



**2020**

# Communication on Progress (COP)

for The United Nations Global Compact

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*Message from Mr. Monchai Jitkul,  
Chief Financial Officer*

Welcome to the Cheval Groups 2020 Communication On Progress (COP) report. Cheval group became a member of the UN Global Compact in 2009 and this is our 9<sup>th</sup> 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,

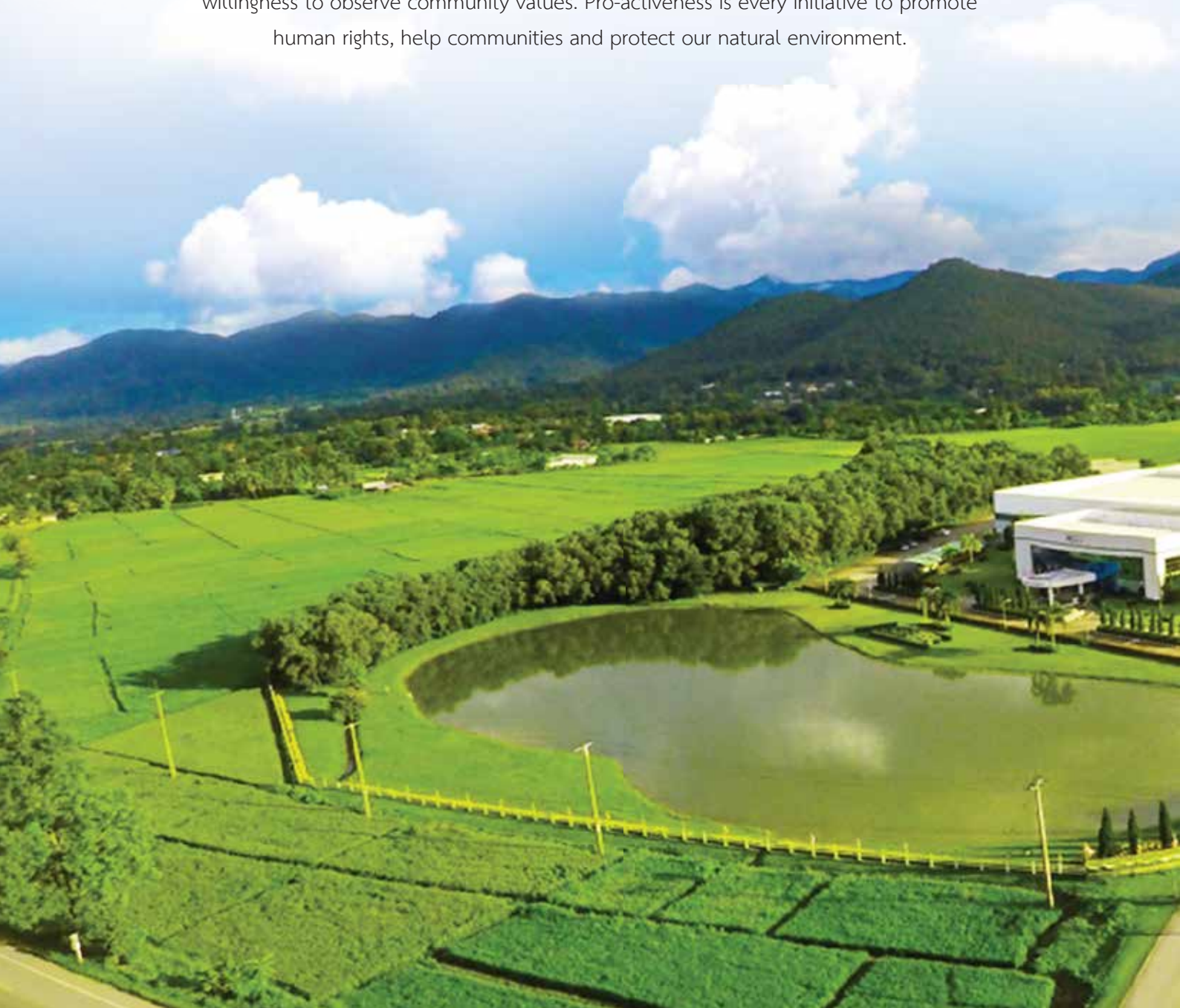


Mr. Monchai Jitkul  
Chief Financial Officer

## 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.



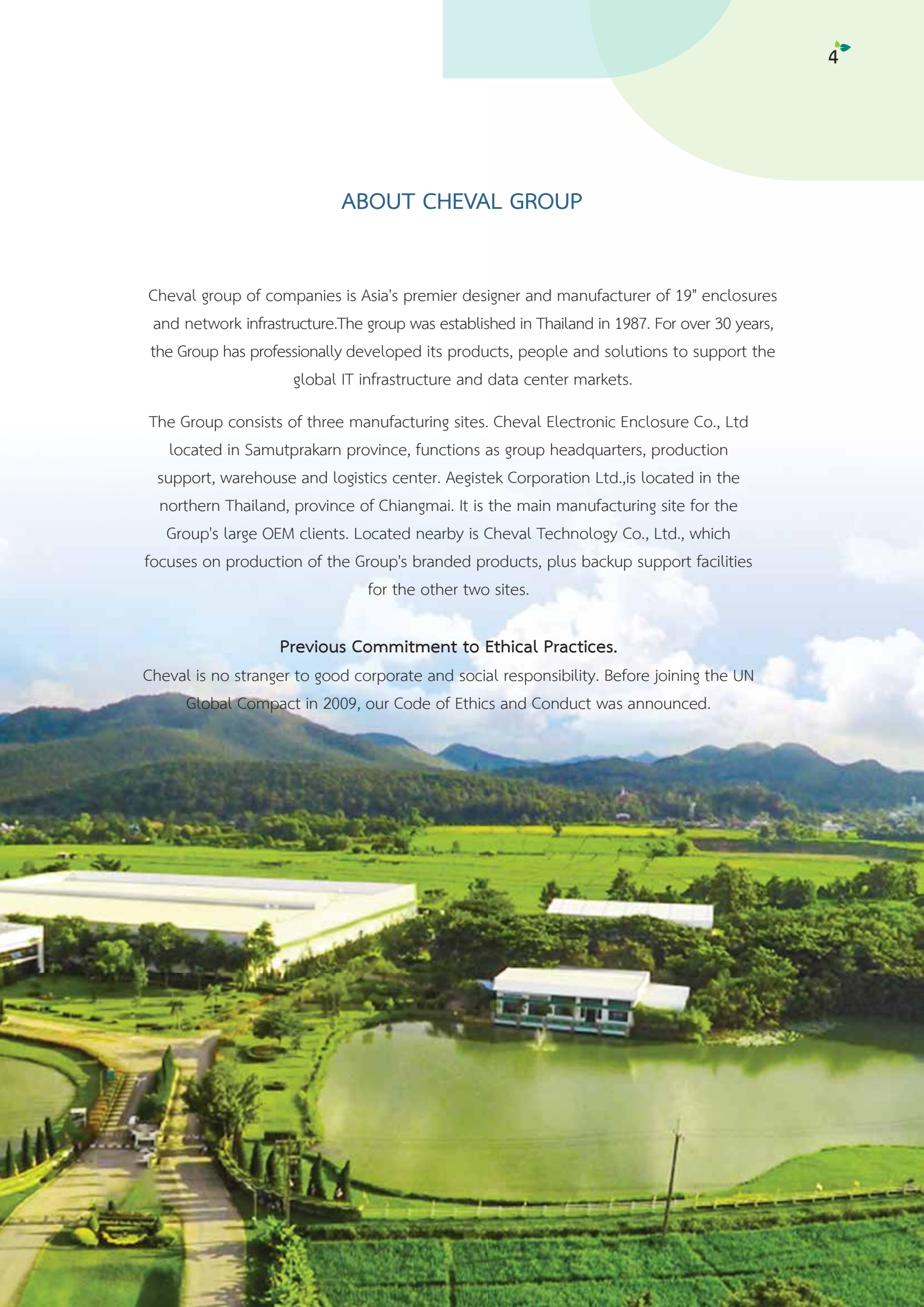
## ABOUT CHEVAL GROUP

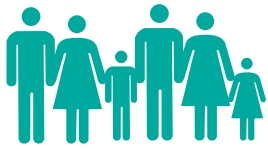
Cheval group of companies is Asia's premier designer and manufacturer of 19" enclosures and network infrastructure. The group was established in Thailand in 1987. For over 30 years, the Group has professionally developed its products, people and solutions to support the global IT infrastructure and data center markets.

The Group consists of three manufacturing sites. Cheval Electronic Enclosure Co., Ltd located in Samutprakarn province, functions as group headquarters, production support, warehouse and logistics center. 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.





