

Message from the President



The collaboration between region-specific countries, currently the Mega Trend for economic development, can lead to growth and create value-added for products of the same market or production base. The introduction of the ASEAN Economic Community (AEC) in 2015 is, therefore, vital for the world's economy, especially when developed countries, such as the United States and European countries, are facing economic meltdown. While ASEAN members are continually advancing in both trade and investment, another important factor that these countries need to cooperatively consider is a shift in paradigm to a business model that balances all aspects of economic, social and environmental growth and propels the growth of ASEAN towards a sustainable future and create a competitive advantage in the long term.

We are committed to our vision of becoming a role model in sustainable development and intend to enhance our performance with that vision in mind. In recent years, our accomplishments in sustainable development

- Zero Waste to Landfill policy that reduces the amount of Non-Hazardous waste to landfill to 25% and Hazardous waste to landfill is zero.

A handwritten signature in blue ink, which appears to read "S. Sumsansub". The signature is written in a cursive style and is placed on a light-colored, textured background.

Mr. Saravut Sumsansub
President / Managing Director



Company Profile

Siam Sanitary Ware CO., LTD. (SSW) manufactures and distributes a complete line of sanitary Ware under the brand names COTTO and TOTO, offering an extensive range of models in response to consumer preferences. SSI operates four factories with an annual capacity of up to 2 million pieces, using technology and practices that protect the environment at each stage of production.

An era of rapids, constant, of unceasing technological innovation, of a wide variety of lifestyles, and of seemingly limitless information results in a broad range of consumer tastes in sanitary ware. In respond, SSW satisfies consumer preferences for products and service in more than 50 countries around the world.

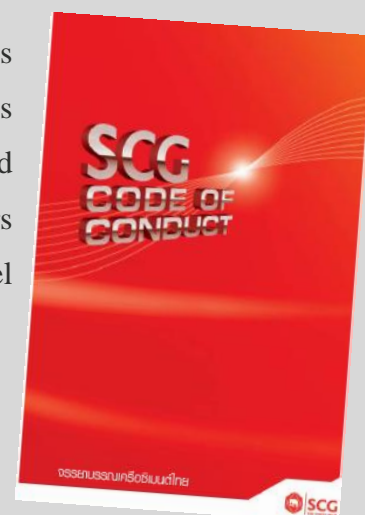
These effort have earned many awards for Sustainable Development in conformity with His Majesty the King's pronouncements and are consistent with SCG's Policies of good corporate governance by taking into the account the impact on society from environmentally-friendly production to socially responsible activities that benefit communities, society, and youth.

Principle 1 : Human Rights

Businesses should support and respect the protection of internationally proclaimed human right.



Our business philosophy and code of conduct have always emphasized our responsibility to our stakeholders. This philosophy has been consistently adopted and practiced throughout the organization, ranging from Broad of Directors to employees at all levels, and has helped us to propel business growth and acceptance from all circles.



Business Philosophy

Adherence to Fairness

- We are committed to the concept of fairness to all parties concerned.

Dedication to Excellence

- We earnestly focus on right performance with effort to provide consistently excellence

Belief in the Value

- We believe that employees are the most valuable assets.

Concern for Social Responsibility

- We fully perform its duty as a good corporate citizen by contributing to communities and countries where it operates.

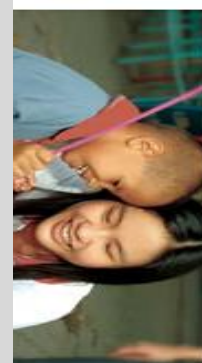


Principle 2 : Human Rights

Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

Company adheres to "SCG Code of Conduct" which the Board of Director firstly consolidated employee code of practices into written documents in 1987 in order to provide consistent practices throughout the organization and to align with SCG Business Philosophy. The Code of Conduct was amend to reflect the evolution of company and the changes in economic and social situations. The amendment of Code of Conduct was carried out through compiling, grouping and categorizing previous version, and also adopting and elaborating practices from business units, for example, mutual treatment under rights and freedom, management of information and assets, trading competition, and money laundering prevention.

