in line with the anti-corruption policy and prepare for the audit and verification of certification of CAC again in 2019.

Anti-corruption policy

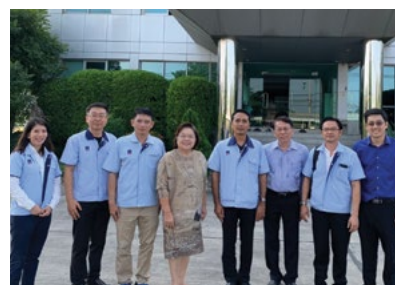
Anti-corruption policy expresses the intention of the company to avoid any practices of corruption and corrupt in all its forms, both directly and indirectly, whether it is a business with public or private sector. This includes prohibiting all personnel from the Board of Directors, executives and employees request, take action, or accept fraud and corruption to benefit themselves, their families, friends and acquaintances

The practices in anti-corruption policy covers as follows:

- Prohibiting directors, executives and employees in the group to accept all forms of corruption, both directly and indirectly.
- Covering employees, customers, partners and stakeholders of all groups both domestically and internationally and regularly review the implementation of the anti-corruption policy at least once a year

In 2018, the company expanded alliances in anti-corruption to its trading partners to learn and participate in the declaration of intention against corruption. This would prepare for the system certification with the CAC, ensuring supply chain process is truly transparent leading to being "Transparent organization" and be a quality organization that can be audited. The processes are as follows:

- 1) Organizing training to encourage partners to understand about participating in the declaration of intention against corruption.
- 2) Sending personnel of the company to provide knowledge about the anti-corruption system. To request system certification with CAC



5.3 Tax Management

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 has done correctly, transparently and on time. In 2018, the total company revenue is 8,307 million baht and 91.8 millions baht has been paid as tax to the government.⁽¹⁾

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

5.4 Risk Management

The company realizes that risk management is an important component of corporate governance that will support the organization to achieve its goals through business strategies resulting in efficient operation with determination to create sustainable growth. The company has set its goal to increase the organization value by increasing sales to twice that of 2017 by 2022. Risk management is, therefore a tool that the company highlight to ensure that the investment will create a stable and sustainable value for the organization

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 factor

Nowadays, business operation faces many internal and external challenges that may affect the organization's goals. Somboon Group conducts and develops the risk management system according to the international standard practice COSO-Enterprise Risk Management-Integrated Framework-2004 for the entire organization in order to prevent and reduce risk events or uncertainties that may occur in the future. This risk management system has a clear direction and complies with business strategies and goals. It is operated under the framework of good corporate governance. In 2018, the company has classified Important issues on risk management.

1) Strategic risk

At present, many countries around the world aware of environmental problems. Making changes in the production of auto parts tend to focus on lightweight products and new materials. In addition, the automotive industry in many regions has started to produce more electric vehicles. For Thailand, the government has approved a plan to support investment in the electric vehicle assembly industry and related parts manufacturing industries to align with the future trend of the automotive industry for the country. These changes are risks that may affect our competitiveness and achievement of the goals. So, the company has a policy to promote and support the research and development on lightweight materials including learning of technology related to electric vehicles through practicing. This project is to prepare a readiness for new technologies which may affect the production of products and services focusing on eco-friendly innovations, safety and energy saving. In addition, the company also emphasize on human resources development to respond to the automatic

system which will be used in the production process such as automatic and semi-automatic machinery. We have conducted the training courses in factory, seminars, field trips and trials in the working area. These methods are to support the SBG 4.0 policy, cost reduction project, efficiency improving project in order to reduce the risk of competition in the cost and quality of product as well as in the services and compliance to gain customer satisfaction.

2) Operation risks

The company commits to build quality assurance throughout processes to get excellence products and services which will create maximum customer satisfaction. We monitor many risks such as product damage, insufficient production capacity, problems from suppliers who may not be able to supply raw material effecting on time delivery. Our treatment plans are prepared with contingency plan, quality improvement plan by front line control with the implementation of Toyota Production System or TPS in process, checking error measurement by Pokayoke and Quality Gate. This includes the analysis of customer need and expectation, preparation of preventive maintenance plan and forecasting plan as well as spare parts that need to be ready. In addition, we have already certified the new version of quality management system of IATF16949: 2016 to build confident on quality throughout processes with strict internal quality audit system for raw material, process and delivery to customer including implementation of zero claim campaign. There are many activities to encourage and motivate all employees such as conduct quality awareness campaign, 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 2018, the company has expanded its business growth both domestically and overseas as the company's main raw materials are imported from abroad resulting in the 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 continued cost control measure for SG&A by monitoring and control costs according to planned budget.

4) Compliance risks

The Company has operated the business for more than 55 years for both domestic and oversea customers. We have taken precaution to ensure compliance with laws and regulations of customer in each country such as transportation law, raw material free of prohibited substances. The company has continuously emphasized on business compliance in the quality of products and administration throughout the process. Therefore, there is a monitoring of important risks such as complaints from the delivery and quality of products including damaged products during transportation to customers.

A treatment plan has been prepared by a team of legal experts to study the limitations of various laws, to evaluate the likelihood of events occurring, to monitor and to analyze the obstacles to the expansion of the organization both domestic and international customers and to provide public and product liability insurance in 2018.

