



THAI BEVERAGE PUBLIC COMPANY LIMITED

Always with you  
**Sustainability Report 2017**



THAI BEVERAGE PUBLIC COMPANY LIMITED







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# Message from the President and CEO



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I am excited to report that Thai Beverage Public Company Limited (“**ThaiBev**”) has made substantial progress towards fulfilling our goal of becoming the stable and sustainable total beverage leader in the ASEAN market by 2020 and we are now a member of both the Dow Jones Sustainability Index (“**DJSI**”) for World and the DJSI for Emerging Markets. Significantly, we attained perfect scores in almost twice as many of the assessment areas compared to last year. Our remarkable inclusion in the component of the DJSI World Index after only one year from our inclusion as a member of the DJSI for Emerging Markets is the result of our complete commitment to achieving our “Vision 2020” objectives, which have been clearly laid out under five imperatives – growth, diversity, brands, reach, and professionalism. With this ranking upgrade, ThaiBev has achieved a higher standing in the international arena as an organization that delivers growth in a sustainable manner to maximize long-term benefits for stakeholders. This accomplishment is not only encouraging; it also spurs us to enhance our commitment to sustainable development and policies.

We continue to focus on “Creating and Sharing the Value of Growth” among all stakeholders, including those within our company, in the communities where we operate and other areas across Thailand. This is being achieved through our corporate social responsibility initiatives and our support of the Thai government’s Pracharath program.

ThaiBev’s journey towards greater sustainability is guided by the Sufficiency Economy Philosophy (“**SEP**”) of the late King Bhumibol Adulyadej Borommanathbobittra and inspired by the United Nations’ Sustainable Development Goals (“**SDGs**”), which can be viewed from three perspectives. From an economic perspective, we believe in long-term business commitments with a clear framework for financial discipline. From an environmental perspective, we look to implement green policies along our entire value chain. From a social perspective, we focus on working with communities to help create value and drive growth. The SEP principle is the cornerstone of our support of SDGs.

One of the major commitments undertaken by ThaiBev in 2017 revolves around participating and supporting the Pracharath program, a government initiative for the public sector, private sector, academic circle, civil sector and the community to work together, in order to drive the country’s economic development, especially in rural areas.

ThaiBev has helped to form a nation-wide network of area-based social enterprises, including Pracharath Rak Samakkee (Social Enterprise) (Thailand) Co., Ltd. and 76 other social enterprises. These 77 social enterprises provide business guidance to communities in three income-generating areas – agriculture, value-added products and community-based tourism. We assist them in facilitating improvements in five areas – access to factors of production, creating know-how, marketing, communication and creating awareness of sustainability and management.

Inclusive growth is the heart of sustainability. In 2017, government efforts have helped generate local economic growth, as evident from the over 23% increase in community product sales (OTOP). This enables local communities to improve their quality of life and leads towards the achievement of the United Nations’ 2030 sustainable development goals.

We have also continued to embrace the Global Reporting Initiative (“**GRI**”) and focus on economic, environmental, social, as well as the arts and cultural areas in this respect. ThaiBev also supports a range of projects that directly address issues such as climate change, community well-being, sports, public health and education, as well as arts and culture.

Great opportunities lie ahead for ThaiBev. We are encouraged by what we have achieved and motivated to further our sustainable business practices. We are firmly committed in our drive for corporate excellence in order to become the leading stable and sustainable total beverage company in the ASEAN market by 2020.



**Thapana Sirivadhanabhakdi**  
President and CEO

# Inspiration

## The ThaiBev Sustainability Approach

ThaiBev draws inspiration from His Majesty King Bhumibol Adulyadej's Sufficiency Economy Philosophy (SEP), which improved the lives of millions of people by creating a balanced approach to development. We also remain committed to helping the world achieve the 17 Sustainable Development Goals (SDGs) outlined by the United Nations.



GRI 102-1, GRI 102-2, GRI 102-3,  
GRI 102-4, GRI 102-5, GRI 102-6,  
GRI 102-7, GRI 102-8, GRI 102-9,  
GRI 102-10, GRI 102-12, GRI 102-14,  
GRI 102-18, GRI 102-40, GRI 102-42,  
GRI 102-43, GRI 102-44, GRI 102-45,  
GRI 102-46, GRI 102-47, GRI 102-48,  
GRI 102-49, GRI 102-50, GRI 102-52,  
GRI 102-53, GRI 102-54, GRI 102-55,  
GRI 102-56, GRI 103-1, GRI 201-1



# Board Statement

The ThaiBev Board (the “**Board**”) is committed to improving the sustainability of the ThaiBev Group (the “**Group**”). Sustainability considerations, including environmental, social and governance (“**ESG**”) issues, are integral and essential matters which we take into account in our formulation of the overall strategy for the Group. We are fully supportive of all efforts by ThaiBev’s management team to make improvements in this area.

Furthermore, as the Group’s long-term sustainability is a key priority for the Board and as efforts in this respect depend on the management team’s implementation and operational abilities, the Board has made it clear that our evaluation of their performance takes their effectiveness in delivering on the commitments made to sustainability initiatives and targets in this report into account.

The Board is committed to being transparent, clear and open about the ThaiBev’s businesses to its shareholders and other stakeholders. The disclosures made in this report and in the Group’s annual report are in line with this commitment. In this report, we have discussed ThaiBev’s efforts to continue building on and strengthening the Group’s collaboration with business partners to drive positive economic, environmental, and social impact throughout its value chain with good governance.

The Board has assigned responsibility for overseeing ThaiBev’s sustainability initiatives and the preparation of this sustainability report to the Group’s corporate sustainability development committee and working team. The Board receives regular reports and presentations from the committee and the ThaiBev management team on their sustainability objectives, targets, initiatives, challenges, progress and achievements, as well as the management and monitoring of the material ESG factors of relevance to the Group. We will continue our efforts on this front so as to further enhance ThaiBev’s sustainability.





Creating and Sharing  
the Value of Growth

## **Creating and Sharing the Value of Growth**

As the region's leading beverage company, ThaiBev's dimension of 'growth' covers growth in both sales revenue and brand diversification in order to further accommodate our partners and consumers.

This means that we must take into account another dimension in which our partners and co-workers perform better and with more efficiency to simultaneously benefit from creativity and good intentions.

Furthermore, we take into our consideration the value everybody receives through our products and our multi-dimensional contributions to society from the environment, education, sports, and culture. With this, ThaiBev hopes to create a ripple of endless happiness that can be shared by all.

# About This Report

Thai Beverage Public Company Limited, hereby “ThaiBev,” has published an annual sustainability report since 2011. This is the 2017 report, compiled under the Core-level reporting guidelines of the Global Reporting Initiative. Its purpose is to communicate to our stakeholders key issues in 4 facets; namely, economy, society, environment and arts and culture aspects. Its intention is to present our business strategies, embracing King Bhumibol Adulyadej’s Sufficiency Economy Philosophy, which has continuously been put to use in the sustainable development of ThaiBev and companies in the ThaiBev Group (“ThaiBev Group”), consistent with the 17 Sustainable Development Goals (SDGs) of the United Nations.

GRI 102-1, GRI 102-10,  
GRI 102-45, GRI 102-48 to 50,  
GRI 102-52 to 56

This sustainability report presents results of financial operations in the year 2017 under audit from KPMG Phoomchai Audit Co. Ltd., whose auditors's report is included in the 2017 annual report. As for our operations in environmental, occupational health, and safety aspects, they have been audited by Lloyd's Register International (Thailand) Limited (LRQA), which has provided us with a limited assurance statement. The assurance statement is listed under title of "Approval from External Organizations" to show our stakeholders that ThaiBev's business operations are in keeping with sustainable development guidelines and are always changing and improving.

### **Scope of the Report**

The information presented is drawn from the 2017 fiscal year, comprising 12 months, starting October 2016 and continuing through September 2017 which differs from previous year. In 2016 report, the information presented in 2 periods:

- A nine-month time frame from January to September 2016
- A twelve-month time frame from October 2015 to September 2016

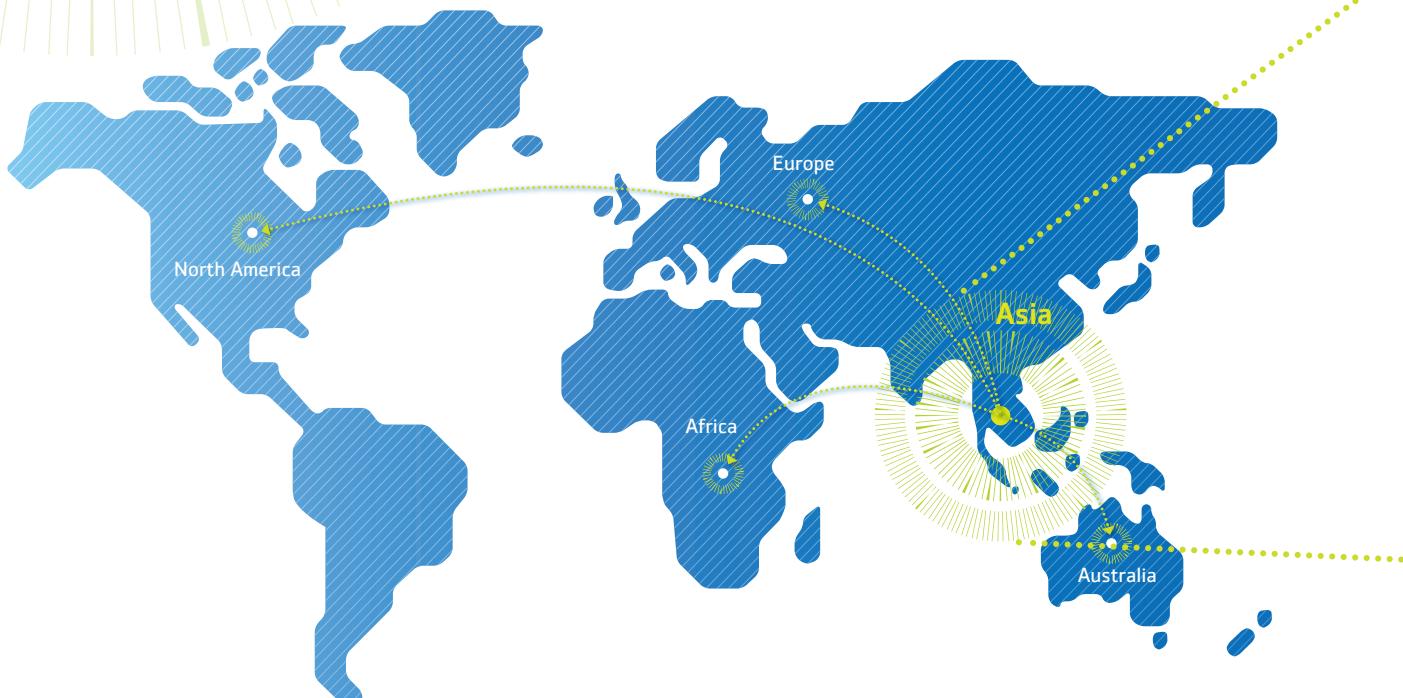
The information of 2 periods disclosed on performance summary and 2015 covered a twelve-month from January to December 2015 according to the fiscal year. The report's scope is ThaiBev and the subsidiaries under ThaiBev Group in Thailand only: it does not include subsidiaries abroad. Environmental information is collected at the factory level, from a total of 33 factories. This includes 18 distilleries, 3 breweries, and 12 non-alcoholic beverage factories: (4 Oishi and 7 Sermsuk and 1 S.P.M. Food and Beverage) and 8 Distribution centers (3 Thai Beverage Logistics and 5 Sermsuk)

ThaiBev has prepared both Thai and English versions of this report, and has published them on the Company's website: [sustainability.thaibev.com](http://sustainability.thaibev.com). If you have any suggestions or concerns, you may contact our sustainable development working group via [sustainability@thaibev.com](mailto:sustainability@thaibev.com) or offer suggestions using the form included at the end of this report. The working group will be happy to consider suggestions and use them to improve the quality of future reports.



# About ThaiBev

GRI 102-2 to 9, GRI 201-1



## Vision

ThaiBev's vision is to be Thailand's world-class total beverage product and distributor embodying commercial excellence, continuous product development and premiumization, as well as professionalism.

## Mission

ThaiBev's mission is to build strong mutually beneficial relationships with all stakeholders in every aspect, guided by the following six principles:

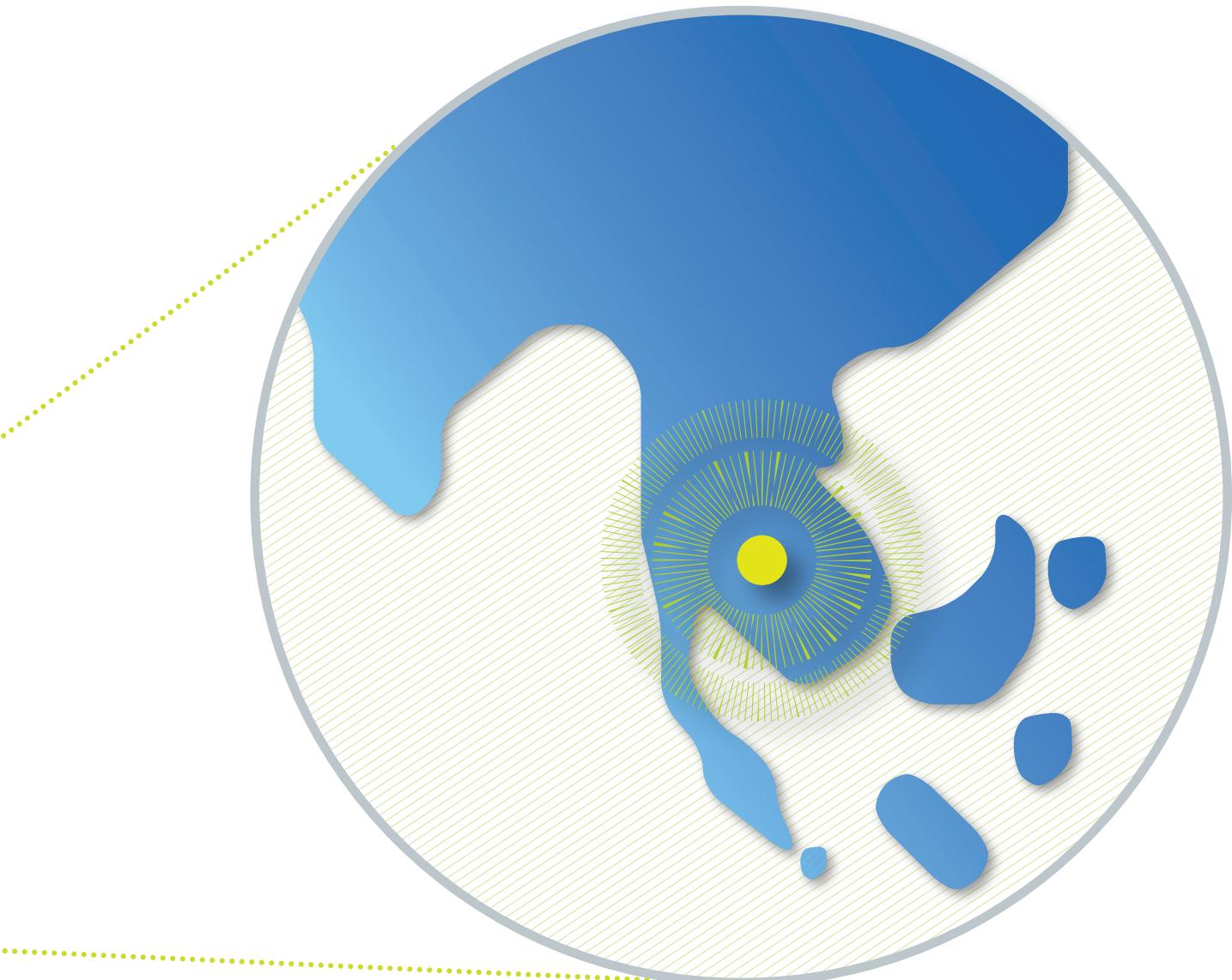
- Offer top quality products to all customer segments
- Respond professionally to distributors' demands
- Grow revenue and profits in a sustainable manner to create value for shareholders and provide favorable returns on investments
- Be a role model of the highest standards of professionalism, corporate governance, and transparency
- Build a sense of ownership among employees by trusting, empowering, and renewing them
- Contribute to society

## Strategies

- Growth
- Diversity
- Brand
- Reach
- Professionalism

ThaiBev was founded in Thailand in 2003 to unite leading Thai beer and spirit businesses in the hands of shareholders and other investors under the same group. Later, in 2006, the Company was registered on the Singapore Exchange ("SGX"). As of September 30, 2017, the Company has a market value of 16,7400 million U.S. dollars. The Company has expanded from the alcoholic beverage business to non-alcoholic beverages and food, in order to diversify product offerings, expand product distribution channels, and diffuse corporate risk.

Nowadays, ThaiBev is not only a leading beverage producer in Thailand; it is also one of the biggest in Asia, with four business segments—spirits, beer, non-alcoholic beverages, and food.



## Goods and Services

As of September 30, 2017, there are 138 companies in the ThaiBev group, as follows:

- Thai Beverage Public Company Limited
- 93 companies in Thailand (92 of which are subsidiaries, and 1 associated company; namely, PETFORM (Thailand) Limited)
- 44 companies abroad (41 of which are subsidiaries, and 3 of which are associated companies; namely, Liquorland Limited, Fraser and Neave, Limited\*, and Frasers Centrepoint Limited\*)
- There are 18 distilleries, 3 beer breweries, and 12 non-alcoholic beverage production factories, as well as an extensive distribution network covering 400,000 points all over Thailand. Notable products include:

- Spirits: Ruang Khao, SangSom, Mekhong, and Blend 285
- Beers: Chang Beer, a widely accepted beer among Thai consumers
- Non-alcoholic beverages: Oishi Green Tea, est Cola, 100 Plus, and Crystal Drinking Water
- Foods: restaurants under the names Oishi Grand, Oishi Eaterium, Oishi Buffet, Oishi Ramen, Nikuya, Kakashi, Hyde & Seek, Man Fu Yuan, MX Cake & Bakery, SO asean, and Food Street

- ThaiBev products are sold in 90 countries worldwide. In addition, ThaiBev owns 5 distilleries in Scotland, a country famed as the origin of world-class whiskey brands such as Balblair, Old Pulteney, and Speyburn. ThaiBev also owns another distillery in China, where the spirit Yulinquan is produced.