## HUMAN RIGHTS

### 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 – 2020.

## ACTIVITIES TO CORPORATE SOCIAL RESPONSIBLY

1. Campaign to educate PM 2.5 dust, put on a sign "do not burn", make a fire barrier and give a mask in the surrounding community.



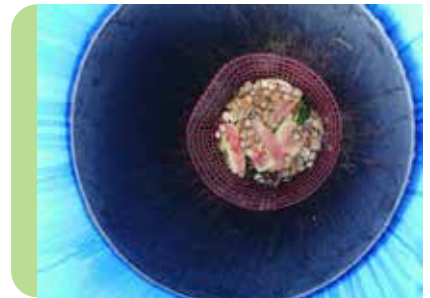
4. Give Happy New Year baskets to community leaders.



2. Donate survival bags for community that impact from Covid-19.



5. Establish a project "Change us - Change the world With Aegistek" to make employees aware of environmental crisis. The campaign is use cloth bags to reduce the use of plastic. Publicize on proper waste separation, separate clean plastic waste to donate to Rajabhat University and transformed to make paving blocks. The Earth-saving bin to decompose the organic waste to be used as fertilizer.



6. Blood Donate to the Thai Red Cross Society for the year 2020.



7. Charity for society. We continue to contribute our help to schools, hospitals and foundations.



8. Supporting Bo-Sang Mini Marathon sport program.



9. Donate items for victims of cold and fire.



10. Supporting Buddhist activities.



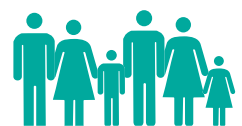
