

# Corporate Social Responsibilities (CSR)

At present, the notion of Corporate Social Responsibility or CSR becomes the crucial path way toward sustainable growth of the business. It can be seen that the large corporations both domestic and abroad have blended such idea into its business strategy as it has been proved that performance of the corporate activities with caution of any impact against the corporation itself, community and environment will enhance joyful living between corporation and community, and, finally, it leads to sustainable development of the corporation.

Thai Central Chemical Public Company Limited realizes importance of CSR and, hence, always complies with such notion in its day to day operation. The Company has prepared the CSR report to publicize such activities to the public.

## Direction toward sustainability

Agriculture is crucial for Thailand and the world community. Agricultural product will be used as food, clothes, housing, medicine and other necessary thing in daily life. As the chemical fertilizer producer, the Company shall be responsible for high quality product for increase of agricultural production. The Company believes that honesty to the customer by controlling of production at high level of standard and providing advice on use of the product will help enhance efficiency of agriculture. This will promote better quality of the agriculturist and the Company will sustainably grow as a consequence. In addition, the Company will not neglect taking care of the community which may affect from the Company activities by minimizing pollution, saving energy and developing community in accordance with its needs. This is a supportive relationship between the Company and the community which will lead to sustainable growth.

## Scope of the report

This CSR report has been prepared in accordance with the Guideline for Sustainability Report, the Stock Exchange of Thailand by using the Integrated CSR Reporting Framework version 2, Thaipat Institute, as a framework. The material in the report covers only the activities of Thai Central Chemical Public Company Limited which excludes its subsidiaries.

## The Company's business

The Company is a producer and distributor of high quality chemical fertilizer with production capacity of 1.2 million metric tons per year.

## Stakeholders

The stakeholders is the concerning person with the Company activities in many aspects and may affect from operation of the Company. Therefore, the Company shall take responsibility to control any activities for generating benefit and minimize any effect as much as possible. The stakeholder, moreover, is the important part for strategic planning on sustainable growth. In particular, the Company will assess the risk of such activity and monitor any effect happening to the stakeholder including survey needs of the stakeholders, and then the Company will plan the strategy, policy or any guideline to address such affect.

The Company categorizes the stakeholder of the Company into groups as follows.

1. Staff; Staff performs activities of the Company in accordance with the Company's policy. Benefit or effect, which will happen, is salary, welfare, job promotion, seminar or training and workplace environment.
2. Shareholder and investor; Shareholder and Investor buy share(s) of the Company; hence, they share interest with the Company performance. Benefit or effect which may happen is consideration in many forms, such as, dividend, profit, loss from the Company performance and information disclosed by the Company.
3. Customer; Customer is a direct stakeholder by consuming the Company's product. Benefit or effect which may happen is quality of the product and services, product information disclosure, non-disclosure of the customer information and after sale service.
4. Business partner and Supplier; They play an important role in supply chain i.e. supply raw material or provide services in any work or project. Benefit or effect which may happen is price of the supply, auction of any project, knowhow or technology transferred.
5. Competitor; Competitor is a stakeholder in business competition. Benefit or effect which may happen is fair and legally trade or transparent and ethical business operation.
6. Creditor; Creditor relates to the Company as it has the right to claim against the Company. Benefit or effect which may happen is timely payment including any agreed consideration.

7. Community; Community relates to the Company as it may obtain benefit or effect from the Company's production, such as, pollution, employment in the community, distribution of local goods or community development.

### **Significant and focused issue for CSR**

From analysis of the stakeholders considering the issue which is important to the stakeholders and the issue which is important to the Company, the Company has specified the significant issues as follows.

- Quality of the product
- Environmental friendly production process
- Providing information on use of the product
- Human resources development

Then the Company has proceeded CSR activity focusing on the above issues.

### **Social and Environment Responsibility**

The Company has compiled the Companies' activities considered as social and environment responsibility and, therefore, shown as follows.

#### **Responsibility to Consumer**

The Company's policy focuses on high quality product at or above the standard level. This will assure the customer's satisfaction and confidence in quality of the Company product as "Full Fertilizer Formula". The good quality fertilizer will increase product yield and will increase income of the agriculturist consequently. Finally, the agriculturist will have better standard of living. In this matter, the Company has proceeded in accordance with Responsibility to the Customer as follows.