### Remark

\* Without records of other companies in the Fraser and Neave, Limited and Frasers Centrepoint Limited according to the notes attached to the financial budget that is related.



#### SALES REVENUE

**189,997**

MILLION BAHT



#### NUMBER OF EMPLOYEES

**41,367**

PERSON



#### NET PROFIT

**34,681**

MILLION BAHT



#### DEBT-TO-EQUITY (D/E)

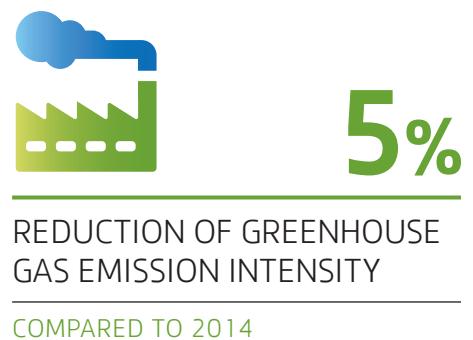
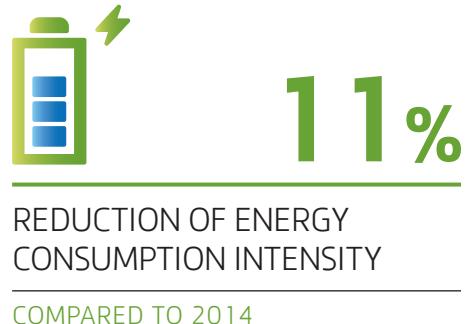
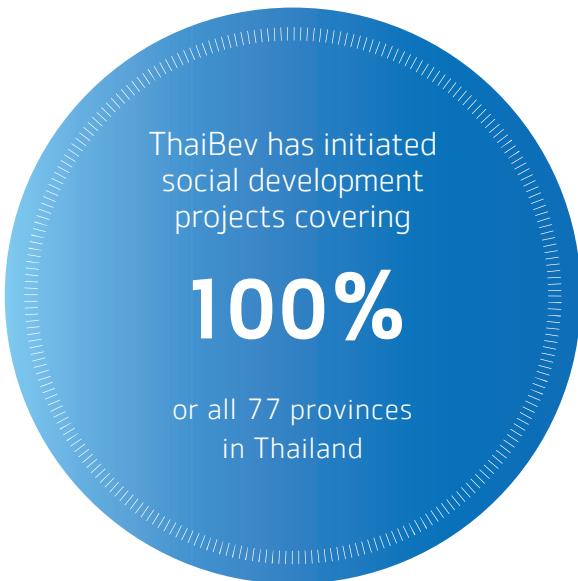
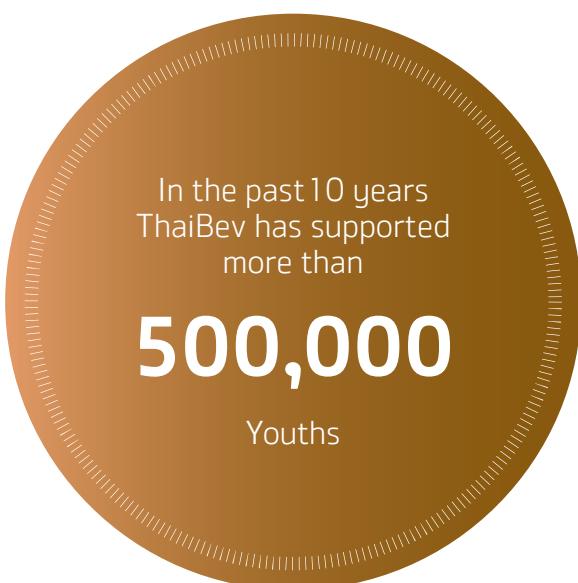
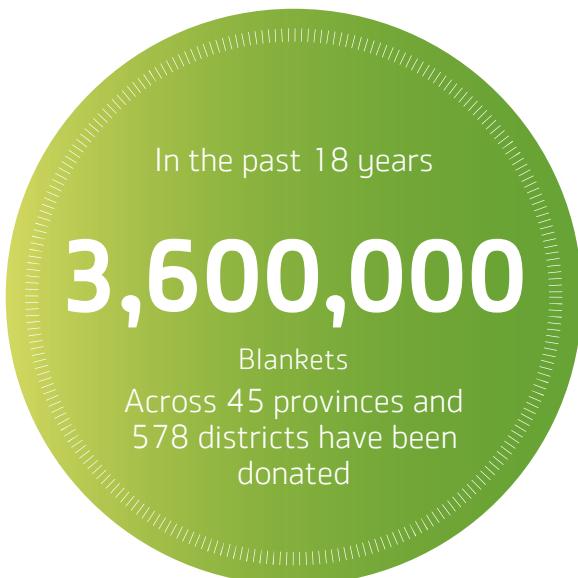
**0.47**

TIMES



#### RETURN ON EQUITY (ROE)

**27.07%**



# Economic Performance

GRI 201-1, GRI 102-8

2017  
Total Income**190,697**

Million Baht

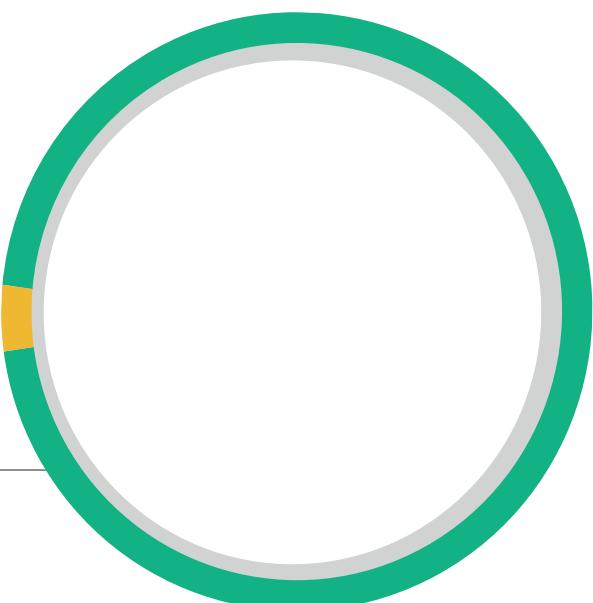
Oct 16-Sep 17

**3%**

International

**97%**

Thailand

2016  
Total Income**139,887**

Million Baht

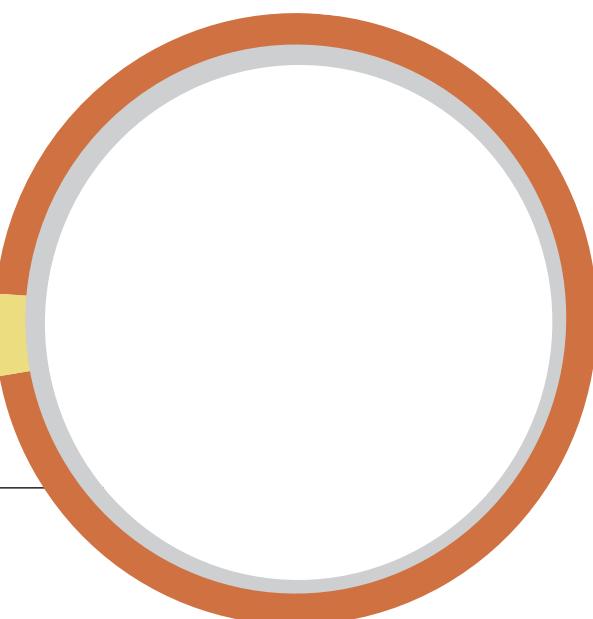
Jan–Sep 16

**4%**

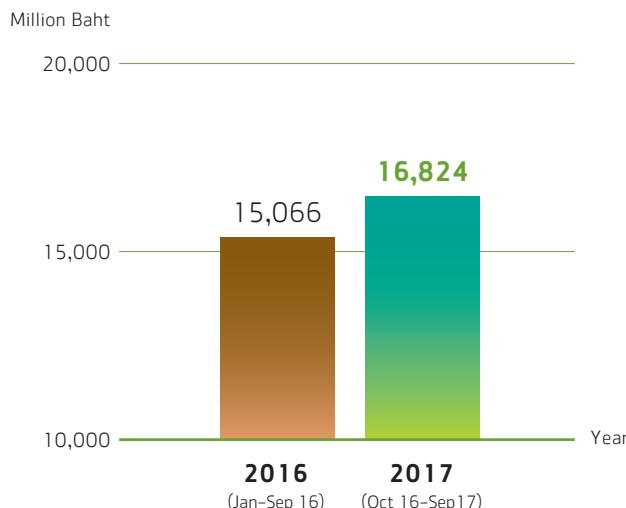
International

**96%**

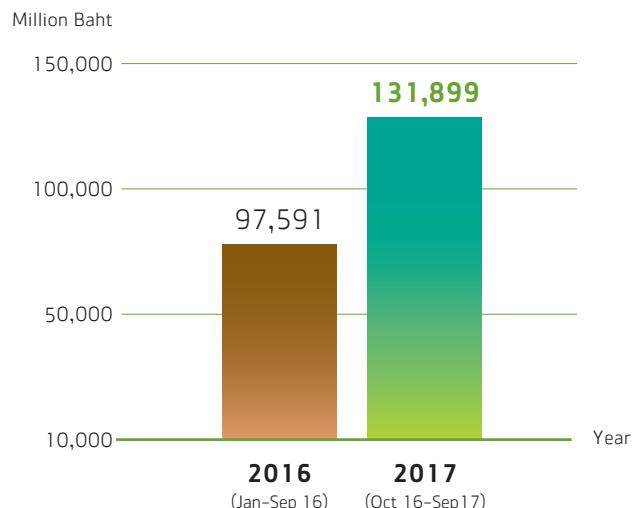
Thailand



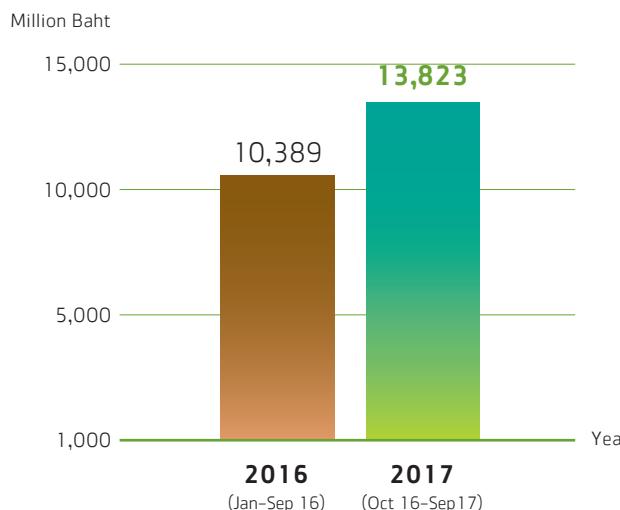
## Annual Dividend



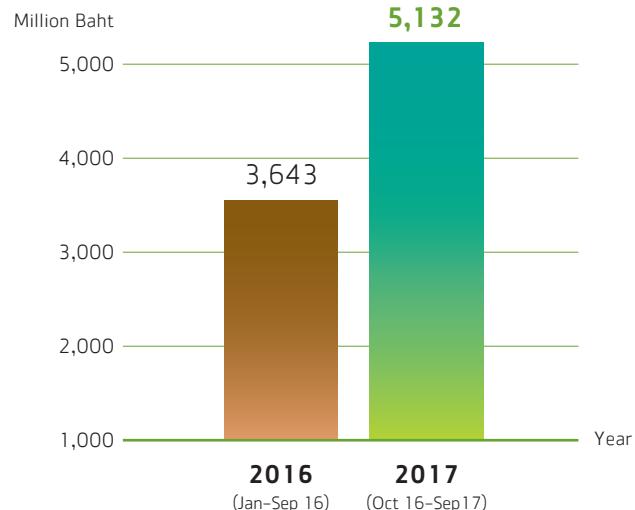
## Cost of Sales



## Employee Expenses



## Income Tax Expenses



### Note

1. Economic value generated and distributed is defined by Income (refer to GRI201-1:Revenue), Cost of Sales (refer to GRI201-1:Operating cost), Employee Benefit Expenses (refer to GRI201-1:Employee Wages and Benefits ),Income Tax Expenses (refer to GRI201-1:Payments to Government), and Annual Dividend(refer to GRI201-1:Payments to Provider of Capital),The scope of this report is limited to operations in Thailand.However,the Economic performance section refers to ThaiBev and subsidiaries and is consistent with the 2017 Annual Report.
2. Employee benefit expenses,which is part of Cost of Sales,was 3,528.82 million baht during the period of Oct 2016-Sep 2017, and was 2,665.15 million baht during the period of Jan-Sep 2016.The excise tax paid to the governance is also part of Cost of Sales.
3. Geographic income for the ThaiBeverage Group according to ThaiBev's financial statements for the period ended 30 September 2017, Oct 2016-Sep 2017.
4. Annual dividend to ThaiBev's shareholder.

# ThaiBev Value Chain

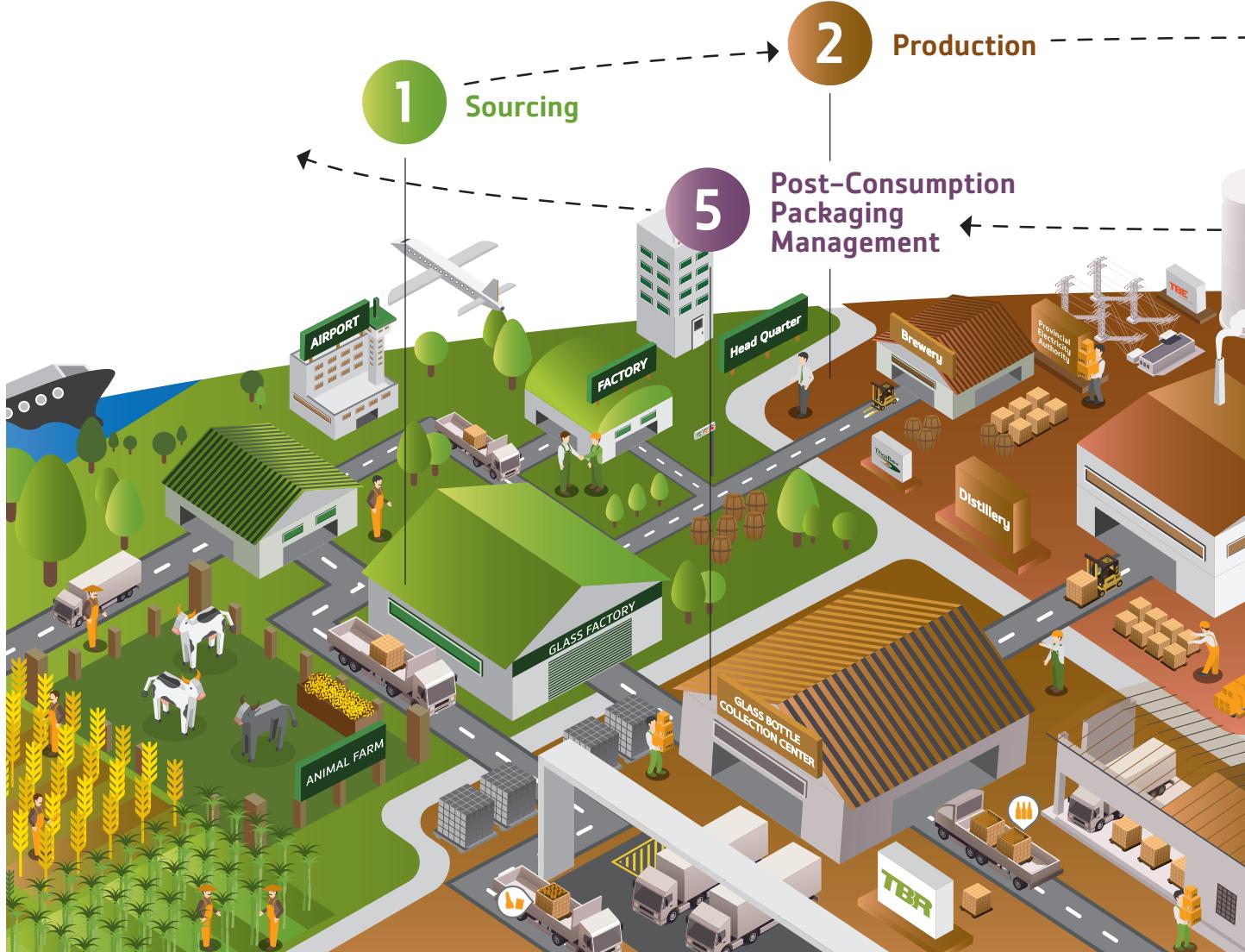
GRI 102-9

## 1 Sourcing

To drive sustainable sourcing in an efficient manner and to develop partnership standards for sustainable growth, ThaiBev has put in place mechanisms for risk management in goods and services, in tandem with risk management for trade partners who take part in the sourcing of raw materials. ThaiBev screens partners to ensure that their work meets both environmental and social standards. All this ensures that products that enter consumers' hands are safe and of high quality.

## 2 Production

In every stage of the manufacturing process, ThaiBev cares about safety and is conscientious about the use of various resources like water and energy, ensuring that it provides good value and maximum benefit without polluting the environment and surrounding communities. ThaiBev follows legal standards and international standards, including ISO 9000, GMP, HACCP, and ISO 14000, and has received the NSF drinking water quality certification from the National Sanitation Foundation in the United States. In addition, ThaiBev continually develops innovations and technology to ensure that its products achieve the highest quality and adhere to the highest standards, all without negatively affecting the environment and the organization's stakeholders.