11. Employment of the disabled and the elderly.



12. Support wooden pallets to generate income for the elderly.



13. National Children's Day activities.





## LABOR

### 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.

#### Outcome Results

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 10<sup>th</sup>, 15<sup>th</sup>, 20<sup>th</sup>, 25<sup>th</sup>, 30<sup>th</sup> and 35<sup>th</sup> year service anniversaries.

## ACTIVITIES TO CORPORATE SOCIAL RESPONSIBILITY

### OUTSTANDING EMPLOYEES AWARD

The company's annual outstanding employees award was established to give a recognition and highlight our good performance employees and encourage others to follow their practices.



### SAFETY FIRST

Cheval staff, led by our local fire department experts, conducted our annual fire and safety training session.



## 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.

### Outcome Results

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.

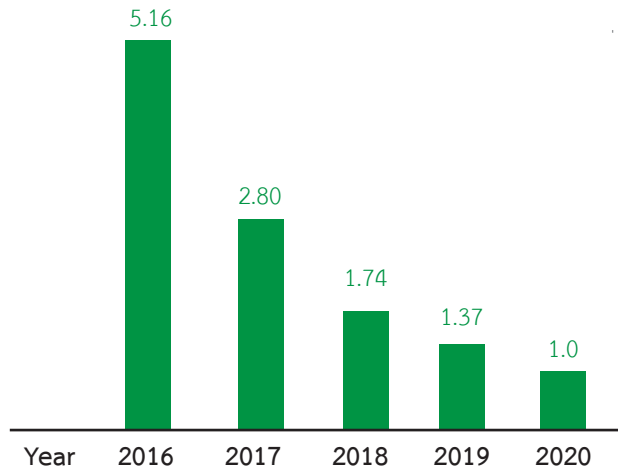
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AegisTek Corp., Ltd, Cheval Technology Co., Ltd and Cheval Electronic Enclosure Co., Ltd closely monitored and controlled all environmental factors with results as shown:

## 1. Air Emission Performance

### Nitrogen Dioxide

Unit: ppm

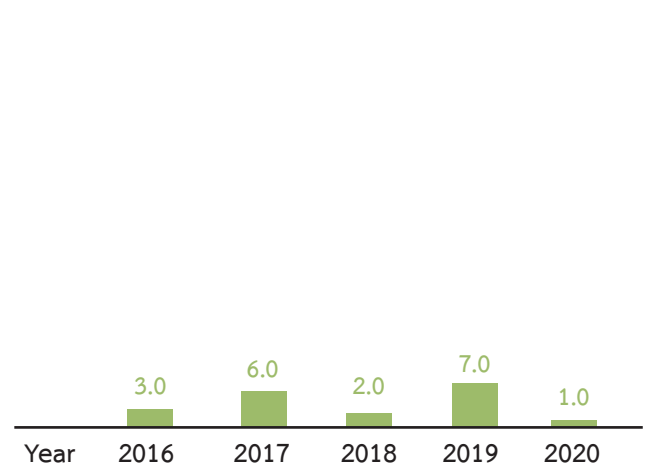


standard 200 ppm

Sampling location at Oven Exhaust chimney

### Carbon Monoxide

Unit: ppm



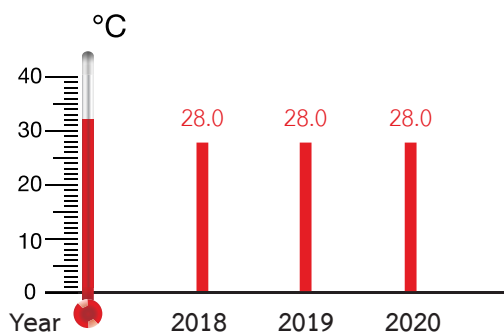
standard 690 ppm

## 2. Heat

Unit: Celsius (°C)

### Area

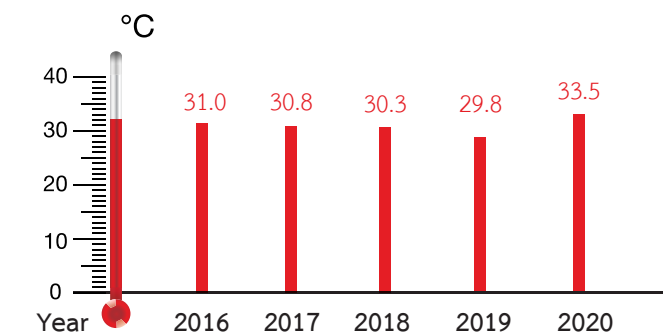
Grinding station



standard 32.0°C

### Area

Painting station



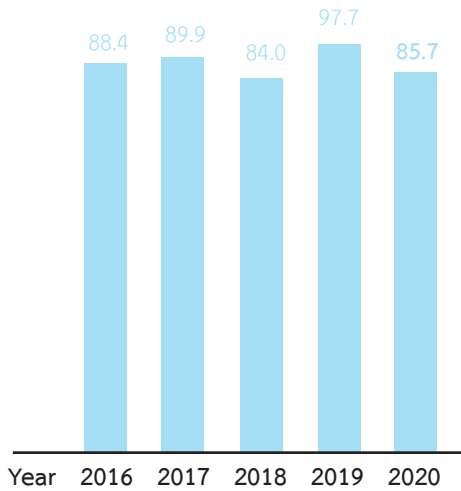
standard 32.0°C

### 3. Noise

Unit: Decibel dB(A)

