



**2016**

**Communication On Progress  
(COP) for the United Nations**

**Cheval Group**



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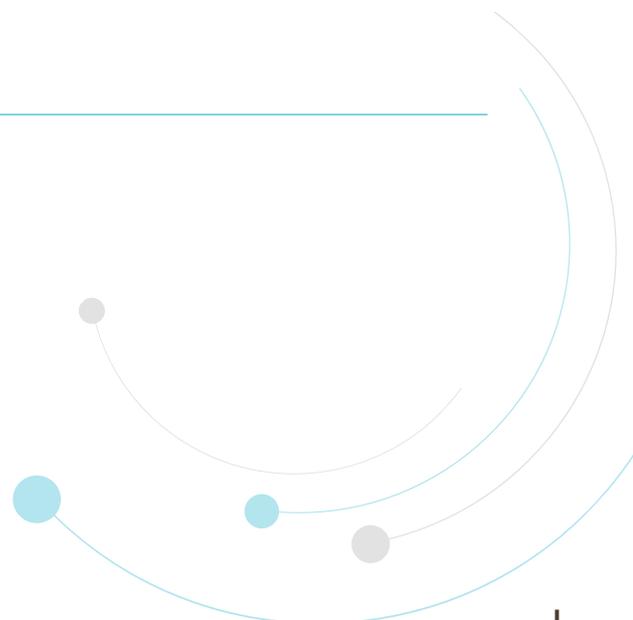
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## Message from Mr. Apichart Sajchwong, CEO

Welcome to the Cheval Group 2016 Communication On Progress (COP) report. Cheval group became a member of the UN Global Compact in 2009 and this is our 6th official report.

### STATEMENT OF SUPPORT FOR THE GLOBAL COMPACT

Dear Secretary-General,

I am pleased to confirm that Cheval Group continually supports the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption.

With this communication, we express our intent to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of our companies strategy, culture, day-to-day operations, and to engage in collaborative projects which, advance the broader development goals of the United Nations. The Cheval group will make a clear statement of this commitment to our stakeholders and the general public.

We recognize these principles as prime considerations and integral parts of our Company's operations, and are committed to continuously improving these practices in all areas.

Yours sincerely,

**Apichart Sajchwong**  
CEO

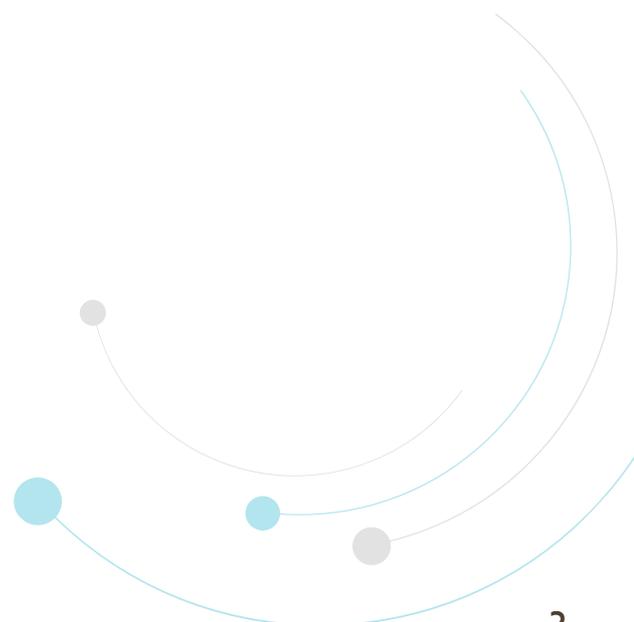
# Company Policy Brief & Purpose

Our Corporate Social Responsibility (CSR) company policy refers to our responsibility towards our environment. Our company's existence is not lonely. It is part of a bigger system of people, values, other organizations and nature. We want to give back to the world just as it gives to us.

We want to be a responsible manufacturer that meets the highest standards of ethics and professionalism.

Our company's social responsibility falls under two categories, which are; compliance and pro-activeness.