### 3 Distribution

ThaiBev prioritizes good planning and strong, comprehensive distribution channels, ensuring that merchandise reaches its destination on time and in high quality. ThaiBev remains cognizant of accidents that might happen during transportation, and consequently it has put modern technology to use in management, for example, to monitor the driving discipline of delivery drivers, and to efficiently manage fuel. As a result, the Company can control and manage the impact on different aspects of the business for stakeholders effectively.

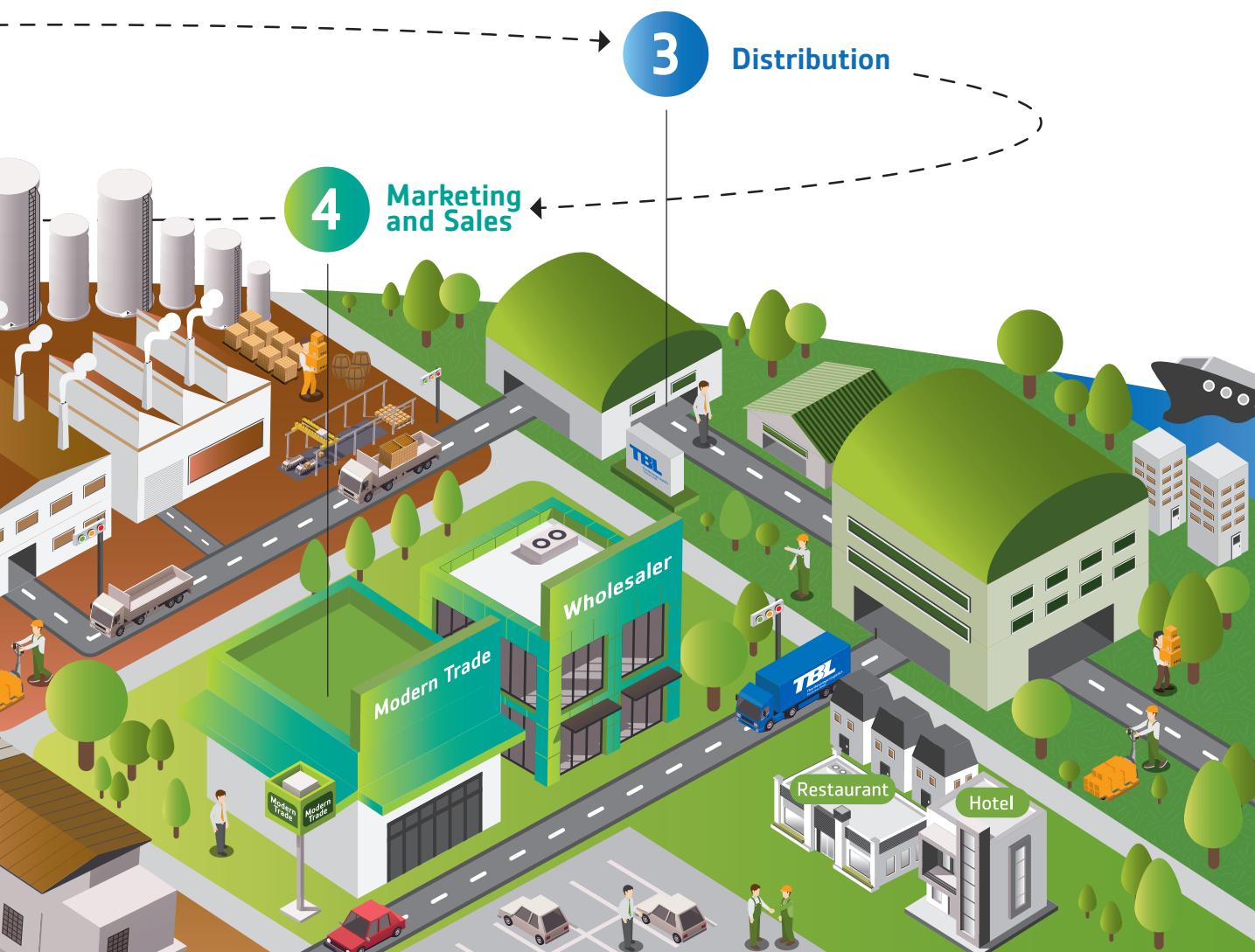
### 4 Marketing and Sales

ThaiBev delivers products for the consumer through efficient distribution channels by building strong networks and focusing on building good relationships with business partners through a variety of projects, such as "The Agent 'Next Gen'", which is part of the strategies of our Vision 2020. In addition, ThaiBev demonstrates

its responsibility to the consumer and society through public relations, whether by using product labels which identify all nutritional details, or by organizing "Serve Responsibly" workshops or organizing sales promotions to build relationships with the consumer. At the same time, the Company remains open to consumer feedback through various channels, so as to guide product development that fully responds to the demands of the consumer.

### 5 Post-consumption Packaging Management

With the belief that good packaging should not only protect the product and make it look pleasing, but also be reusable in the manufacturing process (using materials and packages such as paper boxes, cushioning, glass bottles, and plastic), ThaiBev designs packaging made of reusable materials, to reduce waste arising from consumption, since "single-use" disposability makes too much trash and wastes natural resources in the manufacturing of these materials.



# The ThaiBev Sustainability Approach

GRI 102-12, GRI 102-18, GRI 102-40,  
GRI 102-42, GRI 102-43, GRI 102-44,  
GRI 102-46, GRI 102-47, GRI 103-1

## Sustainable Development Strategy

ThaiBev embraces King Bhumibol Adulyadej's Sufficiency Economy Philosophy (SEP), in tandem with the Sustainable Development Goals (SDGs) of the United Nations. The Company incorporates them into its corporate guidelines to push forward its business operations in a responsible manner for society and all stakeholders.

The Sustainability Economy Philosophy framework, when put to use in business planning and operations, consists of the following 3 principles: Moderation, Reasonableness and Prudence. If the Company abides by these 3 principles with knowledge and virtue, it will be able to remain stable and sustainable through the currents of globalization and change.

Business operations should be founded on the basis of the middle path as exemplified in the three major parts of the Sufficiency Economy Philosophy, which are:

### Moderation

- Work following one's abilities and potential
- Avoid extremes
- Exercise financial discipline

### Reasonableness

- Assess the reasons for every action affecting stakeholders
- Create real, authentic value

### Prudence

- Manage risk
- Prepare for future impacts or changes

Aside from these three principles, ThaiBev adheres to two conditions governing the principles, completing the diagram of Sufficiency Economy Philosophy. The conditions are the use of knowledge and virtues for business planning, decision making, and various operations activities.

### Knowledge

- In-depth information
- Correct understanding
- The linking together of knowledge and experience

### Virtues

- Integrity
- Sincerity
- Diligence
- Self-awareness
- Humility

The adoption of Sufficiency Economy Philosophy as a business strategy will lead to balanced progress in all 4 dimensions: economy, society, environment, and culture. At the same time, under its sustainable development strategy, ThaiBev is confident that it will be able to be self-sustaining and develop limitless opportunities for the business and society as a whole.



**Economy**  
creating business value



**Environment**  
managing the impacts  
from business



**Society**  
caring and sharing



**Culture**  
promoting artistic and  
cultural conservation

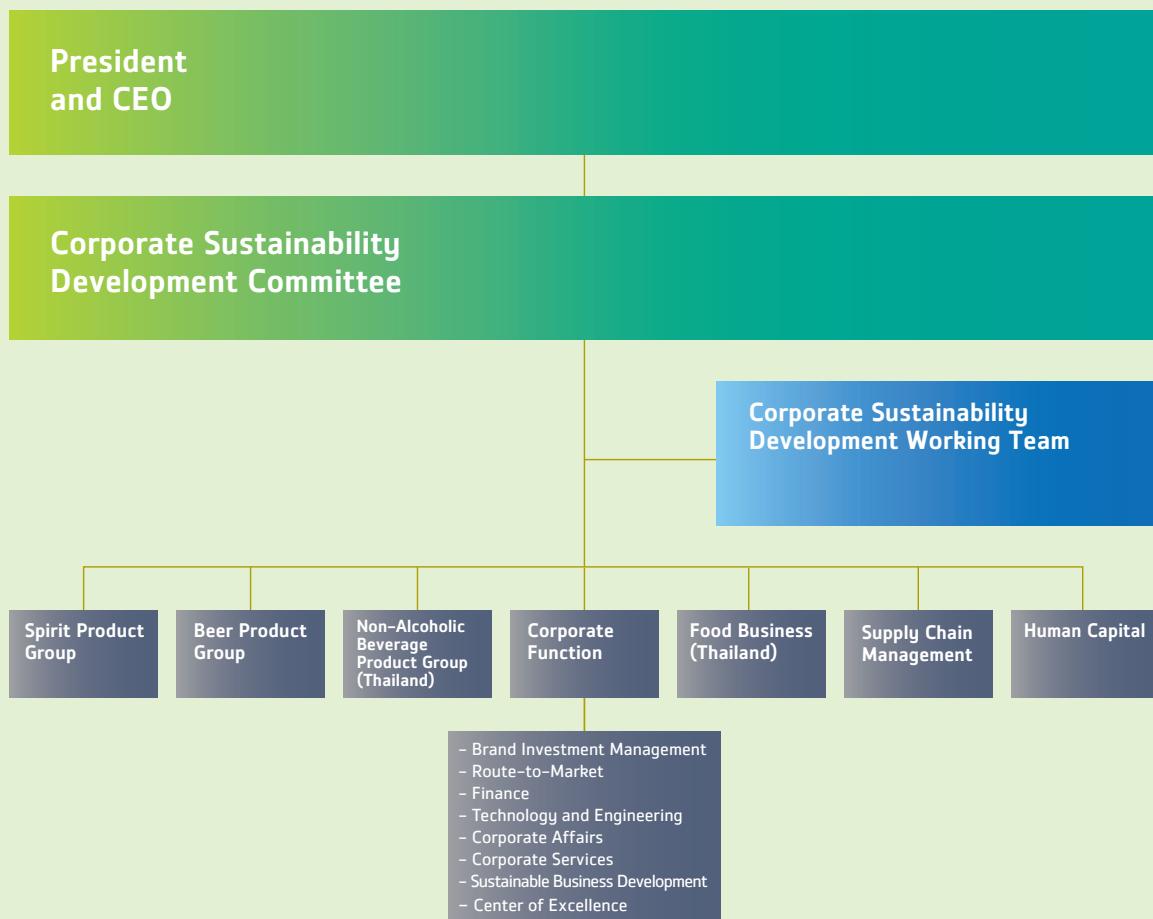
In addition to applying SEP to its business approach, ThaiBev also aims to abide by the 17 Sustainable Development Goals of the United Nations' 2030 Agenda for Sustainable Development. Merging these two frameworks provides an approach for increasing the efficiency of many aspects of ThaiBev's operations, and it promotes sustainable development at the domestic and international levels. These two frameworks focus on the usage of knowledge, experience, and thinking to achieve steady growth, the reduction of environmental impact, and the development of human resources. Nevertheless, any sustainable form of economic growth must be built on the foundations of reasonable business operations and appropriate risk management.

SEP and SDGs are consistent with ThaiBev's Vision 2020, and the Company's aim to become "a stable and sustainable leader in the beverage business in ASEAN," focusing on participating in the building of stronger relationships with stakeholders sustainably, in lock-step with the growth of the organization.

All together, ThaiBev is confident that sustainable development strategies, built on the foundations of Sufficiency Economy Philosophy and the Sustainable Development Goals of the United Nations, will result in balanced progress for the Company throughout the value chain and promote business operations with the maximum benefit for society, the environment, and the key stakeholders of the organization.

<b>1 NO POVERTY</b> 	<b>2 ZERO HUNGER</b> 	<b>3 GOOD HEALTH AND WELL-BEING</b> 	<b>4 QUALITY EDUCATION</b> 
<b>5 GENDER EQUALITY</b> 	<b>6 CLEAN WATER AND SANITATION</b> 	<b>7 AFFORDABLE AND CLEAN ENERGY</b> 	<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 
<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> 	<b>10 REDUCED INEQUALITIES</b> 	<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> 	<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 
<b>13 CLIMATE ACTION</b> 	<b>14 LIFE BELOW WATER</b> 	<b>15 LIFE ON LAND</b> 	<b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> 
<b>17 PARTNERSHIPS FOR THE GOALS</b> 			

## ThaiBev's Corporate Sustainability Structure



### Sustainability Management

ThaiBev's Corporate Sustainability Development (CSD) Committee is responsible for the consideration, planning, policymaking, and execution of sustainability development measures, so that they are consistent with the Company's direction and strategies as determined by the Company's Managers Committee or the Board of Managers. In addition, the Corporate Sustainability Development Working Team acts as a support for the CSD Committee. The CSD Working Team consists of representatives from various units who are assigned the following tasks: determining efficiency indices in terms of the environment, safety, and occupational hygiene; support planning and monitoring in the realm of sustainability management; maintaining constant communication with the CSD Committee; and participating in the assessment process of the Company's sustainability. Within the assessment process the CSD Working Team is responsible for reviewing the resulting key issues around organizational sustainability, analyzing and presenting to the CSD Committee for approval,

and subsequently to the Managers Committee for final approval of the key issues surrounding sustainability.

In 2017, ThaiBev was selected for the second consecutive year with the highest scores, as a member of the DJSI Emerging Markets Group in the Dow Jones Sustainability Indices (DJSI). In addition, ThaiBev was selected as a member of the DJSI World group in the Beverages category. This recognition is evidence of the Company's determination of outstanding sustainability development in all areas including the economy, society, and environment, with proven results rivaling leading international corporations.

## Stakeholder Engagement

ThaiBev operates under the framework of sustainable development, taking into account the importance of the rights to be respected and fairness to be upheld for all stakeholders. As a code of practice for all units and for employees of all levels, and as a protective mechanism against risk or impact from business operations, the Company has established guidelines for appropriate stakeholder engagement, with an emphasis on continuously promoting creative engagement with all stakeholders through various activities and communication channels where various demands, opinions, concerns, and suggestions may be voiced. For each group of stakeholders, the frequency of communication varies according to the Company's operation plans. Therefore, the information received is useful in helping determine the strategy, direction, planning, and guidelines for business sustainability development.



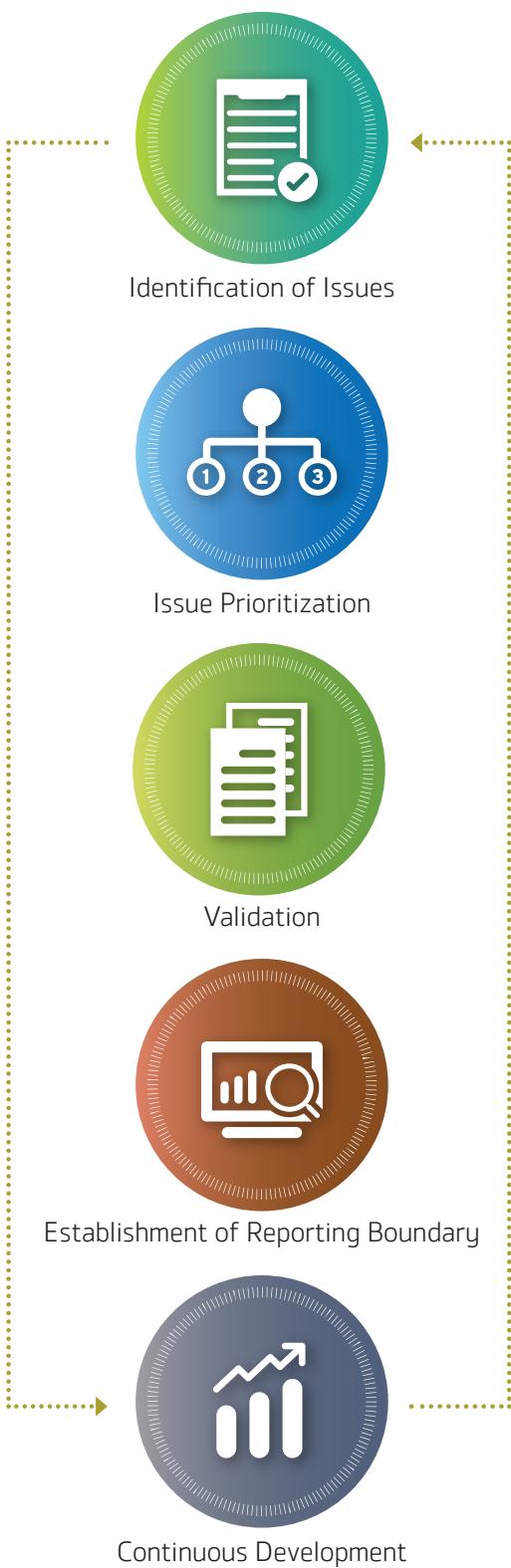
ThaiBev divides its stakeholders into 8 categories:  
 1. employees, 2. suppliers, 3. customers, 4. consumers,  
 5. investors, 6. communities, 7. regulators, and  
 8. non-governmental organizations (NGOs)