For occupational health and safety issue, the company has policies, regulations and safety rules for all employees and visitors to learn and comply. There are indicators, targets including appointment safety committees and safety officers to supervise and monitor the performance. The company is committed to being "Best company on occupational health and safety award" to achieve zero accident by 3E strategy (engineering, education and enforcement). The company does 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 has certified in accordance with the ISO14001:2015 or environmental management standard, with internal and external auditors annually audited and management reviewed by executives. There are committee and environmental staffs at the factory to act, supervise and monitor the performance of environmental quality monitoring, both within the factory and the community. This resulted in reduction of energy consumption and wastes with support of environmentally-friendly and energy-saving technologies to be used inside the factory

5.5 Labor Practices and Human Rights

Human right policy

The company adheres to national labor law and other relevant norms on the staff welfare, equality, fairness with respect for the individuality and dignity of every employee in the company. The company's regulations have been reviewed by relevant government agencies to check on its compliance of labor laws. These regulations have been used as a guideline for treating all employees. Additionally, the regulations have been reviewed and updated regularly.

Employee engagement

As human resource has been regarded as valuable resource for any organization, the retention of talented and key staffs are very important especially, in today's highly competitive job market.

With this, the company has regularly done a satisfaction and attitude assessment under the project "We care" with the following objectives.

- 1) The stability of the company
- 2) Compensation and welfare
- 3) Support and promotion for career advancement
- 4) Environment and atmosphere for work
- 5) Communication within the organization.



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 workplace to be a place for happiness and second home for the employees. In 2018, the company launched the project: quality of work life (QWL) activities to take care employees and to improve working environment continuously. And, we provide the opportunity for employees to run the activities to renovate canteen, and to improve lighting system. The total budget for this project is 21 million baht. Also, the company improved relaxing area, sport field, and held annual sport day.

Welfare for quality of life and happiness at work						
Financial support and Facilitation ⁽¹⁾	Money Savings	Health	Employee's Family Care	Morale Support	Religion, Culture, Tradition on the occasion of important festivals	Social service
<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" 	<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, Por luang 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

Freedom of expression for the quality of work life development

The company provides a communication channel for all employees to express their opinions and nominates 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 make through group discussion, opinion survey and needs of employees, the questionnaire "We care", company website, e-mails of Board of Directors, etc.

In 2018, 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 the company



Award from Department of Labour Protection and Welfare 2018

Somboon Advance Technology PCL. : SAT1 13 years consecutively	Somboon Malleable Iron Industrial Co., Ltd.: SBM1-2 13 years consecutively	Somboon Malleable Iron Industrial Co., Ltd.: SBM3 8 years consecutively	International casting products Co., Ltd.: ICP1-2 3 years consecutively
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5.6 Occupational Health and Safety Management

SBG is committed to creating a safe workplace for employees to have a good quality of work life by continuous developing the good management system of occupational health, safety and working environment by giving priority to creating a culture and safe behavior. This includes checking the area and machinery before starting work, implementing innovation

and safety technology into the production process. Additionally, the company encourage more participation in the competition for outstanding safety workplace prototype to aim for a zero accident with the target of zero accident. This would ascertain the customer satisfaction on the company safety management as well.

Objectives

- 1) To develop the production process to be a safety excellence in order to reduce the risk of accidents
- 2) To meet customers and government policies in compliance with laws and regulations
- 3) To gain knowledge, skills and awareness of safety and work environments through training and creating culture and safety behavior.

Summary of occupational health and safety

performance indicators	Target	year		
		2561	2560	2559
1) Accident – loss time injury (cases)	0	4	3	5
2) Accident – no loss time injury (cases)	≤ 5	9	10	7
3) Frequency rate of Injuries (%decrease per year)	>20% (1.66)	1.55	1.66	2.23
4) Severe fire accidents (times)	0	0	0	0

Emergency situation preparation

The company practices emergency situation preparation every year. This would ensure the readiness in various situations including chemical spills, fire evacuation, as well as flood prevention plans. This preparation has been done with 100% as planned.

Occupational health promotion activities and safety

The company organizes safety promotion activities for employees such as danger finding activities (Completely Check Completely Find out: CCCF). This would encourage employees to learn new knowledge and understand about type and severity of accident in different kinds of jobs. This would encourage the development of new measures to prevent danger. The activities have been done according to the plan 100%. Behavior Based Safety (BBS) activities for employees is another activity to develop new positive

safety behavior by caring for each other or friends help friends leading to 2 new behaviors/year such as wearing personal protective equipment, and do not use phone while walking or driving. In addition, there are activities to promote safety both at work and outside the event, such as KYT before starting the activity, promotion of safety culture activity, promotion of safe driving, and stop liquor during lent according to Buddhism, safety training activity, and etc



5.7 Customer Loyalty and Cooperation CSR Activity

Guidelines for managing customer relationships

The goal of customer relationship management is to meet the expectations of customers at the highest level of customers' satisfaction. That is, the company shall be environmental friendly, be responsible for communities, while deliver high quality product in time. Moreover, the company shall be ensuring its minimum impact on the global warming both at national and global level.

Guidelines for the company practice and production to meet customer needs are as follows.

1) Prevent, control, and reduce environmental impact

The company adopts measures to prevent and to reduce impact on the planet, which is reported in the environmental impact assessment report. The company continually monitors and reports to the relevant authorities strictly. The company has also upgraded its practice through certifying ISO 14001 Environmental to ensure its effectiveness in preventing, controlling and reducing the impact of production to achieve the best results.

2) Develop high quality products with state-of-the-art technology

SBG Focuses on producing quality products with on time delivery to meet the needs of customers. The company also design the processes with new technologies to meet the changed requirements. This would build confidence to customers and enhance satisfaction in the company's products on good and reliable management system.