##### 1. Quality control.

- In production line, the Company strictly examines the quality of raw material and finishing goods by randomly examined for 3 stages. Firstly, the raw material will be randomly examined for quantity of nutrient before going through production line. Secondly, the fertilizer will be examined nutrient content after it has been produced and transported to the warehouse. Thirdly, before the fertilizer is packed, it will be examined the nutrient content again. In each stage of examination, the Company's staff will randomly collect the sample every 15 minutes from the belt conveyor and once the staff gets 8 samples (or every 2 hours), such samples will be sent to the Company's laboratory for nutrient content analysis. If any sample does not meet the standard of quality, the fertilizer produced in such period will be separated and will be sent to reproduction process. From statistic, there is only 0.2% of fertilizer which has been sent to reproduction process. This quality control procedure is one of the highest standards of quality control systems in the fertilizer industry.

- The Company set up the laboratory for analysis of fertilizer quality at Nakhon Luang plant site and Prapadaeng plant site which are the most advance and highly efficient in nutrient content analysis. Both of the Company's laboratory have been certified ISO/IEC 17025 : 2005 standard for fertilizer analysis from Department of Science Service, Ministry of Science and

Technology. Hence, it can be assured that fertilizer examined by the laboratory will meet standard of industrial quality. Furthermore, the Company laboratory is now certified as the certified laboratory for fertilizer analysis from Department of Agriculture, Ministry of Agriculture and Cooperatives. Any fertilizer traders can use the result of fertilizer analysis by the Company's laboratory to register with Department of Agricultural for trading.

##### 2. Information disclosed to the agriculturist

- The Company arranges the farmer meeting every week through the year to provide the farmer knowledge relating agriculture in various topics. The meeting will be co-arranged by the dealer which will be responsible for finding the venue of the meeting and inviting the participants around 30-200 persons per session. The meeting will be arranged in different areas covering all parts of Thailand and it is free of charge. The topic in the meeting will cover agricultural knowledge, such as, how to grow plants, soil fertility, treatment for plant decease, fertilizer usage etc. The speaker will be the Company staff. The participants are welcomed to ask question and the speaker will answer accordingly. In addition, the Company has been invited from many organizations, institutes or traders who wish the Company to give a lecture or participate in the event to introduce the Company product.

- The Company conducts the Demonstrating Plot Project which gives chance to the agriculturist to actually try plantation of rice, onion, garlic, rubber tree, cassava and other plants by using the suitable fertilizer formula of the Company in comparison with the old way of plantation which has been conducted previously. The Company will select the leading

agriculturist who is interested in the project and he/she shall allocate some area to be the demonstrating plot. Then he/she shall use the Company' fertilizer with the demonstrating plot following advice of the Company in 4 matters which are right formula, right time, right ration and right method. The Company will provide the suitable fertilizer formula for the demonstrating plot 1 bag which normally can be used for area of 1 Rai for free of charge. From the result, 99% of the participants agree that production yield of the demonstrating plot which follows instruction of the Company and use the Company's fertilizer has been increasing.

- The Company quarterly publishes Puen Tae Kasetkorn Thai (True Friend of Thai Agriculturist) Magazine distributed to agriculturist, governmental unit, dealer and any person who is interested in for free of charge and it also can be downloaded from the Company website. The content in the magazine will relate to agriculture in various aspects, such as, the King's advice on agriculture, plantation of various plants, protection of plant decease, soil improvement etc. written by academic, agricultural expertise or the Company staff. It also publishes details of much research in relation to appropriate fertilizer formula for each plants conducted by the Company. In addition, there is a column of agricultural question answering which give chance to the agriculturist to ask the question and the Company will have the expertise answer it accordingly.

### 3. Manufacturing Process Improvement

- The Company conducted the Internal Logistic Improvement at Nakhonluang plant site, namely, transporting the products to the warehouse and transporting the products to customers or dealers. The Company has installed Pallatizer system using pallets, forklift trucks and belt conveyers to transport the products which was controlled by the computer system. The improvement replaced the conventional which mainly operates by labors and trucks for the transportation. The improvement resulted in reducing the busy traffic when transporting the products to customers' vehicles. In the high season, the customers may spend 6 hours in average for picking up the goods, and 2.7 minutes per ton in average for loading the goods onto the trucks excluding the time for truck moving between the loading stations of each formula. After implementation of the project, such pick-up time is decreasing to 4 hours in average, and 1.8 minutes per ton for loading to trucks without moving the trucks as all formula of the goods can be loaded at one loading station. In conclusion, this project can decrease the customers' pick-up time in the warehouse by about 33%.

