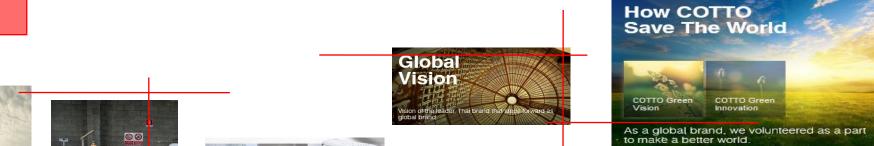




Siam Sanitary Ware Industry CO., LTD.



# International Standard

A step into global standard for international competition.

























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.



















#### **Message from President**













The global sustainable development movement commenced 20 years ago has come to a changing point yet again at United Nation's 'The Future We Want' or Rio+ 20 in June 2012 with a report on Green Economy in the context of sustainable development and poverty eradication. This shows sustainable development has become an integral part and is interconnected to others more than ever. It also initiates a new perspective on businesses with anticipation

for corporate to drive sustainable consumption without encroaching natural resources and environment. Therefore, sustainable development is another aspect for businesses. It is a strategic mean to create value and differentiation through process improvement and less natural resource dependent technology while reinvent environmentally friendly products and services. Meanwhile, it helps strengthen the community with employee engagement lending an improvement in work environment while allowing the company to sustainably grow.

COTTO conducts its businesses in line with good corporate governance and principle of sustainable development. COTTO drive innovation in products, services, work processes and business models, all of which create higher value to shareholder, investor, customer, employee and all stakeholders related.

Beyond determination of developing and creating values to meet the global standard for a better ecology, COTTO also stresses the importance of building a strong community as a fundamental factor of sustainable development.



With unlimited dedication, determination, and same standard, COTTO employs such responsibilities and codes to all ASEAN countries where it operates for a sustainable economy society, and environment.

A vital factor in driving sustainable development effectively is through collaboration from all stakeholders by applying such principle to their operations. Especially, the business sector which should extend to both upstream parties, such as material producers, products and service suppliers, to down-stream parties, such as trading partners and end customers. The collaborative strength will lend sustainable development a response to society's growth under sustainable consumption.

Despite the effort on resources and time invested by COTTO, we are fully committed to extending our accomplishments to both upstream and down-stream groups . COTTO has a strong belief that such effort will enable sustainable business network and establish the pride to all stakeholders who share happiness, balance and sustainability to all sectors while sustainably build an economic steady growth to the country and ASEAN region.

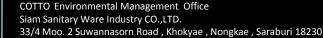
Managing Director

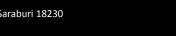




















Businesses should support and respect the protection of internationally proclaimed human right.





COTTO

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





COTTO's business philosophy and code of conduct have underlined our commitment to operating business with ethics and responsibility to our stakeholders. This has been consistently adopted and practiced by the Board of Directors, management, and employees at all levels. COTTO business ethics are aligned with internationally recognized principles of Corporate Governance, helping COTTO to propel business growth and acceptance from all circles.

#### **Business Philosophy**

#### **Adherence to Fairness**

COTTO is committed to the concept of fairness to all parties concerned.

#### **Dedication to Excellence**

COTTO earnestly focuses on right performance with effort to consistently provide excellence.

#### Belief in the Value of Individuals

COTTO believes that employees are the most valuable assets.

#### **Concern for Social Responsibility**

COTTO fully performs its duty as a good corporate citizen by contributing to the communities and countries where it operates.



















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







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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 Board of Directors first consolidated an employee code of practices into written documents in the 'SCG Code of Conduct' in 1987 in order to provide consistent practices throughout the organization to be aligned with SCG Business Philosophy.

The SCG Code of Conduct was amended to reflect the evolution of COTTO and the changes in economic and social situations. The amendment of the SCG Code of Conduct was carried out through compiling, grouping and categorizing previous versions, and also adopting and elaborating practices from business units,

for example, mutual treatment under rights and freedom, provision or acceptance of any forms of assets and benefits that affect decision making, conflicts of interest, management of information and assets, trading competition overseas business operations, and money laundering prevention.



















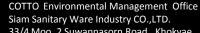
Business should uphold the freedom of association and the effective recognition of the right to collective bargaining



When employees have any doubts or question, they can consult any level of their supervisors that they trust or compliance officers through the established channels. It is hoped that employees will adopt the requirements of the SCG Code of Conduct in the performance of their duties at all times, making ethical awareness a fundamental part of their professional practice. Details of the SCG Code of Conduct, SCG Corporate Governance, and Whistleblower Policy can be obtained from www.scg.co.th.







33/4 Moo. 2 Suwannasorn Road , Khokyae , Nongkae , Saraburi 18230







# Principle 3-6: Labour





Make sure that they are not complicit in human rights abuses.
The elimination of all forms of forced and compulsory labour.
The effective abolition of child labour.
The elimination of discrimination in respect of employment and occupation













- Make sure that they are not complicit in human rights abuses.
- The elimination of all forms of forced and compulsory labour.
- -The effective abolition of child labour.
- -The elimination of discrimination in respect of employment and occupation.