3) Maintain customer information and confidentiality

According to the principles set forth in the company's code of conduct, the company requires that all executives and employees must maintain the confidentiality of customers' information and do not use the customer's secrets for wrongful use for themselves or other related parties. In case of the need to disclose information or according to the law, the company must notify and receive written permission from the customer every time. This practice builds trust and confidence between the company and the customers leading to a good and long-term business relationship.

Cooperation with customers on CSR

In 2018 from the commitment on co-development with customers, the company has received various awards by participating in customers' program as follows.

HINO	TOYOTA	MITSUBISHI	KUBOTA	HONDA
<ul style="list-style-type: none"> • 2nd runner-up Group B : THCC QCC • Grand Prize Winner Group E : THCC QCC 	<ul style="list-style-type: none"> • 1st place winner TCC HRD 	<ul style="list-style-type: none"> • 1st prize winner Group B : MCC QCC 	<ul style="list-style-type: none"> • 2nd runner up (Silver Award) Kubota Kaizen 	<ul style="list-style-type: none"> • 2nd runner up, QCC Activity

In addition, the company also participated in activities that promote social responsibility with customers as follows:

- Artificial coral planting activity and release back the blue crab and sand shark together with Mitsubishi at Toei Ngam Beach, Chonburi on January 26, 2018
- Supporting medical equipment in cooperation with Toyota to Ban Ang Hin Health Promoting Hospital Phetchaburi Province and Ban Khao Tao sub district, Song Serm Suk Hospital Prachuap Khiri Khan Province, on 26-27 May 2018
- Area and scenery improvement activities at Ban Nong Tor Takhian School Saraburi province in cooperation with HINO on 10-11 March, 2018

Customer satisfaction

The company takes care on customer satisfaction by setting mission to satisfy the customers, therefore the company conducts a survey of customer satisfaction every year. The objective is to bring the survey results to be a guideline for the development of services in various areas and to improve the products and services to be in line with the needs of the customers with maximum efficiency. 6 main aspects are quality, delivery, management, engineering, price and services.

Customer Satisfaction	2561	2560	2559	2558
1) Quality	93%	90%	80%	84%
2) Delivery	83%	88%	85%	85%
3) Management	86%	87%	84%	86%
4) Engineering	84%	88%	74%	77%
5) Price	88%	84%	81%	77%
6) Services	95%	93%	-	-
Overall average satisfaction	88%	88%	81%	82%

5.8 Responsibility towards Consumers

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

With care and attention to the customer, consumers, 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.

5.9 Supply Chain Management

• Business partnership policy

Company has a policy of procurement with partners in the manner of being a good business partner under the principles of transparency, fairness and equality, in which there are clearly defined procedures in the company's code of conduct. The treatment of suppliers and suppliers can be summarized of the important matters as follows:

- 1) Executives and employees must adhere to the best interests of the company.
- 2) The company provides equal opportunities for suppliers in competition for all small businesses, business by disadvantaged minorities, women and veterans with disabilities.
- 3) There is competition from bidder with proper and justified selection process
- 4) The evaluation and selection of partners shall be done and prepared with the appropriate international contract form.
- 5) There will be a management system to follow up the contract to ensure that the contract conditions are fulfilled to prevent fraud and misconduct at every step of the procurement process.
- 6) The company would develop and maintain a lasting relationship with partners who have announced their intention to fight against corruption.
- 7) Executives and employees will comply with equal opportunities and justified competition for all.
- 8) Business and employees do not call for, accept or pay for any corruption to business partners.
- 9) If the company is unable to comply with the conditions, the company will immediately notify the partner in advance in order to find solutions

• 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 addition, 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 Africa

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 ecology 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 concerns about and pays attention to the safety and occupational health throughout the value chain.

2.3 Global warming prevention and reduction

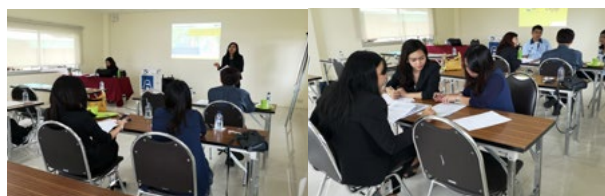
The company has a policy to encourage its partners to organize energy conservation activities to reduce global warming such as plastic foam-free project, avoidance of plastic foam packaging, including promote the energy conservation projects in the factories of the partners to indirectly reduce CO2 etc.

• Partner development

Having good partners enhance the business relationship and the growth of the business. The company has continuously developed partners both for their quality, and productivity. Development is organized as per the framework focusing on following 3 aspects.

Partner development framework	Increase productivity of internal process	Transparency and risk management	Promotion of sustainable development
Strategies or tools for development	<ul style="list-style-type: none"> • TPS 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"> • Promotion for the partner to apply the SD
Operation in 2018	<ul style="list-style-type: none"> • TPS knowledge transfer system partners from 3 companies receive continuous training • Eight new partners join the company • Communication of policy of safety and environment in annual partner meeting 	<ul style="list-style-type: none"> • Expansion of Alliance Against Corruption • Suppliers are to announce its anti-corruption commitment. • Visited and consulted with 3 suppliers. 	<ul style="list-style-type: none"> • Cooperation with SET in training and educating 2 partners on the development of sustainable development.