### 4. Environmental preservation

- The Company has built the Co-Generation Power Plant which generates electricity and heat at the same time at Prapadaeng plant site. The electricity generated by the power plant will be consumed in the plant site internally and if there is excess of electricity, it will be sold to Metropolitan Electricity Authority ("MEA"). Heat, produced by the exhaust gas of the power plant in addition to electricity, can be used in fertilizer production process. Former days, heat was produced by separate gas firing boiler but the Co-Generation Power Plant can use such natural gas to produce both electricity and heat. This project, therefore, promotes the Company decrease of energy consumption, production cost saving and income generating from sale of electricity to MEA. The operation of the power plant has begun since the end of 2013.

- The Company has conducted Air Quality Control Project at Phrapradaeng plant site and Nakhon Luang plant site. Normally, in transportation process of raw material or finishing good into the plant site, micro dust can be released and it may affect the nearby community and environment, also it is loss of the Company. In this project, the Company has installed the dust protection equipment using Cyclone System to produce air circulation and makes dust sink to the bottom. After installation of the equipment, the quality of air complies with the standard of industry. The Company has also installed additional dust protection equipment using Scrubber Tank System which can be able to trap dust with smaller size (smaller than 20 Micron) by using water. Moreover, the Company has installed the information board showing air quality at the pier of Nakhon Luang plant site for acknowledgement of nearby community in accordance with environmental governance principle. The air quality will be monitored every day and the result will appear on the information board accordingly.

- The Company initiates Garbage sorted out Project at Prapadaeng plant site and Nakhon Luang plant site. This project aims to motivate staff to sort out garbage before discarding it. The Company will buy garbage which can be recycled at the agreed price, and, after that, the recycling garbage will be sold to the purchaser of recycling garbage. This will align with the campaign "Turn garbage into money" initiated by the Company. The revenue from the purchase of garbage will be circulated in the Project that is to buy garbage from staff again. In addition, the Company has changed garbage containers to be appropriate and enough for the quantity of garbage in the plant site. At Prapadaeng plant site, the result shows that there is 5.3 Ton of recycling garbage sold to the purchaser. At Nakhon Luang plant site the result shows that the general garbage to be eliminated decreases by 33 Ton or 26% of the normal quantity and the recycling garbage sold to the purchaser increases by 5 Ton or 68% of the normal quantity. This project can help reduce quantity of garbage which pollutes environment, decrease cost of garbage eliminated and generate income from sale of recycling garbage. More importantly, it encourages staff to realize environmental issue.

- In 2015, the Company's NKL Plant was certified ISO 14000 : 2004 Standards (Environmental Management System) which is the most trusted by organizations worldwide for managing resources and environment as well as developing business in the mean time. The Standards mainly emphasized on polluted prevention and green environment in order to

reducing any environmental affects including reduction of production costs. At the moment, the Company is applying for ISO 18000, which is the industrial standard indicating health managerial system, safety of organization and improvement of the process in every aspects such as decrease of risks of damage and accident of employees and related person, improvement of business operation to ensure safety, and emphasizing the Company's image of responsibility to all employees, the Company itself and social. The Company anticipates the result of such application for the ISO will be announced by March 2017.

#### 5. Fair treatment for the worker

- The Company acknowledges safety of the Company's employee as priority; therefore, having announced Work Instruction to be a guideline for working by having the safety standard not lower than the standard set by Department of Industrial Work. The Company holds seminar on safety issue periodically and invites an outside speaker to give a lecture. In addition, the Company has collected the statistic of accident which occurred in the plants including any injuries caused by work as the following details.

In 2016, there were 9 times of accidents occurred in the plants. 9 employees and contractors were injured and took leave for 114 days. Such incidents were calculated as the total damage of THB 127,250, and Injury Frequency Rate (IFR) of 6.35 per 1 million hour, and Injury Severity Rate (ISR) of 42.56 per one million hour.