## Stakeholder Engagement

Stakeholder	Engagement Channels	Issues of Stakeholder Interest and Concern	Applicable Reports
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Messaging (SMS)</li> <li>LINE Application</li> <li>Facebook fan page</li> <li>ThaiBev Intranet</li> <li>Annual Meetings (Annual Executive Meeting, Labor Practice Committee Meeting, Employee Benefits Committee Meeting, Occupational Health and Safety Committee Meeting, Trade Union Meeting, and Functional Meeting)</li> <li>Suggestion Box</li> <li>Roadshows to meet with various stakeholders, such as "Core Values Roadshow" and "Vision 2020 Roadshow"</li> <li>Annual Sustainability Survey</li> <li>Employee satisfaction and engagement survey</li> </ul>	<ul style="list-style-type: none"> <li>Work safety</li> <li>Flexible working arrangements</li> <li>Employee Benefits</li> <li>Charities and other projects that benefit society</li> <li>New products developed according to consumer needs</li> </ul>	<ul style="list-style-type: none"> <li>Limitless Opportunities for ThaiBev's Employees</li> <li>Sharing the Value with the World</li> <li>Consumer Health, Safety and Well-Being</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>Meetings with suppliers</li> <li>Annual Sustainability Survey</li> </ul>	<ul style="list-style-type: none"> <li>Robust procurement system</li> <li>Social and environmental responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Responsible Sourcing</li> <li>Water Stewardship</li> <li>Energy and Climate Change</li> <li>Circular Economy</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>ThaiBev EXPO 2017</li> <li>Annual Customer Meeting</li> <li>Customer Training and Development Workshops</li> <li>Business Development Activities</li> <li>Annual Business Review Activities</li> <li>Annual Customer Factory Visit</li> <li>Agent 'The next gen' Project</li> <li>Annual Sustainability Survey</li> </ul>	<ul style="list-style-type: none"> <li>Consumer health and safety</li> <li>Clear business policies</li> <li>Transparency in business operations</li> <li>Responsibility to consumers</li> <li>Involvement in business planning</li> <li>Training to enhance skills and knowledge</li> <li>Building cooperation and networks to create value for society</li> <li>Flexibility in marketing to meet business demands</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Health, Safety and Well-Being</li> <li>Governance, Risk and Compliance</li> <li>ThaiBev's Sustainability Approach</li> <li>Limitless Opportunities for ThaiBev's Employees</li> <li>Sharing the Value with the World</li> </ul>
<b>Consumers</b> 	<ul style="list-style-type: none"> <li>Public events, and marketing promotion activities via sales channels</li> <li>Social media communication</li> <li>Annual Sustainability Survey</li> </ul>	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Fair and appropriate product prices</li> <li>Responsible servicing and product presentation</li> <li>Environmental management responsibility</li> <li>Transparency in business operations</li> <li>Charities and projects that benefit society</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Health, Safety and Well-Being</li> <li>Responsible Consumption</li> <li>Water Stewardship</li> <li>Circular Economy</li> <li>Energy and Climate Change</li> <li>Governance, Risk and Compliance</li> <li>Sharing the Value with the World</li> </ul>

Stakeholder	Engagement Channels	Issues of Stakeholder Interest and Concern	Applicable Reports
<b>Investors</b> 	<ul style="list-style-type: none"> <li>• Annual Shareholders Meeting</li> <li>• Quarterly meetings</li> <li>• Annual Factory Visits</li> <li>• Investor Roadshows</li> <li>• Annual Sustainability Survey</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency in information disclosure</li> <li>• Business performance</li> <li>• Disclosure of relevant business information to shareholders and investors</li> <li>• Product management and development</li> </ul>	<ul style="list-style-type: none"> <li>• Governance, Risk and Compliance</li> <li>• Consumer Health, Safety and Well-Being</li> </ul>
<b>Communities</b> 	<ul style="list-style-type: none"> <li>• Activities with communities surrounding factories</li> <li>• Interviews with community representatives</li> <li>• Annual meetings with community representatives</li> <li>• Annual Sustainability Survey</li> </ul>	<ul style="list-style-type: none"> <li>• Educational promotion in communities</li> <li>• Job creation and promotion in communities</li> <li>• Promoting public health and well-being in communities</li> <li>• Community collaborations to combat drug use</li> <li>• Local economic development</li> <li>• Skills development in sports, music and arts</li> <li>• Managing dust around factories</li> <li>• Transportation or traffic in the areas surrounding factories</li> <li>• Disclosing information and providing channels for community engagement</li> <li>• Child labor and human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing the Value with the World</li> <li>• Preserving and Promoting Arts and Culture</li> <li>• Limitless Opportunities for ThaiBev's Employees</li> </ul>
<b>Regulators</b> 	<ul style="list-style-type: none"> <li>• Collaboration</li> <li>• Annual Sustainability Survey</li> </ul>	<ul style="list-style-type: none"> <li>• Tax transparency</li> <li>• Compliance with environmental laws and regulations</li> <li>• Ethical and appropriate advertising and sales</li> <li>• Legal labor practices</li> <li>• Human rights</li> <li>• Work safety</li> <li>• Social and environmental responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Governance, Risk and Compliance</li> <li>• Consumer Health, Safety and Well-Being</li> <li>• Limitless Opportunities for ThaiBev's Employees</li> <li>• Water Stewardship</li> <li>• Circular Economy</li> </ul>
<b>NGOs</b> 	<ul style="list-style-type: none"> <li>• Annual Sustainability Survey</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer Health and Safety</li> <li>• Legal business operations</li> <li>• Social Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer Health, Safety and Well-Being</li> <li>• Governance, Risk and Compliance</li> <li>• Sharing the Value with the World</li> </ul>

## The Process for Assessing Key Sustainability Issues



### 1. Identification of Issues

The Company selects sustainability issues that are consistent with business operations, based on the information gathered from executives and experts from every business unit and relevant units, and from interviews of external experts on sustainability in the context of food and beverage business sustainability. This involves learning about global trends and changes, sustainability issues of other companies in the industry, as well as a survey of stakeholders on corporate sustainability issues.

### 2. Issue Prioritization

The Company takes the identified issues and ranks them by priority, considering each issue's impact on the Company's business operations, and the opinions of all stakeholders about the possible impact. The result is an ordered set of significant corporate sustainability issues.

### 3. Validation

The Corporate Sustainability Development Working Team cross-checks the comprehensiveness of the key corporate sustainability issues, and presents the completed list to the Corporate Sustainability Development Committee for review and approval. It then presents the issues to the Board of Directors for final approval and implementation.

### 4. Establishment of Reporting Boundary

The Company determines the scope of the reporting of all 20 key issues, based on the information collected from various agencies and relevant stakeholder groups.

### 5. Continuous Development

The Company is committed to continuously operating under the sustainable development framework, by taking into account stakeholders' perspectives on key issues in the development of appropriate and fair sustainability practices.

## Key Issues in ThaiBev's Sustainable Development

### Comments from Stakeholders

In 2017, ThaiBev did an annual sustainability survey of all 8 stakeholder groups, by entrusting external experts to do interviews and send questionnaires to a sample of stakeholders. The results from this stakeholder engagement survey have been employed to assess key issues in corporate sustainability development.



**Martin Hart-Hansen**  
Deputy Resident Representative  
UNDP Thailand

"Two areas of focus come to mind when looking at ThaiBev's potential contribution to the Sustainable Development Goals, which would also have a positive impact on ThaiBev's business and reputation as a sustainability leader in Thailand: Sustainability of Agricultural Inputs, and Water Conservation and Management. Two major inputs into ThaiBev's production are sugar and water, and while ThaiBev already have sustainability initiatives related to these, I would welcome an even stronger engaging in sustainability initiatives at the very primary level of the supply chain: Working with sugar cane farmers to produce sustainably, including helping farmers cope with the effects of climate change, and working with communities along major rivers to improve water quality and thereby quality of life for communities as well as the rich biodiversity in Thailand's rivers. This is about taking responsibility for every step in the supply chain. From farm/community to consumer."

### Economic

- Innovation
- Packaging
- Responsible Consumption
- Sustainable Supply Chain
- Corporate Governance & Code of Business Conduct



### Environmental

- Energy Efficiency and Climate Change
- Water Management & Water Conservation
- Waste Management



### Social

- Consumer Health & Safety
- OHS & Well-Being
- Human Rights
- Corporate Citizenship & Philanthropy
- Health and Nutrition Products
- Human Capital Development and Talent Attraction and Retention
- Collaboration & Networking to Create Social Value
- Customer Relationship Management
- Product Labeling & Marketing & Communication



**Dr. Banthun Setthasirot**  
Deputy Director,  
Prime Minister Delivery Unit:  
PMDU

"Regarding social and environmental issues that ThaiBev should first consider, the company can start with looking at its core business and compare it to the United Nations Sustainable Development Goals (SDGs) and see which goal that it matches. Considering the business of ThaiBev, the SDG that is most relatable is Goal 12, which is about sustainable consumption and production. ThaiBev should look at its core business to see which activities match the Goal. Apart from the management and considering the value chain, ThaiBev can start doing the "Data Flow Platform" to help both public and private sectors access the data and solve the problem of data being scattered. If there is a central hub for data like this, it will help those who are involved to know about the stage of operation and development of each other. This is truly a development. If the private sector can start this initiative, the public sector would definitely join it."

## ThaiBev's Risk Management Criteria

### Probability / Likelihood

Consequence / Impact	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost
<b>5</b> Catastrophic	<b>H 5</b>	<b>H 10</b>	<b>H 15</b>	<b>E 20</b>	<b>E 25</b>
<b>4</b> Major	<b>M 4</b>	<b>M 8</b>	<b>H 12</b>	<b>H 16</b>	<b>E 20</b>
<b>3</b> Moderate	<b>M 3</b>	<b>M 6</b>	<b>H 9</b>	<b>H 12</b>	<b>H 15</b>
<b>2</b> Minor	<b>L 2</b>	<b>L 4</b>	<b>M 6</b>	<b>M 8</b>	<b>H 10</b>
<b>1</b> Insignificant	<b>L 1</b>	<b>L 2</b>	<b>L 3</b>	<b>M 4</b>	<b>M 5</b>

### Action required by risk exposure

Risk Exposure	Action required
Extremely High (E)	Immediate Action Required
High (H)	Senior Management Attention Needed
Moderate (M)	Management Responsibility Must Be Specified (Senior Vice President, Vice President)
Low (L)	Manage by Routine Procedures

The Sustainable Development Working Team and experts from relevant agencies held a workshop with the Corporate Sustainability Development Committee to seek endorsement on the 17 material issues of ThaiBev and its subsidiaries, which were selected from the materiality assessment process.

High

Economic

Environmental

Social

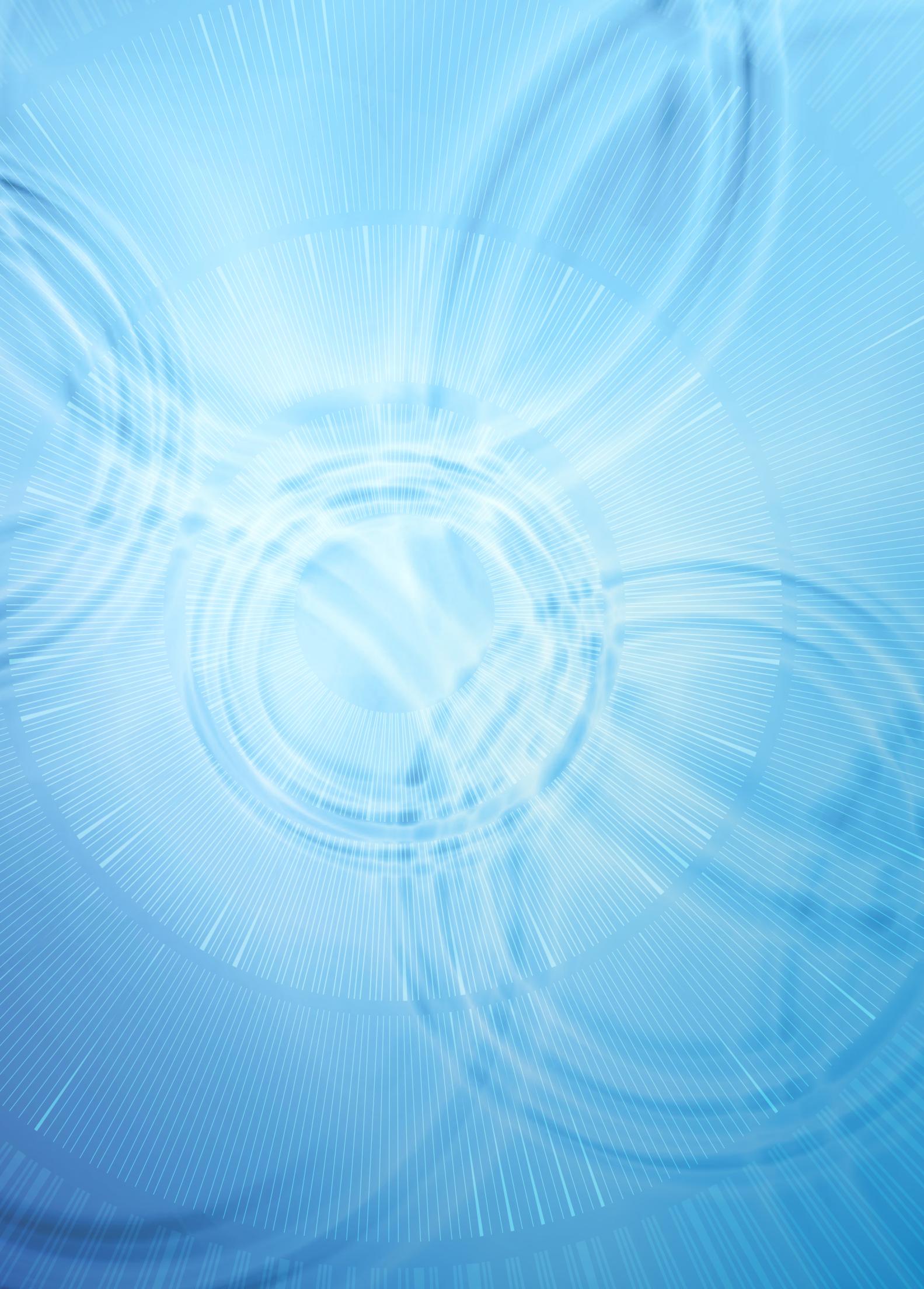
Impact and Influence on Stakeholders

Impact and opportunities for ThaiBev



## Summary of Key Issues in This Report

Chapter	Key Issue	Impact Boundary							
		Inside the Company		Outside of the Company					
		ThaiBev and its subsidiaries	Employees	Partners	Consumers	Investors	Community	Regulators	NGOs
Governance, Risk, and Compliance	Corporate Governance & Code of Business Conducts	●	●	●	●	●	●	●	●
Innovation	Innovation	●	●		●				
Consumer Health, Safety, and Well-Being	Consumer Health and Safety	●	●	●	●			●	●
	Product Labeling & Marketing & Communication	●	●	●	●			●	●
	Customer Relationship Management								
	Health and Nutrition Products	●	●	●	●			●	●
Responsible Consumption	Responsible Consumption	●	●	●	●			●	●
Responsible Sourcing	Sustainable Supply Chain	●	●	●					
Limitless Opportunities for ThaiBev's Employees	Human Rights	●	●	●	●	●	●	●	●
	Human Capital Development and Talent Attraction and Retention		●						
	OHS & Well-Being	●	●						
Energy and Climate Change	Energy Efficiency and Climate Change	●	●	●				●	●
	Packaging	●	●	●					
Water Stewardship	Water Management & Water Conservation	●	●				●	●	●
Circular Economy	Waste Management	●	●				●	●	●
	Packaging	●	●	●					
Sharing the Value with the World	Collaboration & Networking to Create Social Value	●	●				●	●	●
Preserving and Promoting Arts and Culture	Corporate Citizenship & Philanthropy	●	●				●		



# Mission

## Creating and Sharing the Value of Growth for a Sustainable Future

ThaiBev aims to use our company's growth as a vehicle for giving back to society, including through the practice of corporate social responsibility (CSR) and creating shared value (CSV), while also exceeding the expectations of all stakeholders in our pursuit of sustainable growth.



GRI 102-11, GRI 102-15, GRI 102-16,  
GRI 102-17, GRI 103-1, GRI 103-2,  
GRI 201-2, GRI 204-1, GRI 205-2,  
GRI 205-3, GRI 305-5, GRI 308-1,  
GRI 401-1, GRI 403-2, GRI 404-1,  
GRI 414-2, GRI 419-1, GRI 416-1,  
GRI 417-1, GRI 417-3, GRI 443-3

# Governance, Risk, and Compliance



GRI 102-11, GRI 102-15, GRI 102-16,  
GRI 102-17, GRI 201-2, GRI 205-2,  
GRI 205-3, GRI 419-1

ThaiBev prizes integrity, accountability, transparency, and fairness, abiding by its Business Codes of Conduct. Corporate governance is one of the key factors that improve organizational efficiency involving the relations between executives, board members, management, staff, and other stakeholders. Corporate governance creates important structures acting as mechanisms to determine business objectives, to determine the methods for achieving those objectives, and to monitor operating results. Consequently, the Company emphasizes principles of good corporate governance and appropriate risk management plans following sustainable development guidelines.

Good corporate governance is an internationally recognized approach to organizational management. Consistent with the Company's Business Codes of Conduct, good corporate governance brings about fairness and transparency, which leads to trust among shareholders and all stakeholders. Moreover, it also enables the Company to achieve sustainable growth.

## The Company's Good Corporate Governance

With commitment and determination, ThaiBev enacts good corporate governance in tandem with an efficient, transparent, and accountable system of management. That is to say, the Company not only abides by laws and regulations, but also aims to be a role model in professionalism in doing business, prioritizing transparency and good corporate governance in order to boost confidence among shareholders, investors, staff, customers, and all stakeholders.

Furthermore, the Company has detailed its good corporate governance in the 2017 Annual Report, which explains the structures and processes of revealing information regarding good corporate governance. The Report also reveals operating results and spells out guidelines for developing organizational sustainability in the relations between

board members, executives, and shareholders of the Company, for competitiveness. The Company also prioritizes business capacity building for customers, in order to foster stable and sustainable growth, and to increase value for shareholders in the long term while keeping in mind all stakeholders, both inside and outside the organization. The Company routinely organizes training in legal issues and relevant regulations pertaining to the Singapore Exchange. Every year, the corporate governance unit under the Company's Office of the Secretary organizes an information session for board members, management, and staff from relevant units in the ThaiBev Group. And whenever there is a relevant change in laws and regulations, the unit will inform the Company in the board meeting, in the executive committee meeting, or via email, depending on the case.

Beside these measures, ThaiBev has set up a channel for filing complaints, so as to underscore the importance of taking to heart complaints from board members, management, and Company staff. In 2017, no significant conflicts have been found, and no significant complaints filed.

### **Business Code of Conduct**

Business ethics are a key part of enabling business growth, stability, sustainability, and acceptance from society. Consequently, ThaiBev has established its Business Codes of Conduct with the intention of emphasizing integrity, legal compliance, and the observance of morality and ethics, as stipulated by ThaiBev's Codes. The executives, managers, and employees all have the responsibility to adhere to our Codes of Conduct, so that the Company achieves its objective in upholding ethical conduct and continuing to maintain its ethical standards.