In 2018, the company joined the SET to support partners to participate in sustainability assessments to promote responsible business operations and take into account all stakeholders as well as to provide partners with an opportunity to acknowledge issues that can be used to improve the operational process to be consistent with indicators both in economic, social and environmental aspects. The company organizes activities to educate and share experiences from participation in the sustainability assessment. Including consulting and being a mentor for partners throughout the project period. At present, 2 partners are public listed companies participating in pilot projects, namely Metro Systems Corporation Public Company Limited (MSC) and Sahamit Machinery Public Company Limited (SMIT)



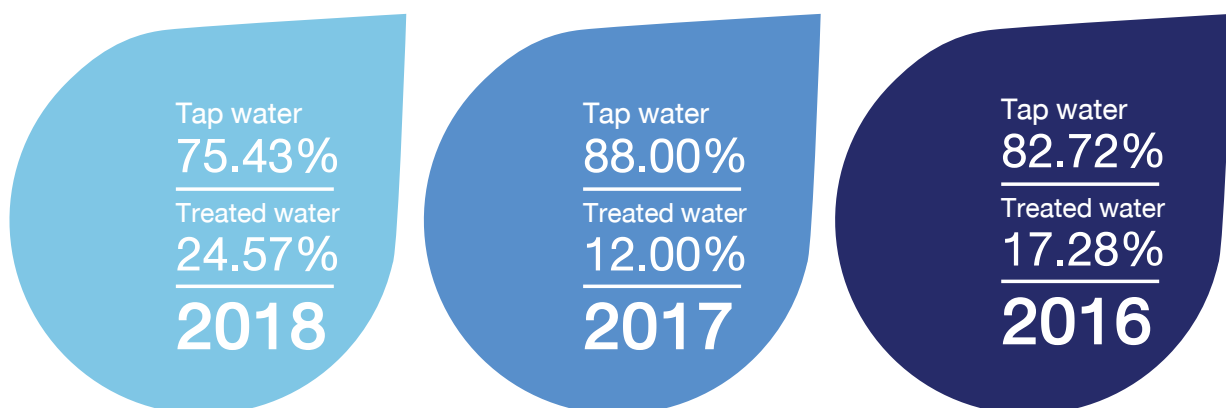
5.10 Supply Chain Management

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. The company focuses on energy conservation, develop production process that can protect the environment and prevent pollution. In addition, we also support learning to create environmental awareness, energy conservation and social responsibility.

KPI from SD Roadmap 2017-2021	Year 2021	Target Year 2018	Year 2017
1) Reduced water consumption per production (M ³ per production)	Reduced 10% 5.57 M ³	Reduced 18.06% 5.06 M ³	Reduced 16.64% 5.16 M ³
2) The amount of CO ₂ (equivalent) (Ton of CO _{2eq} per production)	Reduced 10% 1.95 Ton of CO _{2eq}	Reduced 3.69 % 2.15 Ton of CO _{2eq}	Baseline 2.17 Ton of CO _{2eq}
3) The amount of industrial waste shipped. (% decrease per production)	Reduced 4% (< 0.0259)	Reduced 32.01 % (0.0195)	Reduced 47.96% (0.0150)
4) Environmental projects achieved per plan	100%	100%	100%

Water resources management

SBG focuses on the efficient consumption of water with the waste water treatment to recycle and reserve the water to be consumed within the company. This water shall be called "treated water". This water has been used primarily in the cooling tower. In 2018, SBG consumed more treated water at 24.57% compared to 12% in 2017. This is due to the transfer of production line from the area used tap waters to the area with readily treated water, which have spared treated water to be consumed in this new production line.





• Management of unused materials and industrial wastes

SBG has policy to separate wastes in various types and stores systematically. These wastes shall be sending out to the waste management company, who has been authorized by government agency. In 2018, SBG has initiated Zero Plastic Wastes project to promote the environmental conservation to reduce, and avoid the use of micro-plastic such as plastic bag, plastic bottles, plastic straw, and others in daily life. The company has supported all the stores within the company to reduce and avoid the use of these micro-plastic. This initiative will be extending to various activities in the coming year such as training, support with micro-plastic replacement items, and others. This initiative has been done with the framework of 3Rs (Reduce, Reuse, Recycle), which has been promoted in 2017, which result in the saving of 2.6 million baht. Moreover, the company emphasized the recycling of wastes to be used as energy source in the production system. This would avoid the needs for wastes management through landfills according to the company direction of Zero Waste to Landfill.

In 2018, SBG has joined AMATA BEST WASTE MANAGEMENT AWARDS 2018 and received the award in industrial wastes management from Amata facility services Co.,Ltd. for year 2018 as follow.

- 1) Somboon Forging Technology Co., Ltd. (SFT) awarded Gold Level
- 2) International Casting Product Co., Ltd. (ICP1) awarded SILVER LEVEL
- 3) International Casting Product Co., Ltd. (ICP2) awarded PLATINUM LEVEL 1 (P1)
- 4) Somboon Malleable Iron Industrial Co., Ltd. (SBM3) awarded PLATINUM LEVEL 2 (P2)

Key Wastes Management Project according to 3Rs	Diff.	Cost saving (baht per year)	
		2018	2017
1) Reuse brine water from the RO for floor and factory cleaning	Inc. 2.75%	119,660	116,458
2) Recycle metal wastes into the casting process	Inc. 5.14%	2,090,381	1,988,188
3) Separate the metal materials for external recycle	Dec. 7.48%	57,046	61,658
4) Separate the oil from slag to be sold for external recycle	Inc. 1.74%	76,880	75,565
5) Reuse the coolants to be used internally	new project	275,000	-
Total		2,618,967	2,241,869

• Surveillance of environmental measurement

The company provides a surveillance in plant area and visits the surrounding communities regularly. The visit of the community chiefs is organized once a quarter to receive the opinion and advices for continuous improvement.



