

## 7. Corporate Social Responsibility

### Policy Overview

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The Company has recognized the importance of business operation under good corporate governance with responsibility for any impacts occurring from the Company's business operation on the environment and communities. Its business operation is carried out under the code of conduct and with transparency, openness to inspection, respect for human rights, compliance with legal provisions and adherence to international practices, taking into account the interests of stakeholders and being committed to make ongoing improvement and development as a strong and sustainable foundation for corporate social responsibility.

### Operation and Report Preparation

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With awareness of corporate social responsibility, the Company has put in place a corporate social responsibility policy covering the following areas:

1. Conduct of business with fairness

The Company adheres to operating its business with honesty and fairness under the competition framework and rules according to the relevant laws and regulations and good corporate governance principles. It has drawn up the code of conduct to guide directors, executives, and employees of the Company to perform their duties with morality and ethics in the interests of stakeholders, i.e. shareholders, the Company and the society.

2. Anti-corruption

The Company is committed to running its business with honesty, transparency, and accountability in accordance with good governance. Having realized that corruption impairs free and fair competition and impedes economic and social development, the Company has established an anti-corruption policy in order to fight every type of corruption and on 14 May 2016 joined the Private Sector Collective Action Coalition against Corruption which will work collaboratively with the government sector, the civil society, the media and international organizations to create transparent business

operation standards. The Company's CAC membership was certified on August 5, 2019 and the certificate will be valid for three years after the date of issuance.

### 3. Respect for human rights

The Company has a policy to uphold human rights and respect for dignity and privacy rights among directors, executives and employees. Practices are as below;

- 1) Directors, executives and employees should treat colleagues with respect for their honor, dignity and individual rights.
- 2) Directors, executives and employees should treat the individuals politely and equitably, without discrimination in spite of differences in nationality, race, class, gender, age, religion, beliefs and social status.
- 3) Directors, executives and employees should have respect for Thai culture and traditions and those of other countries with which the Company has been in business transactions and carry out activities in a way appropriate for social and economic conditions of such countries.

### 4. Fair labor practices

The Company has a policy to provide equal employment opportunity and not to allow discrimination, labor deprivation, harassment or intimidation a resulted from differences in nationality, race, class, gender, age, religion, beliefs, and social status. Executives and employees have opportunity to receive training for equal and proper development of their capabilities as required for the respective job titles and levels. Also, the Company has a policy to maintain good work environment with safety and sanitation conducive to work efficiency.

#### 4.1 Employment and labor relations

The Company has set up Welfare Committee in the organization, which is responsible for joining discussions in providing welfare and additional benefits to employees as well as to determine a policy that ensures fair welfare and benefits to employees to promote their work life quality, create work motivation, and develop their work potential on a consistent and comprehensive basis.

In the previous year, the Company's personnel development and labor relations activities included:

- Provide orientation for new employees, so that the employees understand how the organization operates its business and to ensure they work in the same direction in compliance with the Company's policies.
- Provide reasonable remuneration commensurate with the employees' knowledge, competence, responsibilities and work performance of individual employees.
- Ensure appointment, rotation, rewarding and punishment of employees are done on an equal and sincere basis, as considered appropriate based on their knowledge and competence as well as the nature of their action or performance.
- Provide appropriate benefits such as uniforms, accident insurance, provident fund, housing loan, incentives, scholarship, fitness facility, and so on.
- Encourage employees to learn and develop knowledge and competence by participating in training courses and seminars outside the Company.
- Care for the workplace environment in the factory starting with "Chow Style Relaxation Zone Project," which encourages all employees to participate in landscaping, and provide hygienic and relaxing corner for employees aiming to increase their work efficiency.
- Strictly comply with laws and regulations relating to employees.

During 2015-2019, the Company won Outstanding Labor Relations and Labor Welfare Award from Department of Labor Protection and Welfare, Ministry of Labor.

#### 4.2 Occupational health and safety

The Company has appointed Safety Committee to determine troubleshooting and promote safety activities. Operational level staff have been granted opportunity to participate as part of the committee so that information from the true needs of staff at operation level is obtainable. The Company pays attention to activities that may pose

negative impacts on employees and also activities that may pose external impacts. Thus, the Community Relations Committee has been established in order to jointly make improvement and rectification of significant impacts and promotion of the Company's participation in community activities.