ThaiBev has organized training workshops on the Business Codes of Conduct during new employee orientation. Through the website: [sustainability.thaibev.com](http://sustainability.thaibev.com), every employee is encouraged to understand the Codes' content and meaning more thoroughly. Every employee is also required to accept and strictly adhere to the moral and ethical values espoused in the Codes.

If all personnel involved in all parts of the Company conduct themselves with integrity and do their work under the framework of good governance, ThaiBev will be able to uphold its responsibility toward society and all stakeholders.

### **Anti-Corruption**

Recognizing the importance of transparency and morality in business, ThaiBev adheres to the framework of good corporate governance, under the principles of justice, ethics, and compliance with the Business Codes of Conduct, while striving for the highest benefits for all stakeholders. With this in mind, ThaiBev's anti-corruption policy sets into motion practices to protect against corruption, and serves as a guideline for promoting business sustainability and stability in the future. The President and CEO has the duty to monitor and implement an efficient anti-corruption system, report to the Chair of the Board of Directors and the Audit Committee, and review the policy to be up-to-date and responsive to changes in business, regulations, standards, and laws.

Furthermore, the Company also assigns high-level executives the duty of creating an understanding of policy compliance among Board members, supervisors, and employees, encouraging them to be vigilant and proactive in fighting corruption. Should a corrupt activity be witnessed, the witness is supposed to report it to their supervisor. Or should the wrongdoer(s) be found guilty, they will be punished according to the Company's rules and subsequently prosecuted under the law.

### **Complaint Handling**

ThaiBev has a policy of complaint handling wherein all employees are encouraged to report suspicious activity if they witness actions that may consider wrongdoing. The Company, in turn, is charged with enacting punitive measures against such wrongdoing in a robust manner, and the reporting employee will be free from any blame or repercussions if the complaint is filed in good conscience. There is, furthermore, another channel for filing complaints on the website [www.thaibev.com](http://www.thaibev.com) for stakeholders of all types.

The policy of complaint handling aims to address the complaints and take action against the suspect(s) expeditiously and appropriately. This policy applies to all levels of the organization, from executives to employees. The Company is ready and willing to protect employees who file plausible complaints, even if they turn out to result from a misunderstanding. Furthermore, the Company will take appropriate measures to protect executives and employees from harm and threat to personal safety resulting from filing the complaint.

### **Breaching of the Regulations and the Law**

ThaiBev requires that all employees will comply with organizational rules and regulations upholding to company's Code of Conducts and laws of the countries that ThaiBev operates in. Any breach of the applicable regulations in ThaiBev's operations will be decisively put to an immediate end and appropriate measures will be applied.

In 2017, some minor cases were reported. Breaches are categorized by the monetary values of the action. Major cases involve monetary values of 300,000 baht or more and minor cases involve less than 300,000 baht.

#### **Solutions:**

1. The Company provides orientation to new employees and executives.
2. The Company provides online training courses.
3. The Company pays attention to communicating and understanding the business ethics to employees and executives.
4. The Company strives to communicate, understand and determine its employees and executives to follow ThaiBev's code of conduct.
5. If the Company finds any frauds, the Company will proceed the investigation immediately.
6. The Company executes internal audit processes in the organization periodically.

#### **Remark :**

Information on cases can be found at : [sustainability.thaibev.com](http://sustainability.thaibev.com)

# Risk Management

ThaiBev emphasizes creating and sharing the value of stable and sustainable business growth for the organization's stakeholders. Accordingly, proper risk management is essential to business operations that face uncertainty and continual change, and enables the Company to accomplish its objectives and goals. It reduces losses, increases competitiveness and/or creates new business opportunities for the organization. The key elements of a risk management framework are as follows:



## Risk Management Structure

The risk management structure of the Company is divided into two levels: the corporate level and the product group or business unit level.

**At the corporate level** there is the Risk Management Committee (RMC)\*, which comprises appointed directors and senior management from each product group or business unit, and is responsible for determining the Company's risk management policy and framework, monitoring, reviewing and providing comments and recommendations.

**At the product group or business unit level** there are senior executives of each product group or business unit to control and track risk management as well as reporting to the RMC.

In addition to managing potential risks arising from normal operations of each product group or business unit, the Company also manages risks associated with strategic planning, investment and business planning. Corporate risks shall be reported to the Board of Directors and the Audit Committee to ensure that all risks are managed in accordance with the determined measures.

## Risk Management Process

Risk management at the product group or business unit level consists of the following steps:

1. Identify risks – identify risks that the Company faces or are latent in the operations which could occur and adversely affect the achievement of Company objectives
2. Analyze and assess risks – analyze the causes, likelihood of occurrence and the possible impact or severity of identified risks in order to classify and prioritize the existing risks
3. Plan action – plan and determine the risk management actions
4. Implement – implement the risk management action plans
5. Monitor, control and measure – track risk management progress and assess its results by comparing with key risk management indicators defined as a criteria for performance evaluation of middle management up



### \*Remark :

Following the end of the year ended 30 September 2017, the Board of Directors Meeting No. 5/2017 dated 23 November 2017 approved the transformation of the existing "RMC" to "Sustainability and Risk Management Committee ("SRMC")" and the revised scope of responsibilities to ensure that the Company can generate an overview of effective and efficient sustainability strategies.

## Risk Culture Within the Organization

To develop an understanding and instill risk management awareness as a part of corporate culture amongst all employees, ThaiBev regularly organizes training workshops for existing and new employees to understand the organization's risk factors, processes of risk management and tools for managing risks, both generally and specifically. By doing so, employees will be prepared to cope with potential events affecting business operations in the short, medium and long term.

Employees can report potential risks to the organization in writing to their superiors or to the Office of the President and CEO through the dedicated email account, after which the President and CEO will consider and take further actions deemed appropriate.

## Potential Risks to The Sustainability of ThaiBev Group

According to macro-level analysis of future trends in economics, society and environment, there are 4 primary areas of change:

1. Demographic changes – population aging, growth of the middle class and urbanization
2. Climate change
3. Technological changes and increasing dependence on technologies, especially the internet
4. Shift in global economic power from the United States and Europe to Asia

Such changes could engender many kinds of risk, including risks to the economy, to corporate governance, to the environment, to safety and security, to health and to society. Together these are known as "**Emerging Risks**", which present obstacles that may affect the attainment of business goals, the Company's reputation and the stability and sustainability of the organization.



Therefore the Company has come up with the following approaches to the management of emerging risks for all product groups, so as to reduce loss or adverse effects that might occur, while at the same time enhance the competitiveness of ThaiBev Group.

## Demographic Changes

Risks and Impacts	Management
<ul style="list-style-type: none"> <li>Consumer behavior becoming increasingly health-conscious constitutes a risk if the Company cannot adapt to consumer behavior and/or demands.</li> <li>Demands for increasingly diverse, high-quality, high-standard, or innovative goods and services among middle-income and high-income consumers, which include consumers in large cities. If the Company cannot respond promptly, it will miss and lose opportunities, competitiveness and/or market leadership.</li> <li>Increasingly strict laws and regulations concerning consumer goods or goods which affect the health of consumers leading to legal compliance risk. If the Company is found to be non-compliant or only partially compliant, it could affect the Company's reputation, or result in punishment and penalties.</li> </ul>	<ul style="list-style-type: none"> <li>Research and develop healthy food and beverages in accordance with ThaiBev's health and nutrition policy.</li> <li>Develop and invest in the food business in the form of diverse restaurants that can appeal to different groups of customer, so as to expand the business overall and support the beverage business.</li> <li>Implement a "Central Kitchen" for managing the food business, from purchasing and using raw materials, to managing and reducing the quantity of food waste.</li> <li>Prioritize the distribution channels of Hotels, Restaurants and Cafes (HORECA), which are consistent with the behavior of middle-income and high-income consumers.</li> <li>Design and develop labels and packaging that communicate nutritional value and information about the Company's food and beverages.</li> <li>Provide product information through communications technology to reach target consumers in ways that correspond to their behavior and lifestyles.</li> <li>Train and educate employees in various departments involved in business development and expansion both domestically and internationally on trends and significant changes in the economy, society and environment.</li> </ul>

## Climate Change

Risks and Impacts	Management
<ul style="list-style-type: none"> <li>Environmental degradation, e.g., deforestation, water and air pollution.</li> <li>Severe weather events and failure to alleviate or adapt to the adverse effects of climate change.</li> <li>Water, food and energy crises, which will impact the Company's supply chain, from procurement, to production, shipping and sales.</li> <li>Uncertainty and change in the quantities available and price of agricultural goods may impact upon, the Company's raw materials.</li> <li>The various forms of environmental conservation movement and the increasing strictness of environmental regulations.</li> <li>Financial losses due to fines and loss of reputation if the organization negatively impacts the environment and ecosystems.</li> </ul>	<ul style="list-style-type: none"> <li>Every business group must strictly comply with the organization's environmental and water management policies, e.g., implementing the ISO 14001 environmental management system, adopting the 3Rs (Reduce, Reuse, Recycle), reserving sufficient water for production, taking part in the Water Footprint and the Carbon Footprint projects at the corporate and product levels, using modern and energy saving equipment in the treatment and removal of factory wastewater. Furthermore, various renewable energy projects have been developed as an alternative source of energy for manufacturing.</li> <li>Use of modern, energy saving production technology and machinery to reduce greenhouse gas emissions and the use of natural resources and energy. Together this helps reduce costs or input in the production process, and increases production efficiency and effectiveness.</li> <li>Support the development of environmentally friendly packaging in order to reduce costs or input and increase effectiveness and efficiency during production and shipping, as well as improving the image of the brand.</li> <li>Manage in accordance with the Suppliers' code of practices on environmental and sustainable development.</li> <li>Continuous analysis and tracking of changes in price and available quantities of raw materials, in order to improve management and performance across the value chain.</li> <li>Develop the consolidated strategic sourcing and procurement system across the ThaiBev Group network.</li> </ul>

## Technological Changes and Increasing Dependence on Technologies, Especially the Internet

Risks and Impacts	Management
<ul style="list-style-type: none"> <li>Cyber security attacks, which affect the security of information and the availability of information systems.</li> <li>Leaks of sensitive data pertaining to business operations, such as business plans, sales information, business performance, customer and business partner information, all of which could harm the organization's reputation.</li> <li>Non-compliance with relevant laws, such as the Computer Crime Act.</li> </ul>	<ul style="list-style-type: none"> <li>Develop an information system for use in supply chain management, especially for managing procurement, transportation and distribution channels all the way to end consumers.</li> <li>Monitor, identify and resolve cyber threats and suspicious internal computer activities.</li> <li>Train and educate employees on information security management and protection.</li> <li>Practice disaster recovery plans and set response and rehabilitation measures in the cyber security risk management plan.</li> </ul>

## Shift in Global Economic Power From the United States and Europe to Asia

Risks and Impacts	Management
<ul style="list-style-type: none"> <li>An unfavorable business environment and stiff competition in many forms, both domestically and abroad due to differences in language, religion, social values, tradition and culture.</li> <li>Obstacles to overseas business expansion caused by foreign trade barriers.</li> <li>Financial losses due to the fluctuation of exchange and interest rates and changes in business liquidity.</li> </ul>	<ul style="list-style-type: none"> <li>Expand the sale of alcoholic and non-alcoholic beverages into other Southeast Asian countries.</li> <li>Continuously and closely track financial market trends and changes in interest and exchange rates. Use various financial instruments to manage the costs stemming from interest and exchange rates.</li> <li>Maintain or increase the Company's credit rating with institutions inside and outside of Thailand.</li> <li>Ensure the alignment of the business strategies of all product groups (spirits, beer, non-alcoholic beverages, and food), and support communication and collaboration of all business units under ThaiBev Group.</li> </ul>

# Innovation

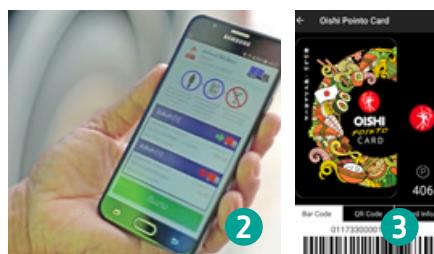


GRI 103-1,  
GRI 103-2

Innovation is an important part of the value chain that ensures ThaiBev's success in the food and beverage industries. Accordingly, the Company emphasizes research and development of new products to increase commercial variety and to respond to the demands of the consumer. At the same time, research and development also helps improve efficiency and quality in production and services for customers and consumers. This allows for a better response to changes which may increase the risk of business as well as changes in consumer behavior in the digital age.



1



2



3



4

ThaiBev files patents and petty patents with the Department of Intellectual Property of the Ministry of Commerce. Accumulate to 2017

108

applications have been filed.



## Process Innovation

ThaiBev has improved efficiency through new innovations in the Company's processes. These innovations will help push the Company to put its resources to good use, increase quality control standards for goods and services, as well as increase production rate and reduce environmental impact for the benefit of all stakeholders. In 2017, ThaiBev has developed the following innovations:

### BevTech

ThaiBev has established BevTech Co. Ltd. by selecting a team of competent engineers from various departments to participate in the research and development of machinery and robotics throughout the manufacturing process. BevTech's budget is allocated to investment for selecting technology and innovations that are appropriate for the situation and the business environment, to increase efficiency and quality in production, develop advanced technology, increase employee safety, mitigate the risk of labor shortages, and have a competitive advantage, which BevTech technology has brought to the factories of various business groups. The goal of the Company is to automate 80–90% of production in the factories of all business groups. At this time, Oishi factories are 90% automated and our breweries have already reached 80% automation.

1. BevTech
2. TOMS Mobile
3. Oishi Pointo Card
4. Management System of Restaurants in Oishi Group
5. Oishi Sakura Strawberry

### **TOMS Mobile**

TOMS Mobile is a digital system for examining user status and purchase orders via mobile phones. This system works with a vehicle's location tracking system as well as the Safe Mate mobile application to identify the delivery vehicles' location and track the driving behavior of delivery drivers. For example, the system can identify driving above the speed limit, route changes, and sudden stops or turns. Such information is compiled on a website and monitored by a delivery inspection unit. This innovation helps reduce the adverse effects on the community from the Company's delivery vehicles, reduce fuel usage thanks to the planning of efficient delivery routes and also expedite delivery for the customer.

### **Oishi Pointo Card**

Oishi Pointo Card is a membership card taking the form of a mobile application designed to respond to future service demands of consumers. The system will allow for managing the provider-consumer relationship with greater efficiency. Through the Pointo Card application, the consumer can receive updates and special deals from restaurants in Oishi Group, examine their service history, find Oishi Group restaurants and accumulate points to exchange for special privileges.

### **Management System of Restaurants in Oishi Group**

ThaiBev recognizes the opportunity to improve waste management in the food businesses in Oishi Group. Accordingly, the Company has done in-depth information analysis to understand consumer behavior, and has also implemented technological solutions to create a system for restaurant operations and waste management. The system records the quantity and type of uneaten food left by consumers and identifies popular food items. The Company analyzes this information to develop a performance improvement plan to be as efficient as possible in overall service and in the use of ingredients. The Company may adjust a restaurant's menu to better correspond to consumer preferences.

According to surveys of Oishi Eaterium and Shabushi restaurants done by an experienced survey company, 90% of consumers have increased satisfaction with the menu and services. The surveys may also help the Company choose food items which use ingredients most efficiently.

In addition, 2017 marked the beginning of the use of barcode cards and touch screens for ordering food at Oishi Eaterium. The purpose of this system is to control the amount of food customers may order each time, which is also a way for customers to help reduce food waste. The Company plans to open more branches of Oishi Eaterium in the future.

### **Product Innovation**

ThaiBev's approach to new product development derives in part from the analysis of consumer feedback and behavior, gathered via channels such as social media, email, call center, as well as the results of in-depth market research and analysis.

The Company takes this information to be used in product creation and development so as to better respond to consumer needs, especially young consumers who seek out new things and also prioritize products' nutritional value.

### **Oishi Sakura Strawberry**

Oishi Sakura Strawberry is the first beverage product in Thailand to make use of thermochromic shrink labeling, which changes color to reflect changes in temperature. The sakura blossoms on the label noticeably change from white to pink when the bottle is chilled. This feature caters to young consumer groups who seek out new, exciting things for their lives.

### **Open Innovation**

ThaiBev's center for research and development helps promote creative innovations for employees at all levels. There have also been external third-party collaborations with commercial partners, NGOs, and universities. These take the form of an "Open Innovation" model aimed at promoting knowledge and creativity to benefit the Company, society and the environment in concrete ways.



# Consumer Health, Safety, and Wellbeing



GRI 103-1, GRI 103-2,  
GRI 416-1, GRI 417-1

Consumption of food and beverages which are nutritious and safe is an important factor for strengthening the body and ensuring the good health of the consumer. ThaiBev is accordingly dedicated to innovative product development and production processes which meet international safety standards. Selection of safe materials for the consumer is one part of responding to the problem of non-communicable diseases (NCDs) triggered by risk behaviors, such as diabetes and obesity. In its health and nutrition policy, ThaiBev emphasizes three main aspects: the development of products that benefit the health of the consumer with an emphasis on reducing the use of sugar and the number of calories, the promotion of social awareness about healthful ThaiBev products, and the promotion of health literacy, to encourage health-conscious lifestyles and consumer behavior.

## Sourcing Safe Materials for the Consumer

ThaiBev is attentive to the selection of consumer-safe materials for use in production. The Company examines each material's source, quality, and safety, in strict concordance with international standards. This includes screening processes where business partners are stipulated to disclose the information regarding the use of Genetically Modified Organisms (GMOs) in materials. Such information is displayed on the labeling of products in every country, following the Company's policy and the regulations of the Ministry of Agriculture and Cooperatives regarding the use and harvesting of materials with GMOs. Furthermore, ThaiBev also encourages the use of organic agricultural products from agricultural sources certified by consumer health and safety organizations.