Compliance refers to our company's commitment to legality and willingness to observe community values. Pro-activeness is every initiative to promote human rights, help communities and protect our natural environment.



## About Cheval Group

Cheval group of companies is Asia's premier designer and manufacturer of 19" enclosures and network infrastructure. The group was established in Thailand in 1987. For over 26 years, the Group has professionally developed its products, people and solutions to support the global IT infrastructure and data center markets.

The Group consists of three manufacturing sites. Cheval Electronic Enclosure Co., Ltd located in Samutprakarn province, functions as group headquarters, research, design and development center with substantial manufacturing facilities to support new clients. AegisTek Corporation Ltd is located in the northern Thailand, Province of Chiangmai. It is the main manufacturing site for the Group's large OEM clients. Located nearby is Cheval Technology Co., Ltd, which focuses on production of the Group's branded products, plus backup support facilities for the other two sites.

### **Previous Commitment to Ethical Practices.**

Cheval is no stranger to good corporate and social responsibility. Before joining the UN Global Compact in 2009, our Code of Ethics and Conduct was announced.



### Principle 1-2

**Principle 1:** Business should support and respect the protection of internationally proclaimed human rights.

**Principle 2 :** Business should make sure that they are not complicit in human rights abuses.

### Policy & Obligations

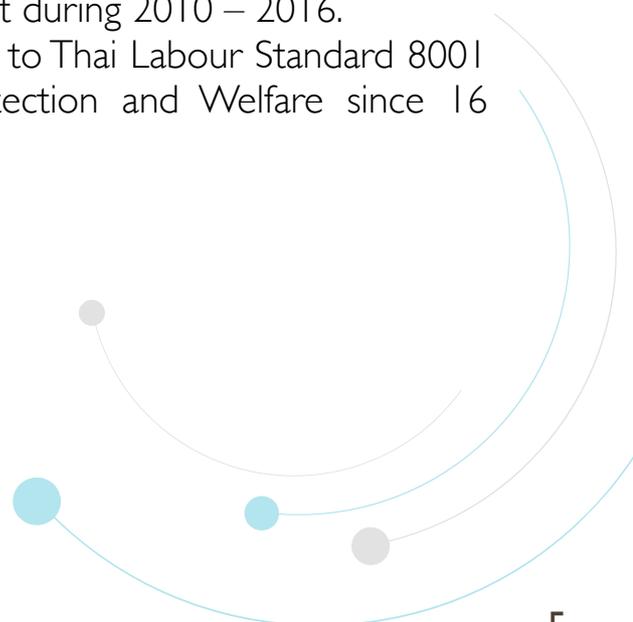
In accordance with Thai Law Labor Act 2008 and UN Global Compact, this obligation is included in our Ethics and Code of conduct. Human rights and freedom are integral part of our business.

### Implementation & systems

Cheval treats our employees, clients, vendors or any entity conducting business with us without discrimination of kind, such as; race, color, sex, language, religion, political status, national or social origin, property, birth and any other status. We announce that everyone has equal right to work with us as long as they are competent. Employee recruitment is conducted without any discrimination in written application form and talks with job interviewee. Employees have the right to file a complaint in the company for any perceived discrimination. Employees can file a complaint to government for any perceived human rights issue any time. Cheval supports "Conflict Minerals" programs and does not conduct business with any countries involved in it.

### Outcome Results

No complaints from employees to the government during 2010 – 2016.  
AegisTek Corporation Ltd certified as compliance to Thai Labour Standard 8001 – 2010 from the Department of Labour Protection and Welfare since 16 September 2012 until now.



## Activities to Corporate social responsibility



Donation to Schools in Chiangmai to welcome Children's Day with total amount of money value of 15,000 THB. - January 8, 2016.

Donated Wall Paints to "Baan Paa Ngae" Temple located at On-tai sub-district of San Kamphaeng District. Total value of 5,000 THB. - March 4, 2016.



Donated water and drinks to support "On-tai's Sports Day". - Community Sports Day. Total value of 5,000 THB. - March 11, 2016.