- In 2012, the Company joined the Corporate Social Responsibility-Department of Industrial Works (CSR-DIW) program and was granted Green Industry Certificate Level 1: Green Commitment, which has reflected the Company's commitment to reduction of environmental impact and communication of which was made across the organization.
- In 2013, the Company was awarded Green Industry Certificate Level 2: Green Activity, which exhibited the implementation of activities that fulfill the preset commitment to reduction of environmental impact. In addition, the Company received a certificate for compliance with industrial enterprise social responsibility standard (CSR-DIW for Beginner Award).
- In 2015, the Company was granted Green Industry Certificate Level 3: Green System, showcasing systematic environmental management with monitoring, evaluation and review undertaken for continuous development, from Department of Industrial Works, Ministry of Industry, and received a certificate and a plaque certifying its organization standards in respect of sustainable social responsibility under CSR-DIW Award.

#### 4.3 Diversity and opportunity of equality

The Company has recognized the diversity of language, ethnicity, and education of employees with various communication channels made available through supervisors and comment box. However, so far, there has been no complaint about inequality from any employees.

#### 5. Responsibility toward consumers

The Company has attached great importance to production and delivery of quality products to meet customers' expectations, and performance of duties in their best interests, subject to relevant rules and regulations and/or applicable laws.

## 6. Environmental preservation

### 6.1 Sustainable use of resources

The Company has recognized the importance of resources used as raw materials in the Company's activities including the use of energy, especially electricity, as the primary source of energy in its steel billet manufacturing process. The Company has been classified as a designated factory number TSIC-ID: 37110-0166 according to the Royal Decree on Designated Factories, B.E. 2540 (1997). The Company has established a policy of energy conservation as guidelines for the organization and set targets for energy conservation taking into account energy consumed per unit of output. It has also prepared a power management report and appointed responsible persons with qualifications as prescribed in the Ministerial Regulation. Such report is submitted to the Department of Alternative Energy Development and Efficiency in March every year.

- In 2014, the Company received a certificate of Clean Technology Transfer project for Metal Industrial Group from Department of Industrial Works
- In 2014, the Company received a certificate of the industrial enterprise operating in line with good environmental governance criteria set by Ministry of Industry.
- In 2019, the company received Green Mining Award 2019 and CSR-DPIM Continues Award 2019 from Department of Primary Industries and Mines, Ministry of Industry and Management System Certification Institute (Thailand)

### 6.2 Pollution prevention and control

The Company uses electromagnetic induction furnace, which results in lower amount of air pollution than other types of furnace. For such pollutant as dust, which consists of iron oxide and other metal fumes contaminating steel scrap, the Company has installed a system to control pollutant emission at the source. With the use of bag house filters, air pollution has been minimized, hence no harm to the health of employees and nearby community.

The Company has adopted measures to prevent, remedy and lessen environmental impact by presenting environmental impact analysis report approved by Office of the Natural Resources and Environmental Policy and Planning on 24 September 2008, and having the measures tracking report submitted to Office of the Natural Resources and Environmental Policy and Planning every six months. The Company has also engaged an independent expert to measure the quality of the environment.

#### 7. Mutual development of the community and the society

The Company is committed to enhancing value to the society by adhering to the principles in the conduct of business with responsibility for creating benefits for the society and the environment under the following practice:

1. Directors, executives and employees shall participate in public activities for social development and services, e.g. education, culture and environment.
2. Directors, executives and employees shall participate in community services and support for disaster victims and the underprivileged as appropriate.

#### **Anti-Corruption Policy**

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The Company is committed to running business with honesty, transparency, and responsibility and in accordance with good governance. Moreover, the Company also places importance to building and supporting good governance culture within the organization for all directors and employees to uphold and with maximum benefits of the organization taken into consideration. Having realized that corruption is detrimental to free and fair competition and hinders social and economic development, the Company has instituted an anti-corruption policy in order to fight corruption of all types, whether directly or indirectly, covering all relevant businesses and transactions of the Company to prevent damage to the Company and the society. Good corporate governance has been emphasized in business operation under ethical, transparent, and examinable management, especially in processes relevant to or at risk of internal fraud as well as corruption of all kinds. As such, the Company has put in place the anti-corruption policy as follows;

1. Director, executive, and employee is prohibited from asking for or receiving any benefits or assets which will lead to an act or omission of an act in his/her performance of duties in an undue manner, or cause the Company to lose benefits.
2. Director, executive, and employee is prohibited from offering or giving any benefits or assets to any other person to motivate such person to do an act or omit doing an act in an illegal or undue manner.
3. In case of an act which is deemed as an internal fraud, such act shall be deemed as a serious act, and action shall strictly be taken against the person concerned according to the rules and regulations of the Company and the relevant laws.