**70%**   
In 2017

of the total non-alcoholic products sold by volume were healthy products

**67%**   
Target in 2020

of the total non-alcoholic products sold by volume were healthy products





2



2

## Standardized Production Processes

ThaiBev controls quality and safety throughout the production process, from the selection of ingredients, to production, storage and distribution. In order to maintain quality and safety standards, products conform with these international regulations:



**ISO 22000**



**GMP&HACCP**



**NSF**



**FSSC 22000**

### ThaiBev's beverage products

All ThaiBev beverages pass the ISO 22000 Food Safety Management requirements.

### Non-alcoholic beverages And food products

All non-alcoholic beverages are certified under the Good Manufacturing Practice (GMP) and Hazard Analysis and Critical Control Points (HACCP) standards. In 2017, ThaiBev's food products are certified under these standards as well.

### Certified by National Sanitation Foundation of the United States

The production processes of Chang Drinking Water, Chang Mineral Water, and Crystal Drinking Water are certified by the National Sanitation Foundation (NSF) of the United States and pass the quality control standards of the United States Food and Drug Administration (U.S. FDA).

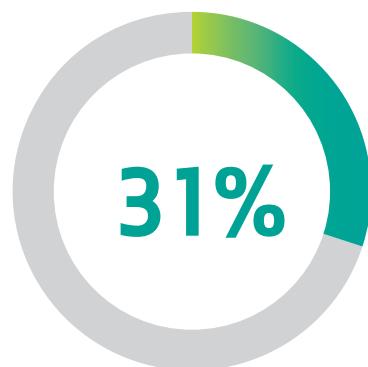
### UHT production process of Oishi

The UHT production processes of Oishi beverages are certified under the Food Safety System Certification 22000 (FSSC 22000).

1. Examples of GMO-free materials, e.g. cooking oil, Japanese rice, sugar etc.
2. Examples of organic materials, e.g. green tea leaf, riceberry etc.

## Healthy Products

ThaiBev continuously does research and studies to increase the percentage of healthy products it puts in the market. The Company works to promote healthy and nutritious alternatives without compromising flavor for the consumer.



In 2017, 7 out of ThaiBev's 22 non-alcoholic beverages on the market (not including drinking water and mineral water), or 31%, were certified as a "Healthier Choice" by the Institute of Nutrition, Mahidol University.

ThaiBev is 70% of the way to its 2020 goal (67%) of increased healthy product options. This is made possible by ThaiBev's dedication to development of healthier products, answering the demands of consumers who are attentive to health and nutrition. In 2017, ThaiBev has continued to develop new foods and beverages which conform to health and nutrition policies, as follows:

### 100 Plus Mixed Berry

A new flavor of 100 Plus – the caffeine-free carbonated isotonic beverage has been introduced to the consumer. Made with steviol glycosides, a natural sugar made from stevia, 100 Plus contains less than 50 percent of the calories and sugar in typical carbonated beverages.

### Oishi Sandwich Plus

A new ready-to-eat product for the health-conscious consumer who demands high-quality and low-calorie food. ThaiBev has developed a recipe for multi-grain bread which contains nutrition from four carefully selected grains: wheat, malted barley, riceberry and soybean. This is combined with other quality ingredients, such as low-fat and high-protein chicken breast.

### Chang Mineral Water

ThaiBev is expanding into the mineral water market. Chang Mineral Water is crafted from pure mineral water extracted from a groundwater aquifer in Ayutthaya province that contains various accumulated minerals such as calcium, magnesium, and fluoride. The mineral water is put through a triple filtration process to make the water clean and pure, while still containing all the minerals necessary for the body. Further, the water has been certified by the National Sanitation Foundation (NSF) of the United States.

### Oishi Riceberry Gyoza

Oishi Riceberry Gyoza comes from carefully selected high-quality ingredients. The riceberry flour is sourced from Thai organic rice fields under the supervision of the Friends in Need (of "Pa") Volunteers Foundation of the Thai Red Cross. Oishi Riceberry Gyoza is made from a kind of rice flour with high nutritional value and nutrients for the body, such as vitamin B1, vitamin E, iron, omega 3 fatty acids and dietary fiber. Through innovative application, the rice flour is processed into sheets of gyoza wrappers. One package of Oishi Riceberry Gyoza has only 190 kilocalories.

ThaiBev informs the consumer about health-promoting products as well as nutritional information, such as sugar and sodium content in products. At the same time, the Company provides the consumer with nutrition information in concordance with the pertinent laws and regulations.



# Responsible Consumption



GRI 417-3

Thai Beverage Public Company Limited and its subsidiaries (collectively “ThaiBev”), the world-class producer and distributor of both alcoholic and non-alcoholic beverages, aim to create high-quality products of all product groups for our consumers. As outlined in ThaiBev’s Vision 2020, ThaiBev strives to accomplish efficient growth and to diversify our market and product groups. We also guarantee brand satisfaction, while simultaneously attending to the responsible consumption of alcoholic beverages by organizing campaigns and workshops with entrepreneurs and alcohol servers to educate those directly involved with consumers on various aspects of alcoholic beverages. The purpose of the activities organized by ThaiBev is to encourage to drink responsibly, take into account their health and safety along with the safety of society. These activities include:

## Serve Responsibly Project

The Serve Responsibly Project was first introduced in 2016 with the aim to raise alcohol servers’ awareness of their responsibilities to society, emphasizing the importance of customers’ welfare and safety. To promote the responsible serving of alcohol, ThaiBev has organized the “Serve Responsibly” workshops for servers of alcoholic beverages including food and beverage service managers, waiters, and hotel and premium restaurant bartenders. The objective of these workshops is to lower the risk of accidents associated with the excessive alcohol consumption. Each workshop lasts 1 day, and covers the following topics:

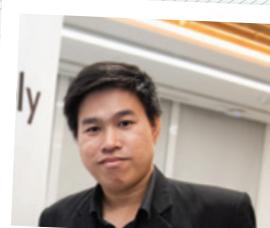
- Knowledge with respect to the laws regulating alcoholic beverages, especially the Alcohol Control Act, B.E. 2551 (A.D. 2008), and the first-hand experiences from police officers overseeing the enforcement of land traffic laws.
- Knowledge from medical experts to create a better understanding of appropriate alcohol consumption (Standard Drink), which would be beneficial to consumers’ health.
- Knowledge about body reactions before and after excessive alcohol intoxication through the “Walking Drunk” activity which participants can try out intoxication-simulating “Drunk Buster Goggles”, enabling them to identify those customers with signs of intoxication.

In 2017, ThaiBev organized three consecutive “Serve Responsibly” workshops with a total of 200 alcoholic beverage servers participating, a number that reached our set goal. Next year, ThaiBev intends to extend the workshops to Greater Bangkok and major cities in each region of Thailand. ThaiBev strongly believes that each and every workshop participant will apply the knowledge gained to their work and to share their knowledge with others, hence the production, distribution and consumption of alcoholic beverages in overall aspects shall proceed in a socially responsible manner.



**Supitcha Wan-ubon**  
Shift Leader - Le Meridien Bangkok

“I will take what I have learned to share with my coworkers, so that we can work together to make sure that our customers do not engage in drunk driving. Thank you very much ThaiBev.”



**Thanakrit Suksabai**  
Wine Guru - Anantara Riverside  
Bangkok Resort

“The workshop organized by ThaiBev is very useful for me. The activities which I took part can be applied to my everyday work. It is such a good opportunity for me to join this class. Thank you ThaiBev.”



**Kittisak Phiphitwongsarat**  
Assistant Manager –  
LIT BANGKOK Hotel & Residence

"Today's program taught me that the work I do can help my customers live safely. Thanks to ThaiBev for providing us these good things. This is another important step toward a better society worth living in."



### "Spirit Induction Program"

The "Spirit Induction Program", a 3.5-day course, was organized for ThaiBev's 115 sales representatives. The program's main objective was to make representatives aware of their roles and duties as alcoholic beverage salespersons. During the program, the representatives were provided with updates on the laws regulating alcoholic beverages, in particular the rules and conditions governing labeling and packaging, along with penalty provisions regarding places and time during which the sales of alcoholic beverages are illegal, the persons prohibited from purchasing alcohol, and other practices prohibited by law. ThaiBev has a strong belief that the participating sales representatives will take the information they have received and apply it to their work, recognizing their role as well as fostering an awareness of their responsibilities to the general public.



**Aditya Kankiaw**  
Asst. Restaurant Manager –  
TK. Palace Hotel & Convention

"This project made me realize that I am part of creating the self-awareness to provide the socially responsible service. I wish ThaiBev to continue organizing these good projects going forward."

### "Safe Driving with ThaiBev" Taxi Back Ads Project

To campaign the general public to drink responsibly with a view to lower road traffic accidents and enhance overall road safety, ThaiBev has collaborated with the public sectors and other private organizations to create the Taxi Back Ads project, using advertising space in the back of taxi-cabs as a channel to stimulate self-awareness and to remind drivers and passengers to be mindful of the importance of good discipline and behavior on the road. This project organized by ThaiBev has been ongoing since 2008, with 300 taxi-cab drinkers participating each year. At present, there are 3,000 participating taxi-cabs to cover the whole area of Greater Bangkok.

# Sustainable Sourcing



GRI 204-1  
GRI 308-1  
GRI 414-1

Sustainable sourcing is an essential foundation for a sustainable supply chain as it is the first step in the life cycle of ThaiBev products. This is why the Company takes great care in selecting raw materials, goods, and services used in the manufacturing process. The Company has established a **Supplier Code of Practice** in order to communicate its expectations of suppliers, such that potential production, environmental, social, and business impact is minimized. A standard for screening suppliers is also established, with strict quality control taking into account environmental and social impact. To ensure that consumers receive high quality products, ThaiBev has standardized its sourcing process, which evidences environmental and social responsibility throughout the supply chain. In addition, sustainable sourcing contributes to job creation, increases income in local communities, and stimulates the domestic economy.

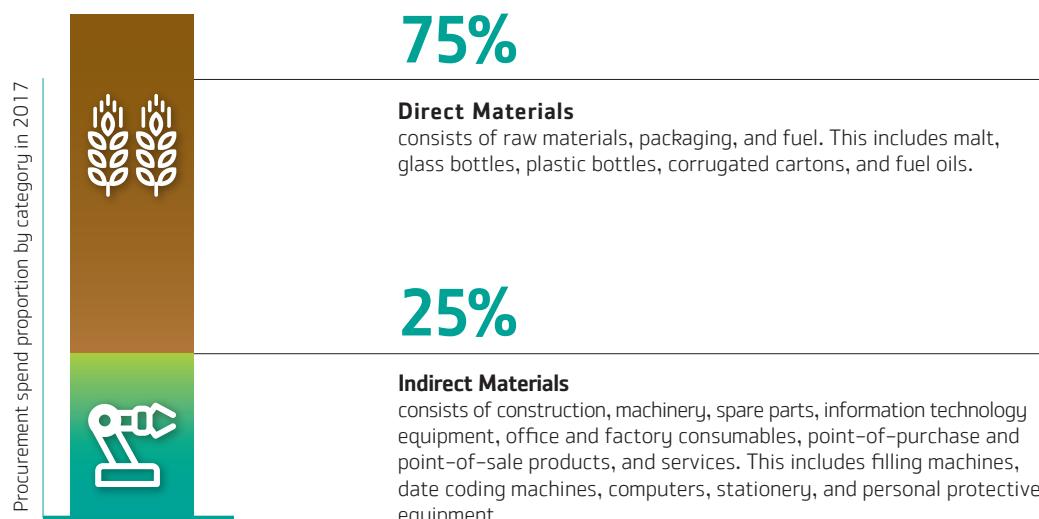
## Commercial Risk Management in Sourcing

Risk management is one of the mechanisms that propels sustainable sourcing in an efficient direction. From the selection of raw materials to the performance assessment after purchase from suppliers, risks are assessed on the basis of pricing and available supply of goods and services, as well as suppliers' capacity in delivering goods and services. The Company identifies its critical suppliers based on sourcing risk levels and the results are brought to bear on risk mitigation strategies.



## Categories of Suppliers

The Company classifies its suppliers by merchandise category into two groups; namely direct materials and indirect materials. The procurement spend on direct materials sourced amounts to 75% of the total procurement spend in 2017.



## Sustainability Risk Management in Sourcing

To ensure that suppliers meet the expectations of the Supplier Code of Practice, ThaiBev incorporates the factor of sustainability, encompassing good corporate governance, the environment, and society as part of the sustainable sourcing process. From screening of suppliers prior to purchase, and performance assessment after purchase to monitoring and improving their performance continuously, sustainable sourcing enhances the efficiency of supply chain management to support corporate growth.

# 100%

of new suppliers are screened using environmental and social criteria

## Registration of New Suppliers

Every supplier for ThaiBev must accept and adhere to the Supplier Code of Practice, as well as submit to sustainability risk assessment in terms of good corporate governance, and in terms of environmental and social management.



## Screening of Suppliers Prior to Purchase

ThaiBev has a sustainability risk assessment process for suppliers, determines clear screening criteria for high risk suppliers, and audits suppliers at sites of operation



## Performance Assessment of Suppliers

The Company has an auditing process for suppliers after purchase at sites of operation, and classifies suppliers into groups according to their performance assessment results.



## Monitoring and Improving Suppliers Continuously

ThaiBev reviews supplier risks, determines measures to mitigate risks, and monitors supplier performance and performance improvement plans for suppliers that fail to pass the assessment.



## Collaboration With Suppliers

As suppliers are among the Company's stakeholders, ThaiBev has come up with various activities and initiatives to facilitate the sourcing process, to promote collaboration between suppliers and the Company, as well as to build the capacity of suppliers to continuously and sustainably grow in step with the Company.

### Supplier Award Program

ThaiBev initiated the Supplier Award Program in 2017 with the objective of promoting supplier capacity building, stimulating business competition, and spurring innovation in the industry.

The Company has established four aspects in the criteria for supplier awards, so as to ensure that the award recipients meet the Company's standards and expectations in each and every aspect.



Quality aspect



Commercial aspect



Delivery aspect



Innovation and services aspect

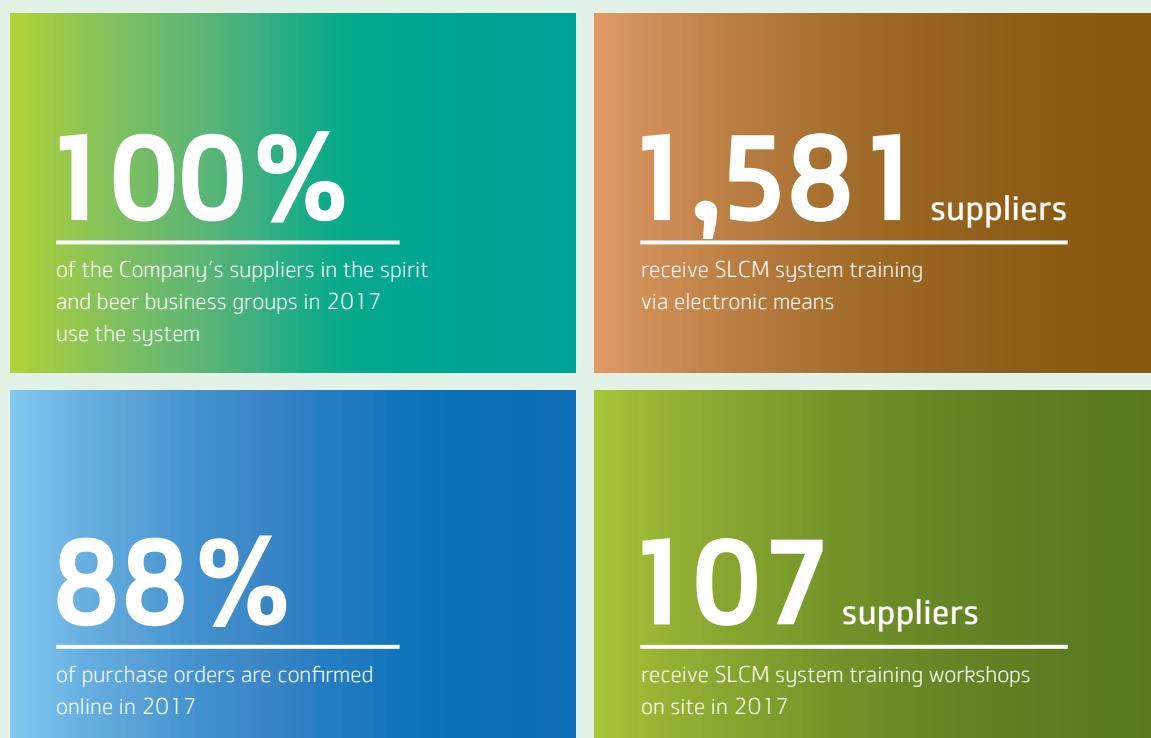
The Company has established Gold and Silver tiers of the award for suppliers with excellent performance.





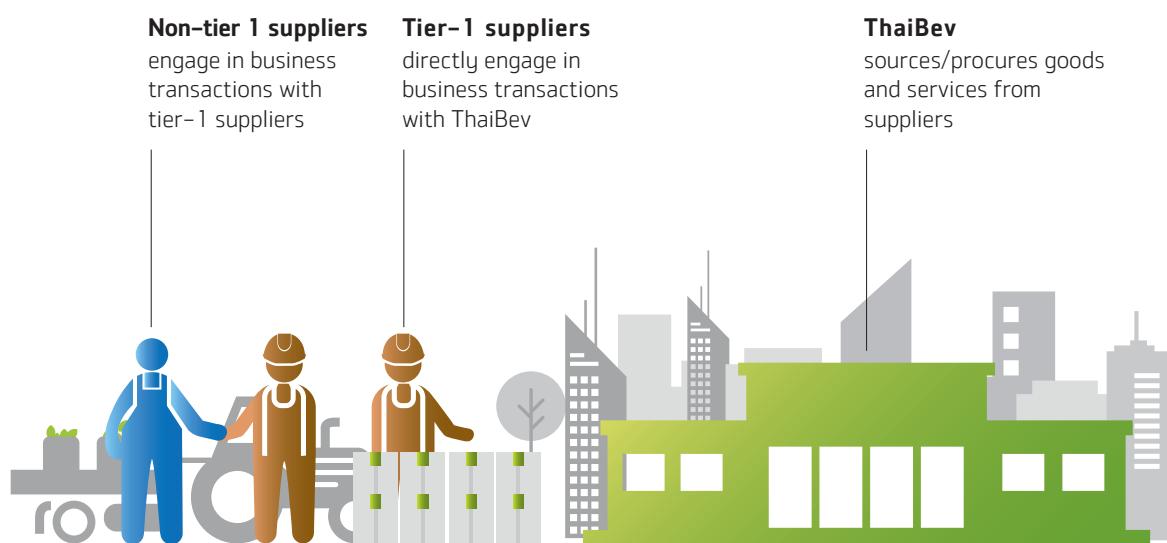
President and CEO of Thai Beverage Public Company Limited, Mr. Thapana Sirivadhanabhakdi, presents a Supplier Award.