#### Area

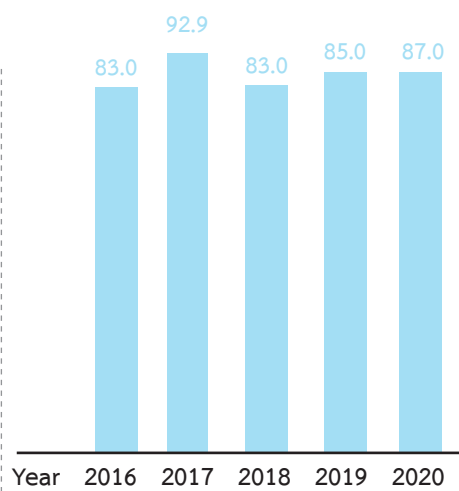
Punching area



standard 90 dB (A)

#### Area

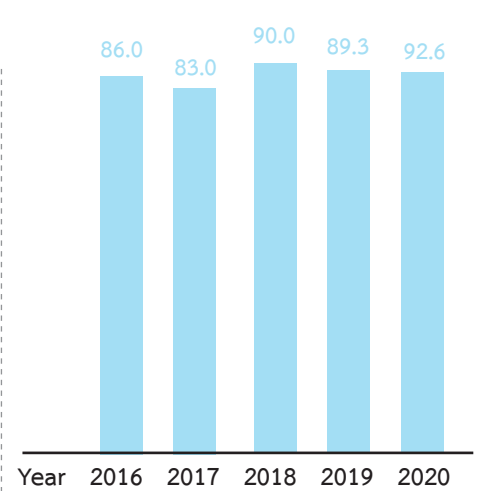
Stamping area



standard 90 dB (A)

#### Area

Grinding station



standard 90 dB (A)

### 4. Waste

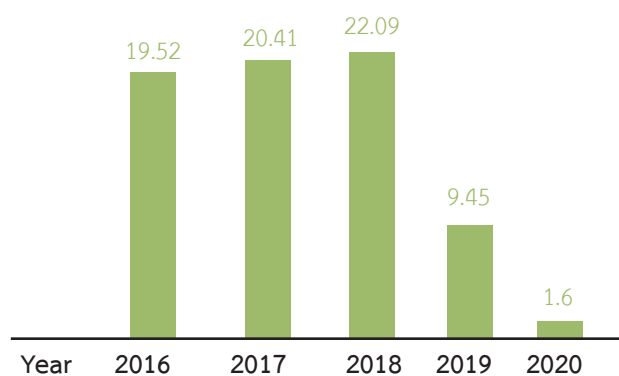
Unit in milligram per liter

Parameter	2016	2017	2018	2019	2020	Standard
1. BOD	17.0	20.0	6.0	21.0	12.0	< 20
2. COD (Chemical Oxygen Demand)	33.0	36.0	103.0	88.0	41.0	750.0
3. Oil & Grease	< 5.0	< 5.0	5.0	6.0	< 5.0	5.0
4. pH	6.98	7.24	7.68	8.02	7.87	5.5 - 9.0
5. Copper	0.02	< 0.02	0.01	0.02	< 2.0	< 2.0
6. Zinc	0.39	0.50	0.46	0.67	0.49	< 5.0
7. Barium	0.21	0.13	0.13	0.16	0.1	< 1
8. Nikel	0.007	0.010	0.005	0.010	0.008	< 1
9. Total suspended oxide	4.0	4.0	N.D.	11.0	9.0	< 50
10. TDS (Total Dissolved Solids)	574.0	724.0	810.0	708.0	774.0	< 3,000