• Energy conservation and reduction of impact to global warming

SBG continuously focus on the energy conservation started back in 2008, which successfully avoid all use of foam by 2010. This energy conservation project has been done continuously to present year and also expand the scope to our suppliers as well. This has given us a good experience in changing our operation for the better, which have significant impact to the global warming. The expansion of scope has resulted in procurement policy to not purchasing any Green House Gas (GHG) chemicals such as CFCs, HCFCs, Halons, and Methyl Bromide, which destroy the ozone in the atmosphere. According to the environmental protection and conservation policy, SBG has set the target to reduce GHG emission 10% by 2021 compared with 2018 (baseline). In 2018, the company has initiated various projects, which results in GHG emission reduction of 3.69%, and energy consumption reduction of 14,062,156.42 kWh/year. This calculated at 8,185.19 Ton of CO₂ (Equivalent) per year. Please refer to the project details per below.



ติดตั้งเครื่องควบคุมแรงดันลมของเครื่องอัดอากาศ (Intelligent Flow Control : IFC) ที่ SAT1 และ SAT2



โครงการอนุรักษ์พลังงาน 2561	kWh reduction per year	Tonnage CO ₂ per year (equivalent)
1) Setting up the intelligent flow control: IFC at SAT1 and SAT2	278,264.46	161.97
2) Changing the light bulb into LED at SAT1, SAT2, and SFT	54,237.26	31.57
3) Zero air pressure loss from moisture drainage process at SAT1	22,986.84	13.38
4) MMTh activity 2018 at SAT2	10,684,173.28	6,218.96
5) Changing cooling tower fan to 20% energy conserving type at SBM&ICP	352,894.38	205.41
6) Changing the light bulb in the office at the SBM&ICP	43,671.56	25.42
7) Major energy conservation project continuously with solar roof, efficiency fan, ring loop air compressor, and etc.	2,625,928.64	1,528.48
Total	14,062,156.42	8,185.19



Air leak checking patrol

• Green Purchasing Policy

SBG has its Green purchasing policy to align with customer's policy, international law, and international regulation and standard. The company has communicated its policy to all its supplier in the annual suppliers meeting with following policy.



SBG Green Purchase Policy

1) CHEMICAL SUBSTANCES OF CONCERN (RAW MATERIAL, MATERIAL SUPPLY)

- Ensure material and products comply with Toyota's SOC's guideline (covered 11 substances) and Honda's chemical substance management standard (4 metals: Pb, Cd, Hg, Cr⁶⁺) with testing report or certificate



*Request: Testing report on July 2017

3) RAW MATERIAL (STEEL SCRAP)

- Ensure raw material without radioactive contamination

*Request: Testing report or certificate on March & August 2017



2) ENVIRONMENTAL AND GLOBAL WARMING IMPACTS REDUCTIONS

- CFC-free packaging
- Energy saving project or reduction CO₂ Emission. (Logistic activities)
- Project 3R (Reuse, Recycle, Reduce) (at least 1 project/year)

*Request: Project Sheet and Action Plan



4) CSR AWARENESS/ COMMUNITY CARE

- Corporate Social Responsibility (CSR) Activities inside/outside company (at least 1 activity/ year)

*Request: Self activities or Participation with SBG's CSR activities, declare by survey form.



5.11 Innovation in the Business Process for Sustainability

The company promotes and supports product development and innovation through research and development department, who specializes in designing, testing and developing raw materials to support the improvement of process and to innovate environmental friendly products to meet the changing direction in the automotive industry. This includes reduction of production costs, increase in efficiency and safety as well as reducing negative impacts on society and the environment. This has been done through the introduction of advanced technology and standardization to manage in the continuous development process

Activities to promote innovation in the Quality Control Circle (QCC)

The company continuously implements the Quality Control Circle (QCC) project to develop clean and efficient production processes by engaging employees in the development and improvement of quality and increase efficiency to the stakeholders of the company. The company uses brainstorming methods and encourages a systematic problem-solving process to reduce the wastes and time loss from work. The highest expectation of this activity is to retain high quality product and service to ascertain safety and to gain confidence and satisfaction from customers and consumers. In year 2018, there are total of 205 issues, which can reduce the cost from this process improvement amount to 7.8 million baht.

In 2018, important projects are as follows.

Name	Objective	Value/ benefits / Positive impact
1) Lightweight axle shaft	<ul style="list-style-type: none"> • to reduce product weight according to customer needs • Increase driving performance and reduce energy consumption 	<ul style="list-style-type: none"> • Meet the needs of both quality and price • Helps the car to be light weight and energy efficient reduce the emissions of CO₂
2) Aluminium forging product	<ul style="list-style-type: none"> • To gain knowledge of aluminum forging technology through reverse engineering methods with the pilot project. • To find business opportunities in forging, which expect to have a high demand in the future. 	<ul style="list-style-type: none"> • Increase the opportunity to expand the existing business into new businesses with high returns and sustainability. • Responding to the needs of customers and preparing to enter the production of parts in the electric automotive group

5.12 Creating Value in Agricultural Machinery Business

company has expanded business opportunities in the agricultural machinery group. By developing technology and exchanging knowledge in producing cassava planters with farmers groups and villagers Which has started studying since 2013 until being a commercial product at the end of 2014 under the Somboon Agricultural Machinery: SAM). The company has continuously researched and developed along with performance testing with farmers in a variety of conditions, such as the East, the Northeast and the West



Important Activities are as follows:

Objectives	Methods	values / benefits / positive effects
1) Bring expertise in the design and testing of automotive parts to agricultural machinery.	<ul style="list-style-type: none"> • Explore the needs of customers through the farmers network. • Develop products to meet the needs of customers. 	<ul style="list-style-type: none"> • Create a team and new knowledge in agricultural machinery • Access to more research and development
2) Solve agricultural problems. Labor shortage Reduce costs and increase production efficiency	<ul style="list-style-type: none"> • Produce prototypes and test applications from the actual area to collect data. • Cooperate with academics And the farmer leader to improve the product 	<ul style="list-style-type: none"> • Create more business opportunities • Reduce costs and increase the efficiency of cassava cultivation
3) Support customers (Kubota) by developing new products.	<ul style="list-style-type: none"> • Produce prototypes and test applications from the actual area to collect data. • Offer customers to achieve acceptance 	<ul style="list-style-type: none"> • Reduce dependence on labor • Expanding and exchanging knowledge in the flour mill farmers and scholars. <ol style="list-style-type: none"> 1) Add new products with joint research and development. 2) Supporting tractors to be used more with a variety of peripherals.

6

Growth Society

Growth society master plan

6.1 Creating education opportunity

6.2 Learning center for aging population at Bang Chalong district

6.3 Development of the quality of life for the disadvantaged

6.4 Social service for the factory



Growth Society

Giving opportunity to strengthen society and live happily together

Our Approach

“SBG promotes harmonious support of company with community and society. By focusing on creating educational opportunities and careers for youth especially for disadvantaged groups in the field of vocational education, this would result in working knowledge and self-reliance. Moreover, SBG focuses on the process of working with communities and supporting various activities by the community both near and far according to the company policy. This aligns with the development direction of the government to improve the quality of life and economy for community sustainably”

Society and community development guidelines of the company align with the business strategy, organization budget, and community needs. The company promotes the engagement of communities according to community guidelines and encourage employees to take time to dedicate themselves for the public. The company has promoted a volunteer spirit, which present itself as a good organization for the society.

The company considers various factors in social and community development, with regard to the different context of communities, experience in past successful projects, community needs, and risks that may be caused by the activities, potential of communities and organizations including focusing on the process of participation with the community in every steps in our activities for society.

2.5

Million Baht
Value to society



18,634.20

Hours
Goodness to the
society



2.8

Million Baht
Educational
opportunity



3

Projects
Community
development for
sustainability



6.1 Creating Educational Opportunities

The company has commitment to develop people to be a good citizen for society. With this, the company gives priority to create educational opportunities by joining with various public and private agencies to encourage young people to have educational opportunities. SBG focuses especially on the vocational education, which is the main pillar of personnel for industrial sectors. The company has implemented a project to create sustainable educational opportunities as follows:

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 to 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. In 2018 there are 44 students from 6 following institutes having an internship at our company under this cooperative education project are 1. Suranaree University of Technology 2. Burapa University 3. Thai-Nichi Institute of Technology 4. Songkhla Rajabhat 5. Rajamangala University of Technology Isan 6. King Mongkut's University of Technology Thonburi

Regular 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.

Our Pride

SAT receives an award as an honor for cooperation in the bilateral education in the workplace projects from the federation of Thai industries presided in this event by General Kampanat Ruddidit, Privy Councilor on July 25, 2561 at 13:00 to 16:00 pm at the Technical College Nonthaburi, Pathum Thani.



Scholarship Program dedicated for Father

This scholarship program promotes education grants for employees' children, and students in the community. In 2018, the company has provided 177 scholarships total 952,000 baht. This program provides educational opportunities for children, which has continued for the 21 consecutive year.



Summary of school in factory project

In 2018, The company operates 4 projects in collaboration with educational institutions in order to create opportunities for youths. 176 students participated in the project (1,884,342.15 baht worth of investment.)

- | | |
|---|---|
| 1. Cooperative education project: 44 students | 3. Technician development project: 2 students |
| 2. Regular bilateral project: 2 students | 4. General internship: 128 students |

In 2018, the company also saw the importance of cultivating an effective educational foundation for youth. Leading to future careers and be a part in creating quality people in the country

The company has organized educational guidance activities for 53 students at Rajawinit Suvannabhumi School.

By sharing from our experienced employees in different occupation fields, this allows young people to get to know various professions around them and get information about the professions they are interested in. This would open

up more options for youth to walk in the right direction for success and be happy to have a career that is suitable for himself

In addition, the company has taught about 47 safety issues for grade 3 students in order to create awareness about school safety for students and related persons through skills training, teaching methods for exploring risk points in the area around the school.



6.2 Bangchalong Sub-district Elderly Citizen Learning Center Project

In 2018, the company has fulfilled the government's policy to support and develop the elderly citizen. This is due to the aging society with increasing number of elder every year. This change in demographic requires the contributions from the private sector, in which SAT has found this in line with SBG Triple Bottom Line philosophy on Growth Society philosophy, focusing on creating

opportunities for the strength of society through creating educational opportunities to develop new skills and be self-reliant.

This year, the community of Bangchao sub-district administration was selected as a model with the mission to improve the quality of life for the elderly citizen to be self-reliant by providing learning opportunity in total of 2 groups, total of 114 students

The company cooperation with the Bangchalong Sub-district Learning Center is as follows.



6.3 Developing Life Quality for the Disadvantaged People

SBG has promoted the creation of career for disabled by continually hiring as employees for 3 years in a row, instead of paying contributions to the Disability Development Fund in accordance with the Thai laws. With the hiring of the disabled people, this helps open more opportunities for these people.

Additionally, SBG focuses on promotion for disabled to be able to engage in other

careers, in addition to gardening program in SBG. Therefore, SBG has opened for more opportunities to learn new knowledge and skills from the internal experts as well as providing opportunities in learning from vocational training center for the disabled to have more opportunity to pursue other opportunities according to the sufficiency economy principles.