Apart from the Supplier Award Program, the Company has created the website **Supplier Life Cycle Management (SLCM)** ([slcm.thaibev.com](http://slcm.thaibev.com)) to enable suppliers to go through registration, performance assessment, and monitoring of their own performance through an online system. In addition, this system also allows for the review and confirmation of purchase orders, a mechanism designed to reduce procurement time, and increase business competitiveness through an automated system. Furthermore, SLCM also acts as a channel of communication between suppliers and ThaiBev, wherein suppliers may submit a complaint or a suggestion through this website.



## Non-tier 1 Supplier Management

As for suppliers who do not directly engage in business transactions with the Company (non-tier 1 suppliers), for instance the suppliers of suppliers, the Company is also mindful of their impact on the procurement process. The Company has established the criteria for risk assessment which identify critical non-tier 1 suppliers, based on both business and sustainability factors. For example, their impact on the Company's income and marketing influence, their cooperation with sustainability development efforts in the supply chain, and the frequency of sustainability risks detected.



## Sourcing of High Quality and Consumer-Safe Raw Materials

Raw materials are key components in ThaiBev's main products in the alcoholic business segment. The raw materials with the highest purchase value in procurement are molasses, malt, and broken-milled rice, all of which are used in the brewing and distilling processes. ThaiBev has established a **Sustainable Agriculture Guideline** to set a standard for the quality and safety of raw ingredients purchased from the Company's suppliers, as well as for the sustainability in the agricultural sector. Such a code prioritizes the consideration of the environmental impact of agriculture, including pesticide control, water consumption efficiency, local agriculture promotion, and biodiversity conservation.



**Molasses**

Molasses suppliers for the Company have been certified by **Bonsucro**, with a standard recognized by various groups of stakeholders in the sugarcane industry. The standard's main objective is to reduce environmental and social impact from the production of sugarcane and in turn, the production of molasses.



**Malt**

ThaiBev's suppliers of malted barley, one of our key raw materials, are members of the **Sustainable Agriculture Initiative (SAI) Platform**, an international organization with the objective of promoting sustainability in the agricultural sector.

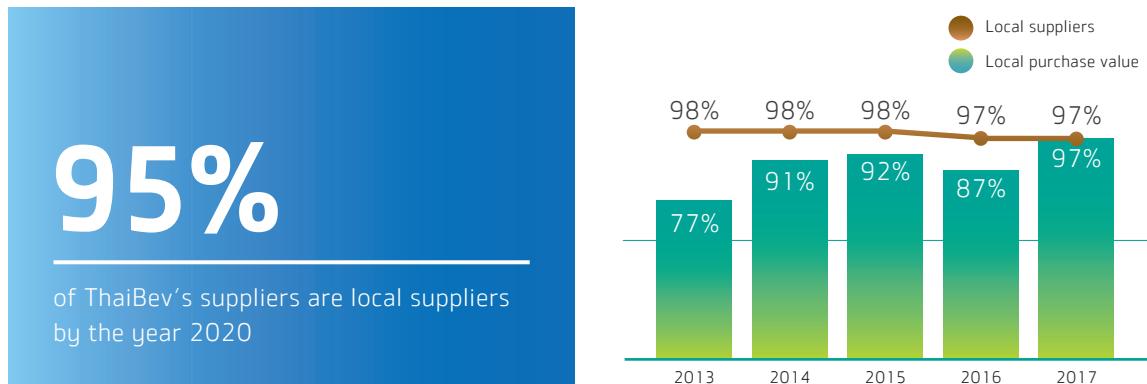


**Broken-milled rice**

The Company conducts strict quality inspection of broken-milled rice, especially in terms of chemical residues and extraneous materials, so as to ensure **100%** safety of products

## Procurement of Goods and Services From Local Suppliers

ThaiBev believes that a stable national economy begins with comprehensive income distribution to local communities so that they achieve self-reliance. Therefore the Company consequently privileges suppliers operating in the vicinity of its factories. Not only does this practice contribute to local job creation and add value to raw materials in each locale, it also minimizes transportation-related pollution.



### Notes

1. "Local supplier" means a supplier who operates its business in the country where ThaiBev has a production base, and who directly supplies the ThaiBev Group.
2. The data for 2013 and 2014 encompasses ThaiBev's procurement of goods and services only for the spirit and beer business groups in Thailand.
3. The data for 2015 onward encompasses ThaiBev's procurement of goods and services only for the spirit, beer, and non-alcoholic beverage business groups in Thailand.
4. The data for 2016 covers the period from January to September 2016, as the ThaiBev Group made adjustments to its fiscal year structure.
5. The data for 2017 covers the period from October 2016 to September 2017.

# Limitless Opportunities for ThaiBev's Employees



GRI 103-2, GRI 401-1,  
GRI 403-2, GRI 404-1,  
GRI 404-2, GRI 443-3



**"Believing in our people as human capital, the purpose of our endeavor is therefore to invest and grow..."**

Dr. Agapol Na Songkhla  
Executive Vice President, Thai Beverage Public Company Limited

ThaiBev believes that our employees are the power that will drive our organization toward Vision 2020. We aim to become an excellent employer in ASEAN. This is why ThaiBev places importance on human capital management: to build a workforce that is strong and full of potential, knowledge and capacity, in an organizational culture that fosters employees' limitless growth, and with respect for labor rights, leading to sustainable growth.

## Limitless Opportunities

Because... ThaiBev believes in human potential for greatness

Because... ThaiBev believes that challenges make people grow

Because... ThaiBev believes that once employees help others grow, they grow themselves

At ThaiBev "opportunities... are limitless" for every employee.

### Opportunities... to develop and show full potential

As a Thai company with global aspirations, ThaiBev attaches great importance to helping our employees to grow in their careers. We are committed to giving challenging opportunities to all employees through various development programs to improve their skills and capacities.

### Opportunities ... to connect and build a strong network

ThaiBev places importance on building a network of relationships, collaborating within and outside the organization, promoting friendship and good relationships among

employees, which help in knowledge and experience sharing, as well as organizing different activities and connecting with stakeholders outside the organization and society as a whole.

### Opportunities ... to make a difference to society

ThaiBev attaches importance to bringing about benefits to the community, society and economy by giving opportunities for every employee to positively benefit the lives and happiness of others through different initiatives, including support for governmental agencies and public benefit projects in many areas of the country, in order to improve the society in a sustainable manner.

ThaiBev has 7 strategies in human capital management, with the objectives of strengthening employees for continuous business growth, creating solidarity in the organization, and preparing employees for changes.





### Strategy 1: Clear Structure and Roles

ThaiBev places importance on appropriate structures within the organization, with the aim clearly laying down the responsibilities of each employee and efficiently connecting individuals, teams, and sections. In addition, our organizational structure is also a mechanism to serve the strategic plans of each line of work, which will lead to constant improvement and business competitiveness.

ThaiBev is committed to Product Group and Strategic Support Group structures, which encompass businesses within Thailand and abroad.

For human capital management, the Company has established the Human Capital Steering Committee to oversee the overall management of all ThaiBev employees. The structure has 3 elements as follows:

#### **1. Organization Development and Group Capabilities**

as the center of excellence for human capital management. It is responsible for designing, developing and making policies and procedures relating to overall human capital management.

#### **2. Human Capital Business Partnering** to enable the expansion of related businesses and providing the right advice and services to each field to achieve the Company's goals.

#### **3. Human Capital Operations and Services** as the focal point for the efficient operation of human capital management and the provision of services for employees.

ThaiBev is committed to being ready as a stable and sustainable leading organization in ASEAN by laying down a structural and positioning framework to guide efficient business development.



### Strategy 2: Market-oriented Compensation and Benefits

ThaiBev manages compensation equitably and can be benchmarked with other companies in the same industry. We provide benefits for the welfare of employees, such as medical expense support, annual health check up, accident insurance and life insurance.

In putting in place a system for compensation, ThaiBev has worked with a world leading company in designing the method for providing compensation and benefits which are comparable to the appropriate market reference point and in line with the business of the Company. We appropriately combine fixed compensation and performance-based variable compensation, with an increasing proportion of variable compensation supporting the goal of becoming a high performance organization.

Moreover, ThaiBev and its subsidiaries have put in place a job evaluation system consistent with international standards and our organization structure. In 2017, job evaluation has covered positions within and outside Thailand.

ThaiBev recognizes that creating incentives for committed employees is crucial. For the Company's sustainability, we created a Long Term Incentive Plan (LTIP) by engaging the management with business ownership through the Company's shares as a reward for their continuous dedication and to maintain valuable human resources in the Company in the long term, which contributes to good business operation.



### Strategy 3: Recognition-based Performance Management



ThaiBev places emphasis on clarity in work objectives, believing in the "Power of Clarity" which will make a difference in the efficiency of teams and the organization in the long run.

In terms of managing outcomes, ThaiBev has developed guidelines for goal setting and performance assessment in a systematic and concrete manner. We are prepared to support our employees as they pursue “limitless opportunities” within the organization.

In Goal Setting, the supervisors and their employees create clarity by setting targets under the SMART principle (Specific, Measurable, Attainable, Relevant and Time-bound). Communication between both sides as well as to the whole team enable the indicators and goals that have been set to be cascaded from the organization level to the individual level. This is to ensure coherence and focuses on the organization’s strategies. Clearly connecting the goals in this top- down manner is important in fully and comprehensively achieving the organization’s objectives and leads to value creation in the long term.

Performance Assessment is an important opportunity for the supervisors and their employees to review the clarity of their goals, outcomes of work and employees’ capability development. The review takes place twice yearly, i.e. in the middle of the year and at the end of the year. The mid-year review is an opportunity to discuss the progress of the goal under the “coaching” principle, the possibility of goal achievement, changing circumstances (if they exist) and the support required from the supervisors in terms of skills that

need development. This is to ensure that the expectations of both sides are aligned with goals that they are heading towards, fostering relationships between the employees and their bosses, as well as engagement between the employees and the organization. The year-end review is for reviewing the outcome from the past 12 months of the employees by evaluating the concrete outcomes according to the SMART KPI and behaviors that are in accordance with the Company’s culture.

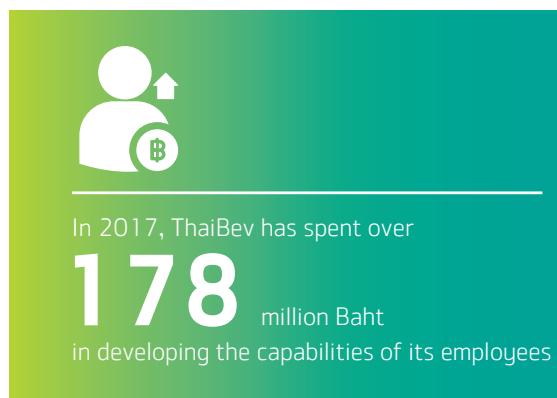
In addition, employee will have an individual development plan (IDP) which is agreed between the employee and his or her superior and based on performance and career goals. The IDP is connected to the employee’s career aspiration and the organization goal in order to create clarity in the roles, responsibilities and opportunities for the future of the employee and the success of the organization, which will contribute to sustainable human capital management.

Moreover, to create coherence in policies, ThaiBev requires that management, from the middle level upward, have goals in sustainability and people development, each weighted 10%, and will affect the assessment of employees’ compensation. These goals are to be cascaded to employees, which emphasizes that each employee has a role in making the organization sustainable.





#### Strategy 4: Holistic High Performer Development



Continuous capability development is an important factor in redoubling the drive in business growth. ThaiBev wants employees to believe in the opportunity for limitless growth within the organization. Therefore, we support capability development through individual development planning (IDP) under the 70: 20:10 principle.

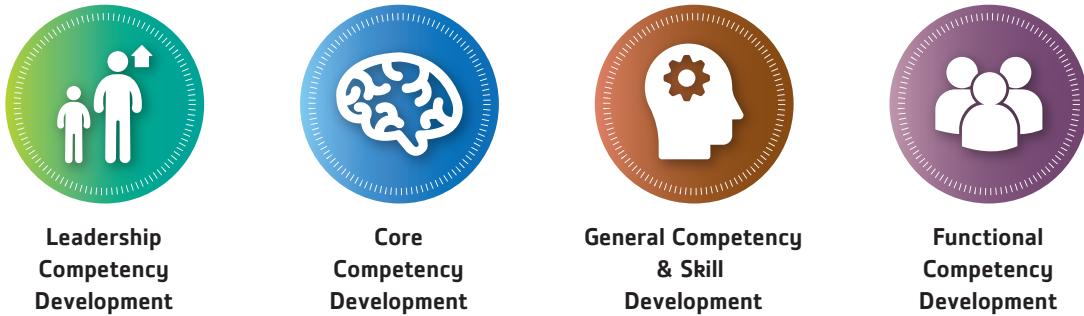
- **70% is learning by doing**, such as by undertaking new responsibilities, special projects and learning through real practices
- **20% is learning from others**, such as through coaching, being taught by experts, participating in clubs, hearing opinions, receiving advice from others, and learning from the executives
- **10% is learning through formal trainings** such as attending training courses, taking e-learning or short-term courses

This 70:20:10 principle of capability development leads to a more efficient learning process than mere classroom learning and contributes to a workforce that has increased knowledge, capacity and skills.

In 2017, ThaiBev's capability development programs can be categorized in 4 types as follows:

- 1. Leadership Competency Development** which is available for all levels of employees in accordance with the 5 levels of leadership namely
  - Responsibility
  - Relationships
  - Result
  - Regeneration
  - Respect
- 2. Core Competency Development** which is for the development in the area of necessary management skills with the aim of improving the capacity of employees in core areas such as communication, collaboration and creation.
- 3. General Skills Development** which is a program for improving the skills of employees at all levels and fields, such as computer skills and English language skills.
- 4. Functional Competency Development** which is available for employees in each business and units to learn specifically in relation to their own agency and business.

The Company trains its employees in business ethics on a regular basis to create understanding among employees and communicate the organization's policies via online training.



ThaiBev has applied its training evaluation from the Kirk Patrick Model by evaluating employees' satisfaction and the knowledge gained from the courses in order to develop new training programs in the future. Moreover, the Company has evaluated the benefits from the application of knowledge learned by employees and found that in 2017 employees have been able to generate profits from such application in various ways.

#### **Leadership Development Program**

This program has the objectives of creating leaders that are well-prepared and have global business acumen, and of promoting mindset and behavior development. The plan to develop leadership has 5 levels and is intended for employees at the senior level onwards. In 2017, 124 outstanding employees have participated in the program through the following courses:

Learning and Development Aspect	Level 1 Responsibility	Level 2 Relationships	Level 3 Results	Level 4 Regeneration	Level 5 Respect
Ocean	Top Executive Development Program (TEDP)	Senior Executive Development Program (SEDP)	INSEAD	NUS National University of Singapore	Carnegie Mellon University
River	Asean Management Development Program (AMD) <sup>NEW</sup>	Management Development Program (MDP)	AMD ASEAN MANAGEMENT DEVELOPMENT	Sasin	
Spring & Streams	Supervisory Development Program (SDP)	Leadership Development Program (LDP) <sup>NEW</sup>		Chulalongkorn University	



### **Senior Executive Development Program (SEDP)**

ThaiBev has developed the program in collaboration with the National University of Singapore (NUS) under the concept of ThaiBev–NUS Global Executive Leaders Program “Realizing Vision 2020: Strategies for Sustainable ASEAN Leadership”. In 2017, the aim to develop the capabilities of 24 executives from every business unit of ThaiBev in Thailand, Singapore and Malaysia, to prepare them for leadership in regional and international businesses and follow the ThaiBev Vision 2020. The program was carried out through action-based learning and emphasizes the need to build relationships between participants from the different units in order to foster seamless cooperation in the future.

### **ASEAN Management Development (AMD)**

is a collaboration between ThaiBev and C asean to broaden the horizons of executives by sharing experiences across cultures and discovering opportunities in expanding the business to ASEAN markets. This is the first time that 60 executives from ThaiBev and its subsidiaries both in Thailand and Malaysia have come together to learn, share experiences and perspectives, understand different languages and cultures, and explore markets, sales channels and business opportunities in ASEAN markets, particularly in Cambodia, Myanmar, Laos and Vietnam. The program also involves presentations to the CEOs of projects that can provide opportunities for business growth in the ASEAN markets.

### **Management Development Program (MDP)**

is a collaboration with Sasin Graduate Institute of Business Administration, Chulalongkorn University, which has been running for 3 years since 2015. In 2017, 40 middle-level executives have participated in the program with the aim of creating understanding in principles of administration and leadership skills to prepare them to become high potential top executives. Participants give presentations to CEOs and teaching employees for their assessment and recommendations, so they are ready to put what they have learned into action.

Every program has a learning process which emphasizes communication and collaboration within ThaiBev groups, which consist of employees from various agencies and areas in Thailand and overseas. The programs also place importance on new creation and the widening of perspectives so that participants can adapt to changes and be responsive to the organization’s future growth.

### **Example of Value Gained from Capability Development**

ThaiBev monitors and measures benefits from training courses to evaluate their effectiveness. In 2017, the Company expanded the utilization of the 4DX program, which began in 2015 with the objective of improving efficiency in the working process, to cover all sections of Thai Beverage Logistics (TBL), a subsidiary of ThaiBev. Over 4,200 practitioners and



supporting employees participate in the program, which involves coaching skills to enable the supervisors to transfer and build capacity among the practitioners efficiently and adjust the employees' behavior in a way that human capital and work development is enhanced. In 2017, the 4DX program reduced the cost of operations by more than 23.1 million Baht.