In Addition to the publishing of the Code of Conduct, best practice role model by the Board of Directors, management, and the promotion of working environment for employees and relevant personnel to believe in the value of the Code of Conduct practice, there was an ongoing campaign to raise awareness in following via intranet and e-mail. These provide information and responses to any questions and concerns relating to the Code of Conduct, and serve as channel for reporting any incidents of non-compliance with the Code of Conduct.



Principle 3 : Labour

Make sure that they are not complicit in human rights abuses.

Our employees are our most valuable resources and we are committed to safeguarding them and promoting their growth and development simultaneously with the organization. In addition to the basic benefits provided to employees such as leave days and financial support such as pensions, child support, emergency loans, money for uniforms, medical care and dental work, and travel allowances and expenses, We have also set up a Quality of Work Life working group to study and propose ways to improve employees' welfare consistent with their diverse lifestyles, ages, and culture, covering employees' family, by promoting a better living, improving the working environment, encouraging proactive health care and adjusting their compensation on a regular basis. All this is to take good care of our employees so that employees can remain fully dedicated to the organization. We are also continually recruiting knowledgeable and skillful persons to work for the organization.

New employees are recruited through a selection process that includes competency based interviews to ensure that qualified good and excellent individuals who meet the expectations of the business are hired.

To improve performance and increase knowledge and consequently promote employee progress, We have set a policy for job rotations by giving employees the opportunity to work in other businesses.

We have taken good care of its employees and fully support employee engagement so that labor union does not exist. Nevertheless, company will not object to the establishment of a labor union as the employees' right for the establishment is legally defined. If a labor union is developed, We will accept this and negotiate with the labor union which operates under the scope of law and does not violent the rights of other employees or management staff.

At present, No collective bargaining between company and employee is at significant risk. In the case where a judgment is made by government officers or a commitment between company and the labor union is made. We will respect and follow through with such commitments in a sincere manner.

Principle 4 : Labour

The elimination of all forms of forced and compulsory labour.

Based on its ideological commitment to social responsibility, we have always given significant importance to the community, society and stakeholders. The Sustainable Development Committee has therefore established strategies and targets for preventing and reducing any potential social risks.



Employee Engagement. Focusing on staff development starting from recruitment. We aim to provide knowledge and skills to employees based on the Competency Based Management approach, as well as create awareness of sustainable development. We have also created a Succession Plan to rotate the workforce and maintain a good balance and have a plan for ensuring that employees remain with the organization. We also have a whistleblower policy to address employee complaints and respond with fairness



Principle 5 : Labour

The effective abolition of child labour.

Company commits itself to the protection of human rights. Forced and compulsory labor is categorically rejected.



ONE FOR ALL NEEDS

Cotto's mission is to provide The Right Solutions with superb products and responsive service for home coverings and sanitaryware. This means products of the highest quality and service of the highest standard to meet any and all consumer needs and to solve any problems that may arise with tiles and sanitaryware.

Principle 6 : Labour

The elimination of discrimination in respect of employment and occupation.

Company adheres to "SCG's employment process and procedure" for its own employees and business partners also addresses respect of human rights by adhering to labor laws as a minimum. These include avoidance of child labor and forced labor. So far there have been no complaints filed regarding the use of child labor or forced labor.

In term of Health and Safety, we have tried to create a sustainable safety culture by encouraging our executives to exhibit leadership and set good examples for employees

Principle 7 : Environment

Business should support a precautionary approach to environmental challenges.

and contractors. We also continue to promote the concept of "Think Safe Work Safe" and "Uncompromising Safety Standard" in the workplace as state in our vision by

1. Developing the capabilities of our management executives to ensure an effective safety culture.
2. Creating awareness and developing the capabilities of our business partners regarding safe driving habits, with focus on accident prevention.

Water resources

Water is an essential resource for our business operations. Risks associated with water use must therefore take into account the whole product life cycle starting from sources of water that might be insufficient to meet demands from industrial sectors during the dry season, abundance of water during the flood season similar to that which caused the great flood crisis this past year, volume and quality of water used in production processes, as well as that of treated water that is discharged to a water body which must not cause any impacts to the environment and be in compliance with specified laws. We have prepared preventive and mitigating measures as outlined below.