Donated to help the unlucky survivors whose houses were burnt down from fire in "Jaa-na Village" at Mae-Eye - Chiangmai. Total value of 10,000 THB. - April 22, 2016.



Donated 19" Racks to Chiangmai University - faculty of Sociology, in order to support in setting up the server at the University. - May 24, 2016.

## Activities to Corporate social responsibility

Blood donation has been part of our corporate's traditions as most of our employees volunteers to donate every year. Our employees donates every quarter to the Red Cross Foundation. - In 2014, total blood donated was 47,600 cc and we were awarded for being the highest blood donators.



Donated electrical equipments to The Mirror Foundation, which are;

- Printers = 11 units
- Security Cameras = 19 units
- Computer screens = 4 units
- Xerox machines = 1 unit
- Digital LCD TV 46" = 1 unit

## Activities to Corporate social responsibility

Professor Nisit Panthamit from the faculty of Economics of Chiang Mai University along with 13 American students from University Studies Abroad Consortium (USAC) program, took a field trip to visit AegisTek Corporation Ltd as a part of its International Business Management course. The management team of AT warmly welcomed and shared some of their experiences and general information about the company and our business with the visitors. Hopefully they can apply this knowledge to their study and their work in the future.

The visit to AegisTek Corporation Ltd was organized by the United States Consulate, located in Chiang Mai. - March 28, 2016



## Activities to Corporate social responsibility

Cheval volunteers join "To Return Happiness to Children" program.

Cheval Technology Co., Ltd is proud to take part in bringing smiles and happiness to children at Child Development Center of On-tai Subdistrict Municipality, Chiangmai. On July, 23 volunteers from Cheval Technology teamed up to help clean the area of Child Development Center and repainted the indoor playground. This activity is part of the company's Corporate Social Responsibility (CSR) effort, which aims to encourage our employees to volunteer their time for the public good and make an awareness of our organization to the community. - July 23, 2016.



### Principle 3-6

**Principle 3** : Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.

**Principle 4** : Business should elimination of all forms of forced and compulsory labour.

**Principle 5** : Business should effect the abolition of child labour.

**Principle 6** : Business should effect the elimination of discrimination in respect of employment and occupation.

Cheval and AegisTek recognize that our employees are our greatest asset. We have encouraged our employees to learn, study and continuously improve their abilities at all times. We try to assist all of our employees in maintaining a balance between work and personal life and to provide flexibility to employees on an individual basis.

### Policy & Obligations

According to Thai Labor Protection Act. 2008; our obligation to these principles is expressed in our working conditions, our Ethics and Code of Conduct clauses 4, 5 and 6.

### Implementation & Systems

AegisTek has a employee elected 'Welfare Committee'. This committee will look into any idea to improve employee welfare and propose to the company.

### Outcomes

Cheval offers equal employment opportunities to all. The people we recruit are; selected solely base on their qualifications for the position.

Cheval employees are not discriminated against on basis of gender, race, origin, background, religion, marital status, sex orientation, disability or age.

Cheval does not employ child labor. All of our employees are over 18 years old.

Cheval awards a range of prizes for outstanding employees every year.

Cheval awards prizes for employees on their 10th 15th and 20th year service anniversaries.

## Activities to Corporate social responsibility



Healthy Living - Awarded 2,000 THB to the winner of the contest for best idea for how to keep fit and healthy everyday. - April 18, 2016.



The company has outstanding employee awards projects to encourage employees to perform well. Conducted to evaluate the performance every quarterly to get the best outstanding employees. Certificates and rewards would be given to the employees.

### Principle 7-9

**Principle 7** : Business should support a precautionary approach to environmental challenges.

**Principle 8** : Business should undertake initiatives to promote greater environmental responsibility.

**Principle 9** : Business should encourage the development and diffusion of environmentally friendly technologies.

Cheval recognizes the high importance in being a socially and environmentally conscious company. We started from the beginning, with the factory design, buildings, plant layout, working policies and procedures. Cheval continuously seeks to reduce the environmental impact of its operations. We support a proactive approach to environmental challenges and undertake to promote greater environmental responsibility, setting our standards above local requirements.