## 1. Air Emission Performance

### Dust

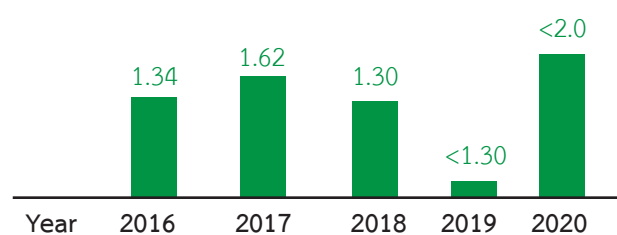
Unit:  $\text{mg}/\text{m}^3$



standard  $320 \text{ mg}/\text{m}^3$

### Sulfur Dioxide

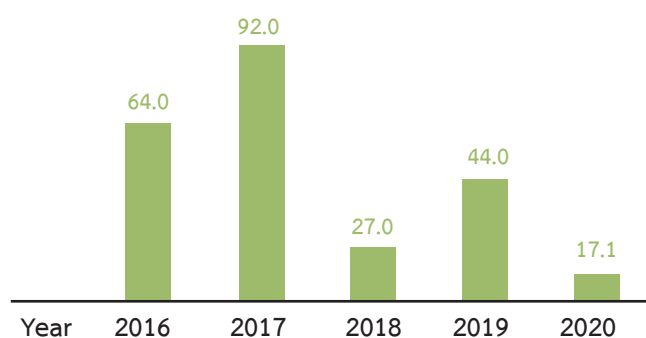
Unit: ppm



standard 60 ppm

### Carbon Monoxide

Unit: ppm



standard 690 ppm

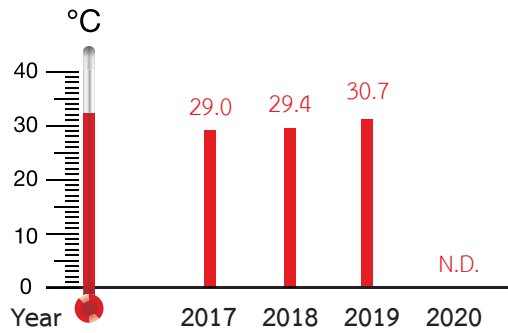
Sampling location at Oven Exhaust chimney

## 2. Heat

Unit: Celsius (°C)

### Area

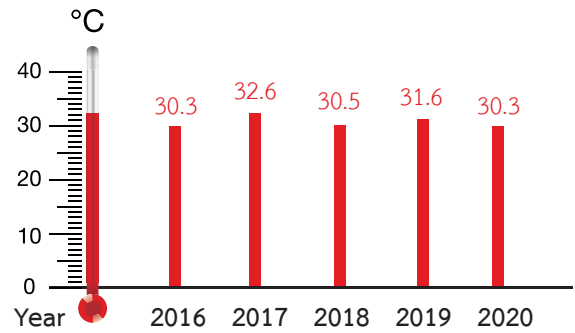
Grinding station



standard 32.0°C

### Area

Painting station



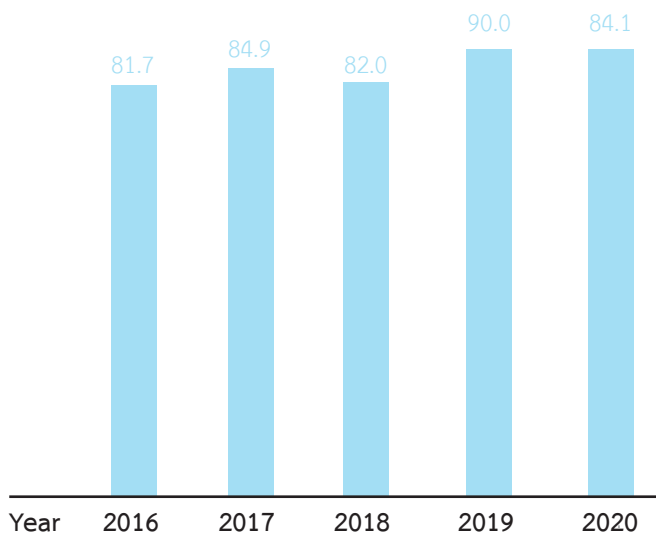
standard 32.0°C

## 3. Noise

Unit: Decibel dB(A)