In this matter the Company also provides interpreter for foreign workers, such as, Cambodian, in order for them to be able to understand the seminar. Every morning before starting work, a short period of 10 minutes will be reserved for a supervisor to perform Safety Talk with their subordinates. The safety rules and other interesting matter will be briefed in this period. In working process, if there is any accident, investigation will be proceeded and it will be reported to the Safety Health and Environment Committee for improvement of safety measure (if any). Statistic of injury caused by work will be also collected for improvement of safety standard of employee. However, in the last years, there was none of injury which has happened from the same cause.

- The Company gives priority to human resource development. The Company believes that the Company could sustainably grow; the employee shall be the quality and professional persons. In this regard, the Company rendered the policy to develop the employees' skills in related areas through the training both in fundamental skills and specific profession skills such as English language, information technology, administration and management, safety at work place, leadership, and environment, in total of more than 85 courses. The training course was designated to suit the necessity for developing the man powers' skills and the Company's strategies. Furthermore, the Company opened for the employees to provide opinions toward such trainings in order to design the most suitable course to meet requirement and desire of the employees and the Company. Training statistic could be summarized as follows

The number of employees, who attended the training, was 88.12% of all employees. The total hours of trainings were 10,601.05 hours, or 17 hours per person per year in average.

- In addition, the Company initiated White Factory Project at Prapadaeng plant site and Nakhon Luang plant site which aims for a clean workplace from narcotic. With cooperation from the police and the office from Department of Administration, the Company randomly tests employee's urine without prior notice. If the result shows that any employee has narcotic in his/her body, the Company will not immediately punish him/her. Such employee will be sent to the hospital for rehabilitation program. There will be several session of discussion with a therapist, medicine treatment and regular urine test until completion of the program. After that, such employee will be tested in accordance with the normal schedule of the project. If the result still be the same, the Company will terminate employment of such employee. Nevertheless, from statistic, all employees who completes rehabilitation program, passes the random urine test in every case. At present, no employee found narcotic in the urine test.

#### 6. Innovation and distribution of innovation obtaining from CSR compliance

- For the best interest of the agriculturist in usage of chemical fertilizer, the Company cooperates with various leading educational institutes to conduct research in order to search for the appropriate fertilizer formulas with different economical plants. The agriculturist is also encouraged to use the outcome of research for their plantation. The examples of research are as follows.

- Research on searching of the appropriate fertilizer formula for rice field in different area, cooperating with Department of Soil Science, Faculty of Agriculture, Kasetsart University, Kamphaeng Saen Campus, Nakhon Pathom Province.
- Research on efficient usage of fertilizer in production of Mandarin cv. Sai Nam Pueng, cooperating with Department of Horticulture, Faculty of Agricultural Production, Maejo University.
- Research on usage of different types of fertilizer with corn yield, cooperating with Faculty of Agriculture Natural Resources and Environment, Naresuan University, Pitsanulok Province.

- Research on efficiency of fertilizer which is appropriate for increase of Para rubber production in the lower Northeast, cooperating with Faculty of Agriculture, Ubon Ratchanthani University, Ubon Ratchathani Province.
- Research on comparison of growth and production of palm oil using different fertilizer formulas, cooperating with Maejo University at Chumphon, Chumphon Province.
- Other research

The Company sponsors all expenditure in conducting research. The outcome of research has been publicized for the agriculturist, fertilizer traders and any person who is interested in by publishing in Puen Tae Kasetkorn Thai Magazine and in the seminar or meeting with the farmer.

#### CSR after process

- Scholarships for farmers' children

The Company initiated policy to support and encourage farmers' children who have an excellent academic record but financial limitation. Then, in the future, they become a decent and qualified person to the society. In addition, this activity will create positive perception and impression of the trademark "OX-Brand" to the farmers including good image of the Company. In this matter, the Company has arranged scholarships for farmers' children who are studying in the primary school and the secondary school and have an excellent academic result but financial limitation. The scholarship will be granted via schools in the northern part and northeast part of Thailand. For this year, there are 252 scholarships in total and each scholarship worth THB 3,000 for the students in the primary schools and THB 5,000 for the students in the secondary schools.