### Policy & Obligations

Our obligations of this principles are stated in our Environmental policy and in our Corporate ethics and code of conduct, clause no.12.

### Implementation & Systems

Cheval has an internal system to investigate our environment compliance every month and every quarter. Cheval has strictly followed all environmental laws and regulations, including related environment directives such as; ROHS, REACH and CONFLICT MINERALS.

### Outcomes

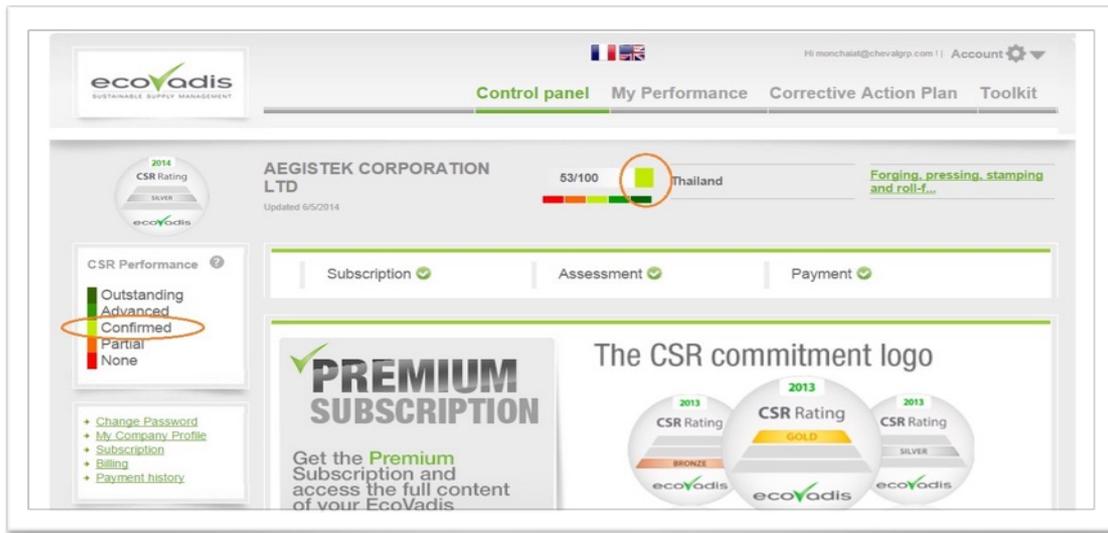
We have dedicated 25,200 sq.m and planted over 1,000 trees since 2008. These trees are now between 2.5 – 7.0 meters high.

AegisTek was awarded a certificate for joining the 'Green factory' project of Ministry of Labour.

AegisTek hired international surveyor name 'Ecovadis' (www.ecovadis.com) to evaluated the company for 4 parts (Environment, Labor, Fair business practices, Suppliers).

AegisTek CSR result rating 2016 from Ecovadis was “confirmed”.

The next target of next year evaluation is Advance.



AegisTek was awarded a certificate for joining the “Green Factory” project of Ministry of Labor.

AegisTek was awarded a certificate of “3Rs” (Reduce, Reuse, Recycle) and Zero waste to Landfill Achievement by the Thailand Ministry of Industry.



AegisTek Corp., Ltd and Cheval Technology Co., Ltd closely monitored and controlled all environmental factors with results as below:

**AegisTek Corp., Ltd :** Environmental result as below

## I. Air Emission

### 2014 Performance

Parameter	Unit	Company Performance		Standard
		Oven Exhaust chimney	Burner Exhaust chimney	
Dust	mg/m3	1.39	1.21	320
Sulfur Dioxide	ppm	<2.00	< 2.00	60
Nitrogen Dioxide	ppm	4.21	3.83	200
Carbon monoxide	ppm	5.50	2.60	690