### Area

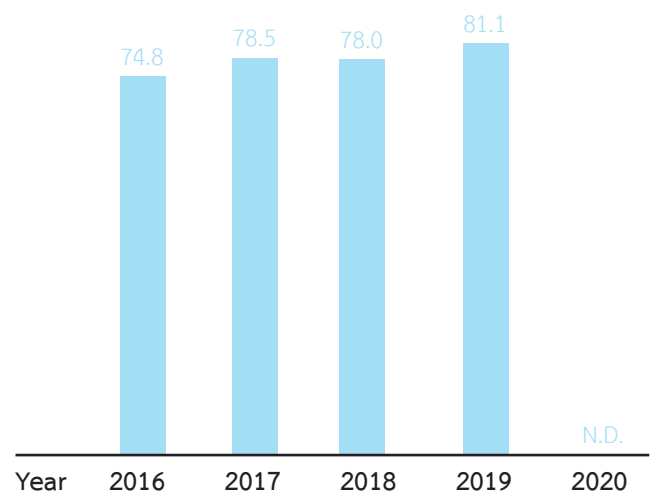
Punching station



standard 85 dB (A)

### Area

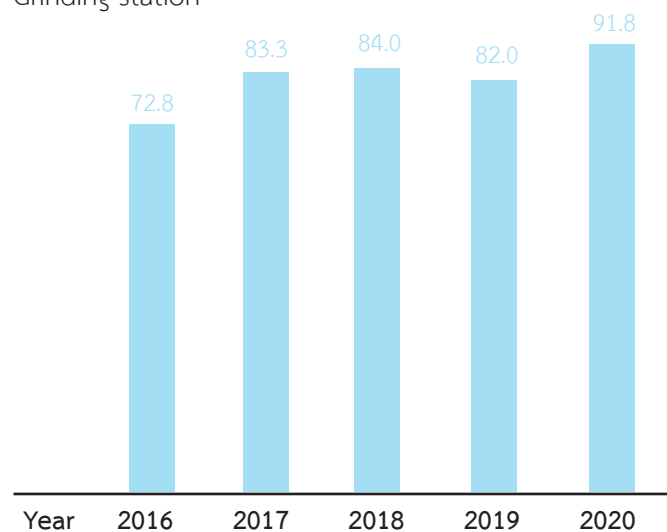
Bending station



standard 85 dB (A)

## Area

Grinding station



standard 85 dB (A)

## 4. Waste

Unit in milligram per liter

Parameter	2016	2017	2018	2019	2020	Standard
1. BOD	24.0	15.0	16.0	15.0	20.0	< 20
2. COD (Chemical Oxygen Demand)	106.0	69.0	180.0	82.0	116.0	750.0
3. Oil & Grease	3.0	3.0	3.0	3.0	3.0	5.0
4. pH	8.70	8.40	8.40	8.00	8.20	5.5 - 9.0
5. Copper	0.01	0.01	0.00	0.009	0.01	< 2.0
6. Zinc	0.04	0.02	0.02	0.26	0.32	< 5.0
7. Barium	N.D.	N.D.	N.D.	N.D.	N.D.	< 1
8. Nikel	N.D.	N.D.	N.D.	N.D.	N.D.	< 1
9. Total suspended oxide	4.7	8.0	152.0	30.0	75	< 50
10. TDS (Total Dissolved Solids)	378.0	300	150.0	N.D.	456	< 3,000

## ACTIVITIES TO CORPORATE SOCIAL RESPONSIBILITY

### REFORESTATION

Our employees participated in reforestation campaigns throughout the year.



### 3Rs CONCEPT

Established the company environmental policy with 3Rs concept, Reduce, Reuse and Recycle, to develop our waste management.





## ANTI-CORRUPTION

### 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)

#### Outcome Results

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.