#### **Anti-corruption Duties and Responsibilities**

1. Board of Directors has duty and responsibility to institute the anti-corruption policy and oversee to ensure an efficient system is in place so that the management realizes the importance of anti-corruption and has it embedded in the organizational culture.
2. Audit Committee has duty and responsibility to review the financial and accounting reporting, internal control, internal audit, and risk management systems to be prudent, updated, efficient, and compliant with international standards.
3. Chief Executive Officer and executives have duty and responsibility to determine a system in support of the policy with communication of which made with all employees concerned, and review the appropriateness of the system and measures to align with changes in business, rules, regulations, and laws.
4. Audit Department Head has duty and responsibility to review and audit operation to ensure accuracy in line with the policy, delegated authority, rules, laws, and provisions of regulatory authorities, and appropriateness and adequacy of the control system to counter potential corruption risks, as well as have results of which reported to Audit Committee.
5. Directors, executives, and employees at all levels shall strictly comply with the anti-corruption policy. Their non-compliance with the policy shall be subject to disciplinary punishment.

## Guidelines for Compliance with Anti-Corruption Policy

1. Directors, executives, and employees at all levels shall strictly comply with the anti-corruption policy and the code of conduct, without getting involved in corruption, whether directly or indirectly.
2. Any director, executive, and employee witnessing any act regarded as an act of corruption in relation to the Company shall not neglect or ignore it, and shall report it to his/her supervisor or person in charge, as well as give cooperation to examination of facts. In case there is any doubt or inquiry, he/she shall consult with his/her supervisor or the person designated to follow up the matter and perform according to the Company's code of conduct through specified channels.
3. The Company shall provide justice and protection to any employee who refuses to get involved in corruption or reports a corruption case in relation to the Company by taking measures to protect such complainant or the person giving cooperation in anti-corruption reporting.
4. Director, executive, and employee who has committed corruption shall be deemed as violation of code of conduct and shall be subject to disciplinary consideration according to the regulations set by the Company.
5. The Company has recognized the importance of dissemination of knowledge to educate other parties performing duties in relation to the Company, which may affect the Company according to the anti-corruption policy.
6. Director, executive, and employee shall not ask for, undertake, or accept an act of corruption in any form for his/her benefits or the benefits of his/her family, friends, and acquaintances.



## Reporting of Corruption

To ensure the Company's business operation is correct, appropriate, fair and examinable, the Company has set a policy to provide channels for filing a complaint or reporting an illegal act or violation of the code of conduct or the anti-corruption policy, or behavior which may lead to corruption or misconduct of any person in the organization according to the corporate governance principles and the stock exchange laws. Any person who witnesses any act deemed as an act of corruption or possible corruption, which could affect the Company directly and indirectly, may report such incident via the specified reporting channels as below:

1. Send email to [audit\\_com@chowsteel.com](mailto:audit_com@chowsteel.com)
2. Send mail by post or report directly to

Chairman of Audit Committee

Chow Steel Industries Public Company Limited

No.2525 FYI Center, Tower 2, 10<sup>th</sup> Floor, Unit 2/1006-1008

Rama 4 Road, Khlongtoei Sub-district, Khlongtoei District, Bangkok 10110

## **Awards and Recognition**

1. Year 2012: The Company was granted a Certificate for compliance with primary industrial enterprise social responsibility standard (CSR-DIW for Beginner Award) from Ministry of Industry.
2. Year 2012: The Company awarded Green Industry Certificate Level 1: Green Commitment from Ministry of Industry, which has reflected the Company's commitment to reduction of environmental impact and communication of which was made across the organization.
3. Year 2012: The Company was awarded Green Industry Certificate Level 2: Green Activity from Ministry of Industry, which exhibited the implementation of activities that fulfill the preset commitment to reduction of environmental impact.
4. Year 2014: The Company was certified as an industrial enterprise operating in line with good environmental governance criteria from Ministry of Industry.
5. Year 2014: The Company received a certificate of Clean Technology Transfer project for Metal Industrial Group from Department of Industrial Works.
6. Year 2014: The Company was granted a certificate for Promotion and Development of Industrial Water Management Project, Prachinburi Province, from Department of Industrial Works.
7. Year 2015: The Company was granted a certificate for Standard of Prevention and Solution of Drug Problem in Workplace (White Factory), Prachinburi Province, from Ministry of Interior.
8. Year 2015: The Company won Outstanding Labor Relations and Labor Welfare Award from Department of Labor Protection and Welfare, Ministry of Labor.
9. Year 2015: The Company won an award of honor under CSR-DIW Award 2015 (Standard for Corporate Social Responsibility and Department of Industrial Works) for industrial promotion to develop corporate social responsibility from Ministry of Industry.
10. Year 2015: The Company was granted Green Industry Certificate Level 3: Green System from Ministry of Industry, showcasing systematic environmental management with monitoring, evaluation and review undertaken for continuous development.