At COTTO, not only are our employees' development and welfare based on human rights practice, but we also take into consideration cultural and local value differences in determining a fair remuneration and benefits system for our employees and business partners, whether they are at home or abroad. Factors we consider include competitiveness in labor market, promotion plan, potential, and cost of living. The average initial wage of our employees is 40 percent higher than the minimum wage and incomes with basic benefits such as leave days,

#### Principle of Corporate Culture 1983 2008 Start 2006 4 Core Values Smart & Ethical Inno- People & Open and Challenge People Inno- Leader Adherence to Fairness Dedication to Excellence 4 Smart: are being professional in Inno-People Open: Openness, Getting Belief in the Value of Working, People Management, Open mind Feedback, Honor, Eager to Individuals . Think out of the box Thinking and Learning. Learn, Cooperation and Concern for Social Speak out and Do it Networking, and Remorseful Responsibility Take risk and Initiate 10 Ethical: are Generosity, Eager to Eager to Learn Learn, Dedication, Fairness, Social Challenge: Humbled, Think Responsibility, Responsible for Job Inno-Leader out of the box, Self-challenging, and Family, Positive Attitude, Lead change Sharing opinion based on truth Respect, Reasonability, and Keeping Facilitate & support change and Assertiveness Pride and Company Reputation Execute change by being the role model





service for COTTO.







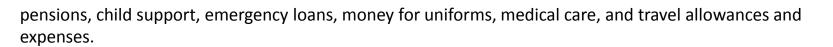








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In addition, we implement a labor and human rights guideline to comply with the law and international Standard e.g. no individual under 18 years of age is allowed to work at COTTO, employees are entitled to establish a labor committee or union, employees are entitled to report those who violate the code of conduct and to treat each other under the employees' freedom and rights. COTTO has a SCG Whistleblowing Policy that allows employees to make a complaint anonymously. The policy serves as a way to encourage employees to check and protect the organization's benefits.































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Moreover, we offer our employees an annual year-end counseling, in which a committee will evaluate employees' performance, behavior, and awareness about the company's regulation and code of conduct, in order to assist them to improve in their work.

COTTO has an evaluation system for both organizational and individual levels. The system starts from the evaluation of planning process, progress, development, assessment, and fair compensation that reflects individual performance with comparison to the competitor's and other leading companies in a similar field. This ensures that we provide appropriate compensation to our employees.

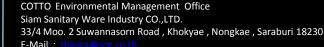


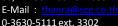




















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Well-being and safety of employees and contractors is one of the risks that COTTO recognizes and stresses its importance. We determine to create a sustainable safety culture and meet SCG's goal of Injury & Illness Free.

To ensure that employees and contractors understand and aware of our health and safety practices, they are trained on their first day at work to recognize the safety issue, receive personal protective equipment and learn the basic safety in each business. Employees who work in the production process will properly learn, before beginning their job, the principle of risk assessment, prevention, and appropriate control measures.





















Business should support a precautionary approach to environmental challenges.

Undertake initiatives to promote greater environmental responsibility

Encourage the development and diffusion of environmentally friendly technologies.







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### **Industrial Waste Management**

Since 2006, COTTO had set its 'Zero Waste to Landfill by 2012' policy as target of industrial waste management which could resulted in long-term ecology impact prevention, efficient land utilization and sustainable management. We established plans to comply with such policy by applying 3R principles as basis of the industrial waste management practice which starts from raw material procurement, production planning and efficiency improvement to minimize waste disposal, and if waste occurs, procedures are set to avoid incineration and landfill, but to seek approaches to reuse in other industries both within and outside company. This is considered waste exchange across industries.

## Sustainable Environment

To drive waste exchange across businesses requires collaboration and exchange of knowledge and data from all parties through Waste Management Committee which established since 2007. Furthermore, COTTO has set knowledge and technology exchange among product R&D units in search of opportunities to reuse industrial waste or to create value added products which considered as opportunity and economical challenge for COTTO.



















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# **Water Management**



COTTO focuses on water resource management in all work procedures covering from upstream to downstream as well as support them with plans and projects to efficiently utilize water based on the 3R principle to reduce the impacts against the environment and surrounding community, reduce the water shortage for the manufacturing process, which is deemed as an important risk to operations.

 Install a reverse osmosis system at High Pressure Casting Machine to improve the quality of water for manufacturing process



















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- Encourage the development and diffusion of environmentally friendly technologies.



# **Air Quality Management**

**Ozone Depleting Substances** 

 $O_3$ 

COTTO has installed bag filter in all points of dust sources in manufacturing plants and has performed the preventive maintenance plans to ensure that the dust control equipment is efficiently operated at all times

Since Thailand signed the Montreal Protocol in 1989, SCG embarked on discontinuing the use of Ozone Depleting Substances (ODS) in new products since 1998 and surveyed existing equipment and machinery that uses such substances to gradually replace them with halonfree equipment and plans to completely abandon its usage by the year 2020.



















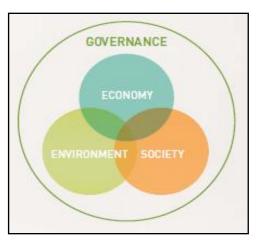
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#### **Environmental Awards**

---- Carbon Reduction Label from Thailand Greenhouse Gas Management Organization (Public Organization), Thailand Environmental Institute (TEI), and Thailand Business Council for Sustainable Development (TBCSD)

---- Thailand Energy Awards 2012 for Outstanding Management of Controlled Plant from The Ministry of Energy

















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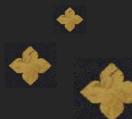






Principle 10 : Anti-Corruption 🔷







#### **Principle 10: Anti-Corruption**









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



### **Whistleblower Policy**

COTTO has a Whistleblowing Policy that allows employees to make a complaint anonymously. The policy serves as a way to encourage employees to check and protect the organization's benefits.

COTTO has a process in place to handle complaints, receiving, compiling, analyzing, and establishing a Whistleblower Policy to provide protection to any employee who reports the issues related to corruption and non-compliance with laws, regulations, company's rules and the SCG Code of Conduct.