Being a teacher for the community

From providing career for disabled, these people have sufficient knowledge in sufficiency economy agriculture. Therefore, we encourage them to share the knowledge from their practicing to the community around the company by opening opportunity for visitors to visit SBG garden and learn on how to implement sufficiency economy agriculture.

6.4 Social Contribution

In 2018, the company has continuously carried out activities that are beneficial to society. With responsibility for its community, the company provides budget to support various projects and activities continuously every year to create awareness and participation from employees to develop CSR activities

in order to enhance a sense of ownership of the project. This encourage more employees' engagement, which drive the success for such projects. In 2018, this results in togetherness of almost all employees with total of 18,634 social contribution hours.



7

Summary of Activities under "SBG Triple bottom line"



• Smart People

Economic aspect	2018	2017	2016
Good people development according to Smart people philosophy			
Percentage of employees engaging in good deed activity	94	-	-
Total good deed hours from all employees (hrs)	18,634.20	19,541.00	17,572
Average good deed hours per person (hrs/person)	7.80	6.90	6.30
Blood donation with the Thai Red Cross Society (persons)	403	304	309
Total blood donated to the Thai Red Cross Society (cc)	181,350	61,200	107,100
Smart people development according to Smart people philosophy			
Investment in human resource development (M Thb)	5.4	5.6	7.7
Number of internal courses	116	82	78
Percentage of employees being trained	100	100	100
Average of training hours per employee (hours)	18.20	18.12	17.42
Number of promoted employees (persons)	76	67	79
Number of suggestions and kaizen projects	2,557	170	170
Cost saving from suggestions and kaizen projects (M Thb)	2.6	2.7	1.4
Number of QCC projects	205	202	-
Cost saving from QCC projects (M Thb)	7.90	17.40	-



• Business Trust

Economic aspect	2018	2017	2016
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)	15.30	15.10	13.85
Earnings per share (Baht)	2.15	1.91	1.43
Results of operation (Thousand Baht)			
Sale income	8,193,797	8,593,222	8,298,782
Total income	8,307,933	8,802,283	8,817,152
Net profit	915,597	811,241	641,538
Financial statement information (Thousand Baht)			
Current assets	4,224,378	4,486,481	3,427,646
Total assets	9,064,761	9,571,969	9,633,531
Current liabilities	1,723,592	2,464,594	2,333,416
Total liabilities	2,178,121	3,151,999	4,102,698
Issued and paid up capital	425,194	425,194	425,194
Shareholders' equity	6,886,640	6,419,970	5,530,833
Financial ratios			
Return on equity Ratio (%)	13.76%	13.18%	11.94%
Return on fixed Assets (%)	39.89%	33.6%	25.17%
Return on Assets (%)	9.83%	8.54%	6.60%
Gross profit (%)	18.43%	15.49%	6.60%
Ratio of current assets to current liabilities (Time)	2.45	1.82	1.47
Ratio of liabilities (Time)	2.01	1.51	1.11
The ratio of liabilities to equity (Time)	0.32	0.49	0.74
Taxes and Tax Incentives (Thousand Baht)			
Taxes paid to government		83.1	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

Human resource	2018	2017	2016
Human resources	2,389	2,745	2,802
Male	2,038	2,339	2,101
Female	351	406	701
Number of employees divided by workplace (1) (Persons)			
Samutprakan	648	945	1,021
Rayong	1,741	1,800	1,781
New employees (persons)	320	232	147
Resigning employees (persons)	187	291	396
Resigning employees younger than 30 years	97	170	179
Resigning employees older than 30 years	90	121	217
Resignation rate (% of all employees)	8%	10.6%	14.13%
Maternity leaves(2) (persons)			
Employees on maternity leave	17	43	16
Employees returning to work after childbirth	17	43	16
Rate of Employees returning to work after childbirth (%)	100%	100%	100%
Employee care and welfare			
Budget for quality of work life (Million baht)	21.1	18.1	18.2
Products and Services			
Overall customer satisfaction index	88%	88%	81%
Supply chain management			
Number of partners who have received the knowledge of Toyota Production	3	4	11
Safety			
Serious accident causing absence (employees)	4	3	5
Accident not causing absence (employees)	9	10	10
Accident prevention through CCCF(3) (Percentage of success)	100%	100%	100%
Safety culture project	80%	90%	85%