11. Year 2016: The Company won Outstanding Workplace for Labor Relations and Labor Welfare Award at Provincial Level from Department of Labor Protection and Welfare, Ministry of Labor.
12. Year 2017: The Company won Outstanding Workplace for Labor Relations and Labor Welfare Award at National Level from Department of Labor Protection and Welfare, Ministry of Labor.
13. Year 2018: The Company won Outstanding Workplace for Labor Relations and Labor Welfare Award at National Level from Department of Labor Protection and Welfare, Ministry of Labor.
14. Year 2018: The Company earned CSR recognition winning Asia Responsible Enterprise Awards 2019 (AREA 2018) in Investment in People Category at Asian Level from Enterprise Asia.Org, the Philippines.
15. Year 2018: the Company received CSR-DPIM 2018 award from Department of Primary Industries and Mines, Ministry of Industry
16. Year 2018: the Company joined “Developing and Creative New Innovative Project” focus on transformation of waste materials to new innovative by using clean production’s technology (Reduce Reuse and Recycle: 3Rs) from Ministry of Industry, Prachinburi together with King Mongkut’s University of Technology North
17. Year 2019: The Company won Outstanding Workplace for Labor Relations and Labor Welfare Award at National Level from Department of Labor Protection and Welfare, Ministry of Labor.
18. Year 2019: the Company received a commemorative award of “Happy PVD Company” campaign for “Silver Level” from the Securities and Exchange Commission, Thailand
19. Year 2019: the Company is officially certified as a member of Private Sector Collective Action Coalition against Corruption (CAC) by Thai Institute of Directors (IOD)
20. Year 2019: The Company received Green Mining Award 2019 from Department of Primary Industries and Mines, Ministry of Industry and Management System Certification Institute (Thailand)

21. Year 2019: The Company received CSR-DPIM Continues Award 2019 from Department of Primary Industries and Mines, Ministry of Industry and Management System Certification Institute (Thailand)

## Activities for Social and Environmental Benefits

In 2019, the Company and its group of companies consistently conducted activities for the benefits of the society and the environment, comprising activities for the community, the society, and the environment as summarized below:

### *Chow Volunteering Charity Project Year 3*

Staff visited Karunyawet Home for Disabled Ladies in Chonburi province. This charity and donation event aims to provide money, necessities and food on 4 October 2019





### *Chow Sharing Children's Day 2019 Project*

The Company encouraged employees to join the National Children Day 2019 on Saturday, 12 January 2019 at Nongki Sub-District Administration Organization, Nongki District, Prachinburi Province. The event featured such activities as games, quizzes, prize giving, and skill enhancement designed for students to use their creativity while having fun, together with provision of scholarships to local school children.





Chow collaborated with internship students Faculty of Medicine majoring in Environmental Health, Payao University in order to sharing “Water Resources Management” and enjoy funny activities with the local school children at Kabin Buri District, Prachinburi Province.



Developing and Creative new innovation Project

Chow cooperated with Prachinburi Industry Office and Operations Consulting from King Mongkut's University of Technology North Bangkok to create "Developing and Creative New Innovative Project". This event focus on transformation of waste materials to new innovative by using clean production's technology (Reduce Reuse and Recycle: 3Rs)

Example: Asphalt produce from Slag (waste materials from Steel's production process)



### Bike Challenge Activities

Dr.Pruchya Piumsomboon, Chairman of the Board joined Bike Challenge for 120 km. distance in the north of Vietnam. The events arranged by YAANA Ventures in order to donate the money to Operation Smile Foundation in Asia and to support a Corporate Social Responsibility's events.