### 2015 Performance

Parameter	Unit	Company Performance		Standard
		Oven Exhaust chimney	Burner Exhaust chimney	
Dust	mg/m3	13.44	18.67	320
Sulfur Dioxide	ppm	0.389	0.715	60
Nitrogen Dioxide	ppm	1.267	2.498	200
Carbon monoxide	ppm	5.00	2.00	690

### 2016 Performance

Parameter	Unit	Company Performance		Standard
		Oven Exhaust chimney	Laser dust chimney	
Dust	mg/m3	12.89	-	320
Sulfur Dioxide	ppm	1.37	-	60
Nitrogen Dioxide	ppm	5.16	1.29	200
Carbon monoxide	ppm	3.00	4.00	690

## 2. Heat

Unit in Celsius (°C)

Area	2014	2015	2016	Standard
Bending station	27.7	-	-	32.0
Robot weld area	27.9	27.5	29.5	32.0
Spot weld area	-	-	-	32.0
Grinding station	27.2	-	-	32.0
Painting station	28.6	30.2	31.4	32.0
Packing station	28.1	-	-	32.0

## 3. Noise

Unit in Decibel dB(A)

Area	2014	2015	2016	Standard
Punching station	89.7	84.3	88.4	90.0
Stamping area	88.1	54.2	83.1	90.0
Bending station	-	-	-	90.0
Robot weld area	-	-	-	90.0
Welding area	-	-	88.3	90.0
Grinding station	87.4	89.1	-	90.0
Packing station	72.4	-	-	90.0

## 4. Waste water

Unit in milligram per Liter

Parameter	2014	2015	2016	Standard
1. BOD	2.0	17.0	17.0	< 20
2. COD (Chemical Oxygen Demand)	12.0	96.0	33.0	750.0
3. Oil & Grease	<5.0	5.0	< 5.0	5.0
4. pH	7.44	7.50	6.98	5.5 – 9.0
5. Copper	<0.02	0.02	0.0	< 2.0
6. Zinc	0.04	0.9	0.4	< 5.0
7. Barium	0.23	0.17	0.2	< 1
8. Nickel	0.01	0.02	0.007	< 1
9. Total suspended oxide	2.0	4.0	4.0	< 50
10. TDS (Total Dissolved Solids)	366.0	1750.0	574.0	< 3,000

Cheval Technology Co., Ltd : Environmental result as below

## I. Air Emission

### 2014 Performance

Parameter	Unit	Company Performance		Standard
		Oven Exhaust chimney	Burner Exhaust chimney	
Dust	mg/m <sup>3</sup>	21.07	11.38	320
Sulfur Dioxide	ppm	0.503	N.D.	60
Nitrogen Dioxide	ppm	3.619	N.D.	200
Carbon monoxide	ppm	57.00	N.D.	690

### 2015 Performance

Parameter	Unit	Company Performance		Standard
		Oven Exhaust chimney	Burner Exhaust chimney	
Dust	mg/m <sup>3</sup>	23.18	13.24	320
Sulfur Dioxide	ppm	0.760	N.D.	60
Nitrogen Dioxide	ppm	2.945	N.D.	200
Carbon monoxide	ppm	140.00	N.D.	690

### 2016 Performance

Parameter	Unit	Company Performance		Standard
		Oven Exhaust chimney	Laser dust chimney	
Dust	mg/m <sup>3</sup>	19.52	12.84	320
Sulfur Dioxide	ppm	1.34	N.D.	60
Nitrogen Dioxide	ppm	N.D.	N.D.	200
Carbon monoxide	ppm	64.0	N.D.	690

## 2. Heat

Unit in Celsius (°C)

Area	2014	2015	2016	Standard
Bending station	N.D.	N.D.	N.D.	32.0
Robot weld area	N.D.	30.2	28.6	32.0
Spot weld area	N.D.	N.D.	N.D.	32.0
Grinding station	30.3	N.D.	N.D.	32.0
Painting station	29.7	31.0	30.3	32.0
Packing station	N.D.	N.D.	N.D.	32.0

## 3. Noise

Unit in Decibel dB(A)