Environment and Material Use	Unit	2018	2017	2016	Remark
1) Amount of raw materials used in production					
1.1 All main raw materials (steel sheet, steel bar, etc.)	Ton	62,992.68	54,372.26	51,832.47	
1.2 Main raw materials recycled by external agent (such as metal briquette from car assembly plant, etc.)	Ton	3,575.21	3,032.41	2,912.98	
	% comparing to all raw materials	5.68%	5.58%	5.62%	
1.3 Main raw materials recycled by internal department of the company	Ton	31,050.96	25,897.38	24,454.56	
	% comparing to all raw materials	49.29%	47.63%	47.18%	
1.4 All raw materials in category of chemical mixture	Ton	705.68	610.28	587.94	
2) Consumption of electricity and fuel					
2.1 The use of all kinds of energy	Giga joule	984,037.48	854,766	827,461	
2.2 The energy from the use of all kind of fuel	Giga joule	435,437	386,782	357,967	
	% comparing to all kinds of energy	44.25%	45.25%	43.14%	
Energy from fuel oil of all kinds	Giga joule	208,370	163,524.98	151,925	
Energy from LPG	Giga joule	34,734	36,862.64	34,162	
Energy from Natural gas	Giga joule	192,332	186,430.08	170,880	
2.3 Use of purchased electricity	Giga joule	548,506.31	467,889.89	470,399	
	% comparing to all kinds of energy	55.74%	54.74%	56.85%	
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)	18.24	16.89	17.18	
	Giga joules per number of product unit (Ton)	7.97	8.26	8.18	
2.6 Amount of greenhouse gases from production	Tons of carbon dioxide equivalent	106,662.41	99,211.62	97,651.90	
2.7 Greenhouse gases per product unit	Tons of carbon dioxide equivalent	2.39	2.41	2.47	
	Tons of carbon dioxide equivalent	0.89	0.91	0.91	
3) Industrial Waste Management					
3.1 All industrial waste	Ton	33,309.70	30,194.77	29,452.57	
3.2 Non-hazardous industrial waste disposed	Ton	18,873.35	17,610.05	17,185.57	
Landfills	Ton	332.65	121.28	130.61	
Incineration	Ton	-	-	-	
Reuse	Ton	-	-	-	
Recycle	Ton	17,018.78	16,228.46	15,638.87	
Recovery	Ton	-	-	-	
Other method	Ton	1,521.92	1,260.32	1,416.09	
3.3 Hazardous industrial waste disposed	Ton	14,436.35	12,584.72	12,267.00	
Landfills	Ton	839.13	653.82	720.07	
Incineration	Ton	-	-	-	
Reuse	Ton	-	-	-	
Recycle	Ton	13,017.81	11,741.51	11,304.04	
Recovery	Ton	-	-	-	
Other method	Ton	579.42	189	242.89	

Environment and Material Use	Unit	Standard	2018	2017	2016 Remark
4) Air quality					
4.1 Air quality from factory chimney					
Carbon Monoxide: CO	ppm	≤ 690	122	1.60	1.60
Oxide of Nitrogen: NOx	ppm	≤ 200	N/A*	<0.01	<0.01
Sulfur Dioxide: SO2	ppm	≤ 80	≤ 100	2.07	N/A
Total Suspended Particulates: TSP	mg/Nm ³	≤ 400	7.85	1.60	2.00
4.2 Air pollution in communities around the plant					
Carbon Monoxide: CO	mg/Nm ³	≤ 34.20	1.31	0.72	0.57
Oxide of Nitrogen: NOx	ppm	≤ 0.17	0.060	0.023	0.023
Sulfur Dioxide: SO2	mg/Nm ³	≤ 0.30	0.030	<0.002	<0.002
Total Suspended Particulates: TSP	mg/Nm ³	≤ 0.33	0.110	0.056	0.089
5) Water					
5.1 Water used	m ³	-	216,958.05	266,629.78	278,173.23
Quantity of water used in production process (water supply)	m ³	-	163,658.86	234,640.47	230,104.90
	% comparing to total quantity of water used	-	75.43	88.00	82.72
Renewable water (water from treated water system)	m ³	-	53,299.19	31,989.31	48,068.33
	% comparing to total quantity of water used	-	24.57	12.00	17.28
5.2 Quantity of water treated before discharge	m ³	-	95,940.62	103,985.61	111,845.40
5.3 Quality of water treated before discharge	.				
pH at disposal point	-	5.5-9.0	7.37	7.2	7.6
Temperature at disposal point	Celsius degree	≤ 40	30.13	28.68	28.03
Biochemical oxygen demand (BOD5)	mg/l	≤ 20	4.82	5	4.42
Chemical oxygen demand (COD)	mg/l	≤ 120	26.49	44.14	49.17
Oil and grease from treated water (Grease and Oil)	mg/l	≤ 5	2.33	2.40	2.00
Heavy metal and zinc in wastewater (Zn)	mg/l	≤ 5	1.66	1.51	0.03
6) Noise level					
6.1 Inside the factory					
Average noise level during 8 working hours in working area	dB(A)	≤ 90.0	83.2	83.8	83.8
Maximum noise level in working area	dB(A)	≤ 140	98.7	99.0	99.0
6.2 Around the factory					
Average noise level in 24 hours around the factory	dB(A)	≤ 70	52.1	54.3	54.3
Maximum noise level around the factory	dB(A)	≤ 115	80.7	88.4	88.4
7) Oil and chemical leakage					
Number of occurrence of oil and chemical leakage		-	0	0	0
8) Compliance with environment laws					
Indemnity caused by failure to comply with environment laws	Baht	-	0	0	0
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

• Growth Society

	2018	2017	2016
Education opportunities for youth			
Value from education opportunities for youth (M Thb)	2.8	3.5	4.4
Education grant for young (Thb)	952,000	961,000	800,000
Intern students (persons)	176	141	173
Bilateral student project (persons)	2	11	11
Cooperative students project (persons)	44	53	67
Development of quality of life for society			
Value from social impact (M Thb)	2.5	1.7	-
Total good deed hours from all employees (hrs)	18,634.20	19,541	17,568
Community improvement projects	3	1	1
Elderly persons involved from communities (persons)	114	-	-
Disabled people supporting projects (persons)	26	28	28
Alliance and network with other organization for the strength of society			
Stock Exchange of Thailand	✓	✓	✓
Bangplee District Office	✓	✓	✓
Bangchalong Sub-district Administration Office	✓	✓	✓
Thai Listed Companies Association	✓	✓	✓
Social Innovation Foundation	✓	✓	✓
Department of Industrial Works	✓	✓	✓
The National Council of Social Welfare of Thailand	✓	✓	✓
Thaipat Institute	✓	✓	✓
Office of the Civil Service Commission	✓		



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