Risk from abundance of water leading to flood crisis, affecting property, public facilities, transportation of products and services, employees and business partners, and eventually leading to loss of trade opportunities. The Business Continuity Management (BCM) Committee recognizes the importance of having in place preparedness and response plans for such situation that include preventive measures that can be taken, ways to mitigate impacts, a recovery plan, and researching new innovations for handling another such severe crisis. At the same time, we have also expanded the outcomes of our actions to social assistance during such times.

Risk from volume and quality of water that enters the production processes, affecting production plan and quality of products and services. We implements the 3R principle to improve production processes by reducing water consumption,

reuse/recycle and replenish. In addition, we control water quality by testing water prior to it entering the production process. Water that is input into the process comes from both internal and external sources and has been treated for reuse; this is also one way to reduce water consumption.

Principle 8 Environment

Undertake initiatives to promote greater environmental responsibility

Waste water management

Company has waste-water management program to manage discharges in accordance with the regulator requirements and other relevant standards. We constructed holding ponds prior to treatment and installation of Coagulation and Flocculation system with capacities to adequately accommodate the wastewater from the manufacturing processes.

Atmospheric Emissions

Company has utilized the Wet-scrubber and bag filter as a primary pollution control system. We place importance on air emission by conducting six-monthly monitoring program on Dust, SO_x and NO_x. The results are also reported to relevant government agencies as required by the laws and regulations. Over the past year, there was no non-compliance with environmental regulations.

Energy management

Project to reduce the volume of the room

For casting process by reducing the height of the ceiling this reduced the amount of heat required for the system and also reduced fuel consumption. It also decreased the time required to incubate, thereby reducing the volume of natural gas used as fuel by 880 gigajoules per year.

Project to replace burners

To optimize volume of air entering into furnaces. This helped to reduce excess combustion air, increase energy efficiency and reduce the use of natural gas by 3,900 gigajoules per year.



Environmental Performance Assessment Program

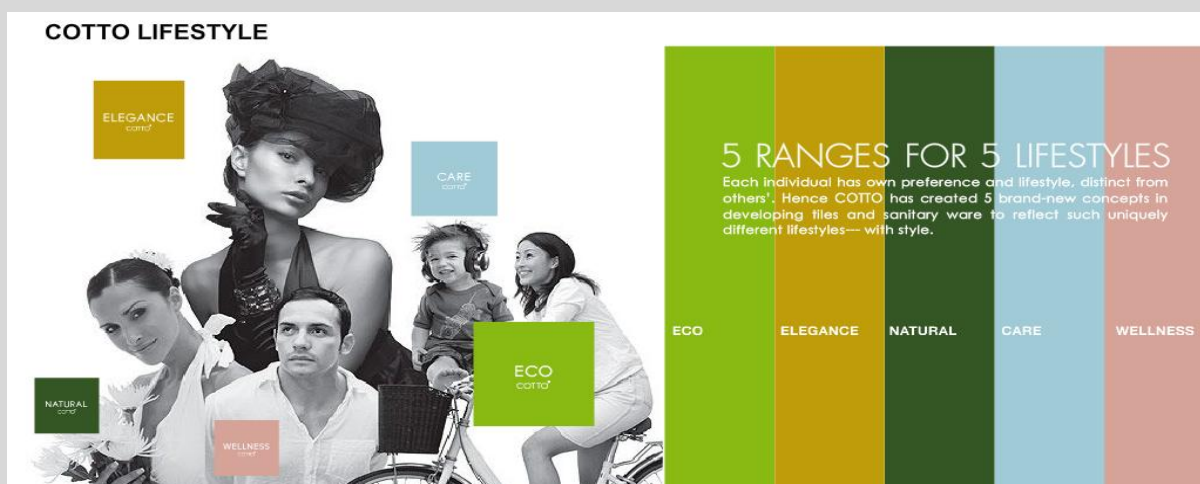
To ensure that effective implementation of environmental management programs and at the same time, to create a positive image for all external stakeholders, we have commissioned the service of ERM company limited, a leading environmental consulting firm, for conducting an Environmental performance assessment program or EPAP. The assessment results have been continuously used to create improvement.