Area	2014	2015	2016	Standard
Punching station	82.0	88.2	81.7	90.0
Stamping area	N.D.	N.D.	N.D.	90.0
Bending station	81.4	77.9	74.8	90.0
Robot weld area	80.9	78.7	78.3	90.0
Welding area	N.D.	N.D.	N.D.	90.0
Grinding station	86.1	80.7	72.8	90.0
Packing station	82.0	88.2	81.7	90.0

## 4. Waste water

Unit in milligram per Liter

Parameter	2014	2015	2016	Standard
1. BOD	8.0	20.0	24.0	< 20
2. COD (Chemical Oxygen Demand)	50.0	99.0	106.0	750.0
3. Oil & Grease	4.0	3.0	3.0	5.0
4. pH	7.90	8.80	8.70	5.5 – 9.0
5. Copper	0.006	0.01	0.01	< 2.0
6. Zinc	0.09	0.21	0.04	< 5.0
7. Barium	0.11	0.16	N.D.	< 1
8. Nickel	0.02	0.02	N.D.	< 1
9. Total suspended oxide	N.D.	N.D.	4.7	< 50
10. TDS (Total Dissolved Solids)	372.0	408.0	378.0	< 3,000



Cheval Electronic Enclosure Co., Ltd was awarded the CSR-DIW for Beginner award.



Cheval Electronic Enclosure Co., Ltd was awarded the “Green Industry” award for achieving the Green Activity level 2.

## Activities to Corporate social responsibility

AegisTek Corporation Ltd had many kinds of activities to stimulate our employees to care about nature and environment.



Donated and joined the activity, "Taew Kuen Doi". - Forest Reservation Activity. Total Value donated was 10,000 THB. - July 9, 2016.



### Principle 10

**Principle 10** : Business should support work against corruption in all its forms, including extortion and bribery.

We firmly believe that Cheval's success is dependent upon our reputation for integrity and quality in everything we do.

Cheval does not support any form of corruption, including extortion and bribery. Conducting our professional affairs based on responsibility, fairness and integrity is a priority for us.

Cheval is committed to working against all forms of corruption and is dedicated to developing clear and precise policies and procedures in this area.

### Policy & Obligations

Our obligations of this principles are strongly stated in our Ethics and code of conduct. (Clauses no. 7 and 11).

### Implementation & Systems

At least quotations from two different suppliers for purchasing.

No payments without official company invoices or receipts.

Group MD confers with third party consultants and shareholders on key issues.

Bidding system to shipping and freight forwarder companies for export business.

Bidding system for selling scrap metals. (Our most significant scrap material)

### Outcomes

As a result of the Company's policy, all employees are made aware of consequences related to corruption and bribery violations. Senior management ensures that junior and mid level employees are not put in situations where they can be tempted into becoming a victim of such violations.

Our company publishes and distributes the publication about Transparency in entrepreneurship to our partners.

AegisTek Corporation Ltd was granted “**Good Governance**” award for the Transparency and honest company for third consecutive year. (Three years continues 2012-2014) from Thailand NACC (The National Anti-Corruption Commission). This prestigious award recognizes a firm for Outstanding Corporate Governance including the firms policies on anti-corruption, disclosure, transparency and accountability.



## Target

The followings were our 2016 targets.

1. **Build up the Energy Saving project.** Target 3% energy reduce (electricity).
  - Cheval meets the target of saving energy by reaching 3.14%.
  - 2015 electricity usage was 363.53 Baht/l product set
  - 2016 electricity usage was 315.58 Baht/l product set (reducing by 13.19%)
  - 2015 LPG usage was 4.72 kgs/product l set
  - 2016 LPG usage was 4.67 kgs/product l set (reducing by 1.06%)
2. **Promote and implement “Happy Working Place” for employees.**  
We successfully implement “Happy Working Place” as a guideline in bringing work-life balance environment to our employees.

### Target for the year 2017

1. Continue executing the Energy Saving project. Target 2% energy reduce.
2. Continue creating more creative and impact activities to serve employees' needs and behavior.
3. Adopt the “Universal Declaration of Human Rights” as a part of Cheval's culture.