The assessment criteria include evaluating conformance to policy, the appropriateness of environmental operating procedures and the set objectives and targets, and the validity of associated documentation and information. In addition, it also assesses the effectiveness of management such as roles and responsibilities, communications and internal monitoring mechanisms.

The result of assessment was divided by 5 levels as follows :

Level 5 : Leadership	Score (4.6-5.0)
Level 4 : Business integration	Score (3.6-4.5)
Level 3 : Assurance	Score (2.6-3.5)
Level 2 : Reactive	Score (1.5-2.5)
Level 1 : Denial	Score (1.0-1.4)

In 2003 and 2006 was the first and second time assessment, we were ranked in level 3 and recently assessment was in 2009, we received an overall score of 3.6 and was ranked in Level 4 : Business Integration. We have initiated the establishment of goals towards "EPAP level 5" by 2016 .



Principle 9 Environment

Encourage the development and diffusion of environmentally friendly technologies



Carbon Reduction Label

In 2011 company has been certified Carbon Reduction Label for 5 groups by Thailand Environment Institute Foundation (TEI) . As follows :

1. Two Piece Water Closet
2. Wash Basin
3. Urinal & Bidet
4. Pail Flush & Squat
5. Accessories



Green label Type I

In 2009 company has been certified Green Label for 211 models by Thai industrial Standards Institute. As follows:

1. Floor-Mounted Close-Coupled Water-Closet with Single Flushing Device 75 models
2. Floor-Mounted Close-Coupled Water-Closet with Dual Flushing Device 81 models
3. Floor-Mounted One Piece Water-Closet with Single Flushing Device 20 models
4. Floor-Mounted One Piece Water-Closet with Dual Flushing Device 4 models
5. Floor-Mounted Water-Closet with Flush Valve 7 models
6. Wall-Mounted Close-Coupled Water-Closet with Single Flushing Device 11 models
7. Wall-Mounted Close-Coupled Water-Closet with Dual Flushing Device 11 models
8. Wall-Mounted Water-Closet with Flush Valve 2 models

We have committed to the environmentally-friendly business or "Green Business" by adopting two strategies. One is Eco-Friendly process (Green Process) which aims at reducing environmental burden from the operational process, e.g. The management of air emissions, water and waste as well as energy and resource conservation. The other is Eco-Friendly Product (Green product) through researching and developing products that have less negative impacts compared to others. examples also include product and water solution technologies that better efficiency of resource use, which are eco-friendly alternatives for green consumers.

Principle 10 Anti-Corruption

Businesses should work against corruption in all its forms, including extortion bribery

Whistleblower Policy

Whistleblower policy, This Policy is also deemed the channel for reporting any incidents of non-compliance with the Code of Conduct. In the event that non-complaints covering receiving, compiling, analyzing and responding mechanism. Any employee who reports the issues to corruption and non-compliance with laws, regulations, company's rules is protected under the Whistleblower policy

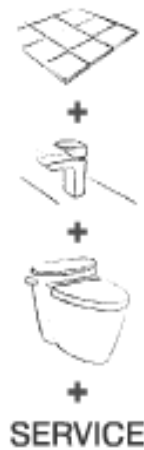
Urgent committees are established to oversee employee practices at all levels. Any complaints raised will be fairly and quickly solved regardless of discrimination to prevent magnification of problem. Employees can report their complaints directly to a higher level management for the case that related to their direct superior. Further details of complaint procedures are defined in whistleblower policy.

Details of the Code of Conduct, Whistleblower policy can be obtained from www.scg.co.th



COTTO

THE RIGHT SOLUTION



One Serves All Needs in Tile and Sanitary



ONE FOR ALL NEEDS

Cotto's mission is to provide The Right Solutions with superb products and responsive service for home coverings and sanitaryware. This means products of the highest quality and service of the highest standard to meet any and all consumer needs and to solve any problems that may arise with tiles and sanitaryware.

COTTO LIFESTYLE



5 RANGES FOR 5 LIFESTYLES

Each individual has own preference and lifestyle, distinct from others'. Hence COTTO has created 5 brand-new concepts in developing tiles and sanitary ware to reflect such uniquely different lifestyles— with style.

ECO ELEGANCE NATURAL CARE WELLNESS