Additionally, the Company has also gained a return from investing in the Total Productive Maintenance (TPM) training course. With the cooperation of the Science and Technology Research Institute of King Mongkut's University of Technology North Bangkok, the Company has organized knowledge-sharing activities among employees from the alcoholic beverages companies who take turns to present about their achievements in reducing energy waste, costs of raw materials and costs relating to employees, in order to develop human resources, continue the learning process and increase effectiveness in terms of production in a sustainable manner. This saved over 52 million Baht in production cost in 2017.

#### **Coaching and Mentoring**

ThaiBev has provided the Coaching & Technique for Breakthrough Results (CTBR) training course for the executives by leading coach Dr. Peter Chee. The purpose is to create understanding of the importance of coaching, and discovering answers through creating inspiration. The job of the coach is to harness the team's potential and provide advice that allows coachees to find solutions themselves. In 2017, 5 senior executives obtained the Master Coach and Train The Trainer levels, and are certified to train coaches within the organization. At present, 550 employees have been trained. By encouraging internal executives to be master coaches, the Company has saved the cost of hiring external lecturers by over 8.8 million Baht. The Company is in the process of communicating with and training the supervisors to be able to transfer what they have learned from the coaching course to their colleagues and intends to set this as a KPI.

### The Creation of Coaching Culture

ThaiBev created the Coaching Club in 2017 to provide an opportunity for those passed the CTBR course to share experiences of the application of coaching in their work. Employees who are certified coaches have shared their knowledge and helped create coaching culture in a tangible way.

In addition, the Company invited Dr. Marshall Goldsmith, the world's number 1 coach, and other internationally renowned coaches to speak to employees. To date, 890 employees have been trained.



### The Collaborative Program between Thai Beverage Logistics (TBL) and Khon Khaen University

Building on the success in the collaboration in logistics training course in 2015, which led to continuous improvement in the working process and the reduction of production cost by over 32.7 million Baht, ThaiBev continued the cooperation with Khon Khaen University in 2016 in organizing a course on logistics in 27 small programs. The programs engaged over 3,600 practitioners in regional distribution hubs in Nakhon Ratchasima, Khon Khaen, Udon Thani and Lampang, and helped adjust work procedures to be more efficient, in terms of transport fuel, storage space and pallet renting, with the total of 11 million Baht during the reporting year. Employees will share their practical knowledge to expand the benefits to other areas.



**Mr. Kawinsak Kesornthong**

(Assistant Director,  
Customer Management,  
Sales Channels Management Group)

was a participant in the Asean Management Development (AMD) course. "This course has broadened my horizons in the areas of the economies, politics, society, and cultures in ASEAN countries, as well as the principles and ideas which are necessary for executive positions. Such knowledge can be applied in expanding the markets in ASEAN. The course also provided opportunities for participants to share their professional expertise in classes and through group work activities, which helped improve many of our skills, such as leadership, communication and cooperation, and management with limited employees."



**Ms. Wipaporn Wongsumpanwech**

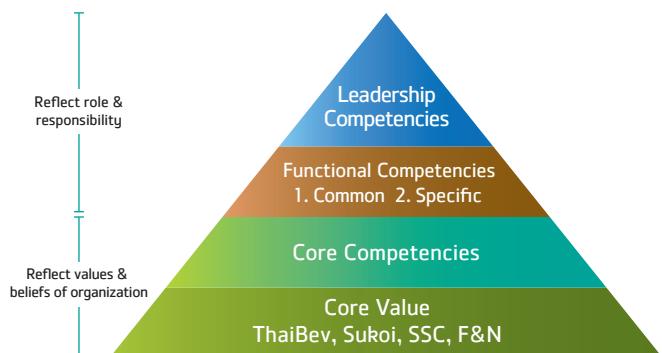
(Assistant Manager, Information Technology Office)

was a scholarship recipient to study a Master's degree in business administration (MBA) at the Australian National University in Australia in 2015. "This is a digital age where technology plays quite a big role in our works. My intention is to use the knowledge and skills I have gained from my study to improve the IT works and contribute to the development of the organization."



### **Strategy 5: Proactive Succession and Workforce Planning**

For the purpose of smooth succession of senior executives who are close to retirement, ThaiBev has drawn up a Succession Plan to continue the vision and commitment of the Company to all stakeholders, customers and society, and maintain a good management culture. The succession plan consists of (1) specifying key positions (2) identifying the selection criteria which include leadership characteristics suitable for key positions (3) assessing the readiness of the executives to be promoted and (4) creating individual development plans, and regular monitoring. The succession plan not only takes into consideration the organization's current needs, but also future requirements.



### **Strategy 6: Talent Acquisition and Onboarding**

Recruiting employees with potential and work experience is important to the organization in order to support long-term growth and its goal of becoming ASEAN's leading employer by 2020. ThaiBev has taken various approaches in recruiting employees, such as organizing Job Fair activities in over 30 government and university premises around the country in 2017.

Moreover, ThaiBev has reviewed its hiring procedure regularly to recruit applicants with abilities and experience that match the Company's needs. The Company also trains the interviewers to be able to create a positive image for the Company and have good relations with the interviewees. At the same time, ThaiBev encourages current employees to

recommend qualified applicants for available positions under the "Puen Chaun Puen" or "Friends Inviting Friends" project. Applicants will go through a normal and transparent hiring procedure and the employee who makes the recommendation will be rewarded once the recommended applicant has been hired and worked with the Company for 6 months. In 2017, 306 new employees were hired through recommendations, which accounts for 6.7 % of ThaiBev group new employees.

ThaiBev also has an Internal Job Posting channel for employees to apply for internal vacancies. This provides the opportunity for employees to advance and to develop capabilities in other areas of interest to them. In 2017, over 15% of internal vacancies were filled by ThaiBev's employees.



### Strategy 7: Engaging Corporate Culture

The Company does a survey on employee engagement annually. The Company began to follow the evaluation method pioneered by Aon Hewitt in 2016 to evaluate factors affecting employee engagement in 6 areas, namely the Company's operation, basic benefits, work context, leadership, outcome of human capital management, and the Company's reputation and image. In 2017, results show that employee engagement is higher than the target. The results have gone through an in-depth analysis for the purpose of creating a work plan on improving human resources management and foster greater engagement. The Company has set a target of 80% employee engagement in 2020.

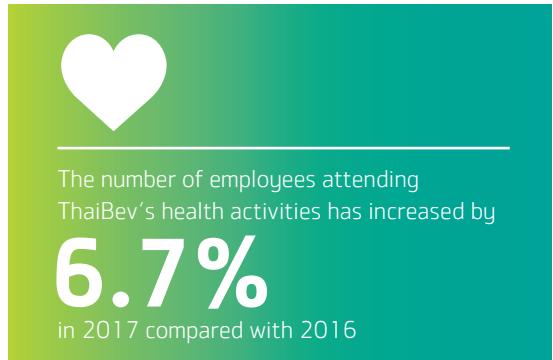
Additionally, ThaiBev's executives have joined in assessing the importance of work improvement in order to increase the level of employee engagement, by highlighting key factors, namely employees' benefits, working conditions, remuneration, roles in the organization and recognition for their work.

At the same time, the Company has organized activities to promote employee engagement, such as by having senior executives emphasising the importance of the employees in our monthly magazine or by organizing events for different occasions. Moreover, the Company cares for its senior employees by organizing Mentor Training courses, which have taken place for 2 consecutive years, to enable senior employees to share knowledge and experiences with new employees who are ready to learn and maintain that knowledge within the organization. In addition, the Company also provides the opportunity for retired employees to continue working with the Company as consultants and give advice and guidelines, resulting in knowledge and experience transfer from generation to generation. ThaiBev also attaches importance to the family lives of its employees by organizing activities across the country, such as Kids' Day, to foster relationship between the employees and their children. The activities involve sermons by monks in the morning and field trips in the afternoon.

Moreover, ThaiBev has been giving out scholarships to employees' children for 8 years. In 2017, the Company provided a total of 1,123 scholarships amounting to 6.9 million Baht. Since 2010, 8,169 scholarships have been provided, totaling 50,538,000 Baht.



To promote engagement, the Company has created over 10 clubs, which provide opportunities for the employees to do activities together during free time, depending on their skills and interest, such as a health club, bicycle club, photography club, bowling club and football club. The Company also encourages employees to use exercise facilities and fitness centers. At present, there are 9 fitness centers and over 73 sport grounds. Moreover, the Company also pays attention to employee mental health by providing information on stress management via the organization's magazines, and internal website, as well as activities to create a work-life balance.



## Human and Labor Rights

ThaiBev treats its employees with respect and in a non-discriminatory manner. The Company aims to follow its human rights policy adopted in 2016 and avoid all forms of human rights infringements. It also does not discriminate between employees of different gender, religion, or other differences. The policy encompasses all activities in the operation of the Company and all relevant stakeholders.

In 2017, human rights risk self-assessment including risk mapping and risk assessment was conducted to all operations in Thailand for 4 areas of the business value chain: procurement and supply chain, production, marketing and sales, and distribution covering all groups of stakeholders from children, indigenous people, migrant labor, third-party contracted labor, local communities and the disabled.

ThaiBev has designed a tool for evaluating risks relating to human rights for all its business groups at the practitioner level in order to monitor risks involved in each process of the business, such as the production process, and the sales and procurement process.

The result shows that the risks relating to human rights which may occur in the 4 aspects of the business value chain include:

- Production: such as the risks in terms of employee's occupational health from injuries during work or the community's health from the smell from alcohol distillation process
- Procurement and supply chain: such as the risk in terms of contractors' occupational health
- Distribution: such as the risks of child labor use by ThaiBev's partners, or the road safety in the Company's transportation.
- Marketing and sales: such as the risk of shops in the community selling alcoholic beverages to the underage, which the Company has constantly come up with preventative plans to address.

Moreover, the Company also creates a good work environment and equal opportunities for all, as well as allowing capable employees to grow in the organization without discriminating against genders, religions, beliefs and other factors. ThaiBev promotes equalities among its staff. Female staff amounts are 32% of potential successors for key positions.

ThaiBev complies strictly with labor law. Welfare committees are established in all subsidiaries, consisting of representatives from the employee side and company executive. The committees discuss topics of welfare and labor rights regularly in order to promote relations and understanding between the Company and its employees, as well as to give encouragement to employees. The Company also trains those on the committees to help them understand the roles and process of communication through peaceful consultation and agreement.



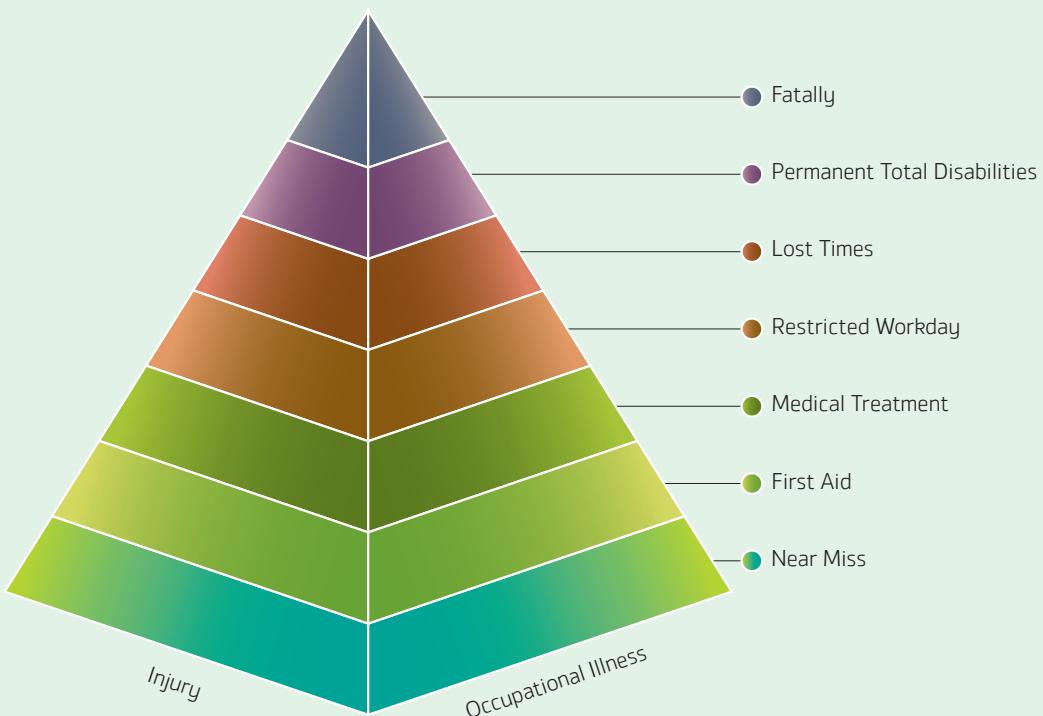
# Safety, Occupational Health and Work Environment



Safety, occupational health and work environment of employees is an important foundation in advancing the organization in a stable and sustainable manner.

ThaiBev requires that safety management in each process is in accordance with the standards for safety, occupational health and work environment required by law and conforming to international standards. This is to ensure that its employees and contractors are taken care of at the highest level in terms of safety. A positive work environment and work-life balance are also maintained according to ThaiBev's occupational health and safety policy.

## Safety Culture



ThaiBev aspires to create safety culture throughout the organization. The executives provide leadership and give examples of safety to employees of all levels, and encourage the sharing of case studies, best practices on safety and involvement of employees and relevant stakeholders.

In 2017, the Company created a safety manual to guide employees and contractors on basic practices in working together with ThaiBev. The compilation of safety information covers all aspects of the Company's activities in detail. Trainings and knowledge sharing on best practices have also taken place for employees. Trainings, specifically for safety personnel, have been organized to create an understanding of the law relating to safety and how to reduce accidents at work. There have also been training on emergency

management, an exhibition week on work safety, and a dialogue on safety.

Moreover, ThaiBev has organized trainings for individual on the committees on safety, occupational health and work environment to guide them on the operation and solving problems related to safety workplace in accordance with national standards and laws.

To promote safety culture, ThaiBev creates a channel for communication and knowledge and experience sharing within the organization. In 2017, the Company developed the ThaiBev Safety Community under the SAP JAM system as a channel for the employees to share and discuss the topics relating to safety, risks and how to resolve issues.

In 2017, ThaiBev organized trainings on safety for 5,714 employees at the practitioner level, which is equal to 17% of all practitioners. The Company spent over 1.7 million Baht in developing employees' knowledge on safety.

ThaiBev organized the following activities to improve work safety in 2017.

#### **Finding "Near Miss"**

The Company encourages its employees and contractors to identify circumstances or behavior that are prone to accidents in the factory or "Near Miss" in understanding of possible risks and provide suggestion for resolving them, as well as to report any unsafe acts or conditions in the factory.

Moreover, the Company encourages its employees and contractors to learn from their experiences to build awareness on safety by having them report any unsafe acts or conditions in the factory directly to the agency responsible for safety. This helps the factory see the overall situation of safety risks more clearly in order to putting in place appropriate preventative measures.

#### **Program to Lower Accidents in Factory**

The Company initiated a program to decrease the number of accidents by aiming to reduce injuries that resulted in suspension of work the previous year. This is used as a safety indicator for the practitioners so that every factory takes employees' safety seriously.



In addition to measuring the brightness, noise, air quality, humidity and temperature so that they comply with the legal standards, ThaiBev also promote the health of its employees by providing health check-ups and influenza vaccinations every year. In 2017, 62.8% of its employees took advantage of the check-ups, which were provided according to their age groups and risks, such as ECG for those over 35 years of age and breast cancer screening for at-risk female employees. Moreover, the Company also tests the quality of food and drinks sold in its premises regularly, and provides trainings to food sellers and assesses their sanitary standards.



## Innovation in Human Capital Management

In 2017, ThaiBev initiated an innovative human capital management system through the use of SAP Success Factor, a world-famous software program for managing personnel, and applied it to the work culture of the Company. Internally the system is named Beverest, and has the objective of promoting efficient human capital management and development.

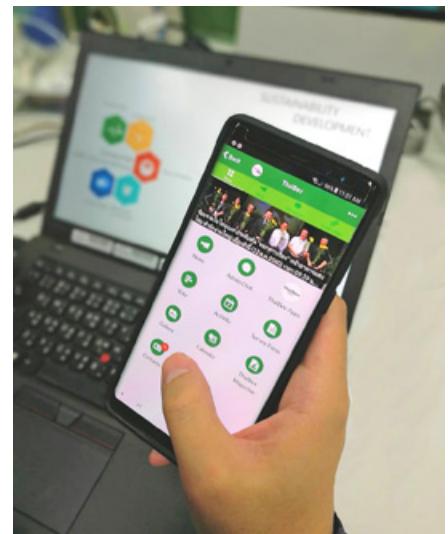


ThaiBev provides opportunities for its employees to reach their full potential by encouraging them to voice their opinions and constructive feedback; allowing for knowledge, skills and information sharing; creating an environment for self-learning, and to be responsible for their own advancement and harness the limitless opportunities provided by the organization.

More importantly, the JAM program in the Beverest system creates a global network for the employees, promoting efficient and borderless teamwork and enabling convenient and quick communication between the employees and the executives even when they are separated by a long distance. Such a network can expand and become a database of knowledge in the field, which enable employees to share knowledge, problem solving techniques and other information with their colleagues, leading to skills transfer from generation to generation and a strong work force to support the growth of the ThaiBev group.

The Beverest system can also store the data of employees across the world, from the day they apply for the job until their last day, thus allowing every ThaiBev employee to connect. This modern database makes personnel management and development efficient and ensures that every employee is taken care of in all aspects of their work, such as trainings, individual development plans, career development and promotion. This leads to engagement between the employees and ThaiBev organizations across the world.

All these show that ThaiBev is committed to empowering its employees to go as far as they can by sharing experiences among the ThaiBev group around the world and mobilizing the organization to become the best employer in ASEAN and sustainable in all aspects.



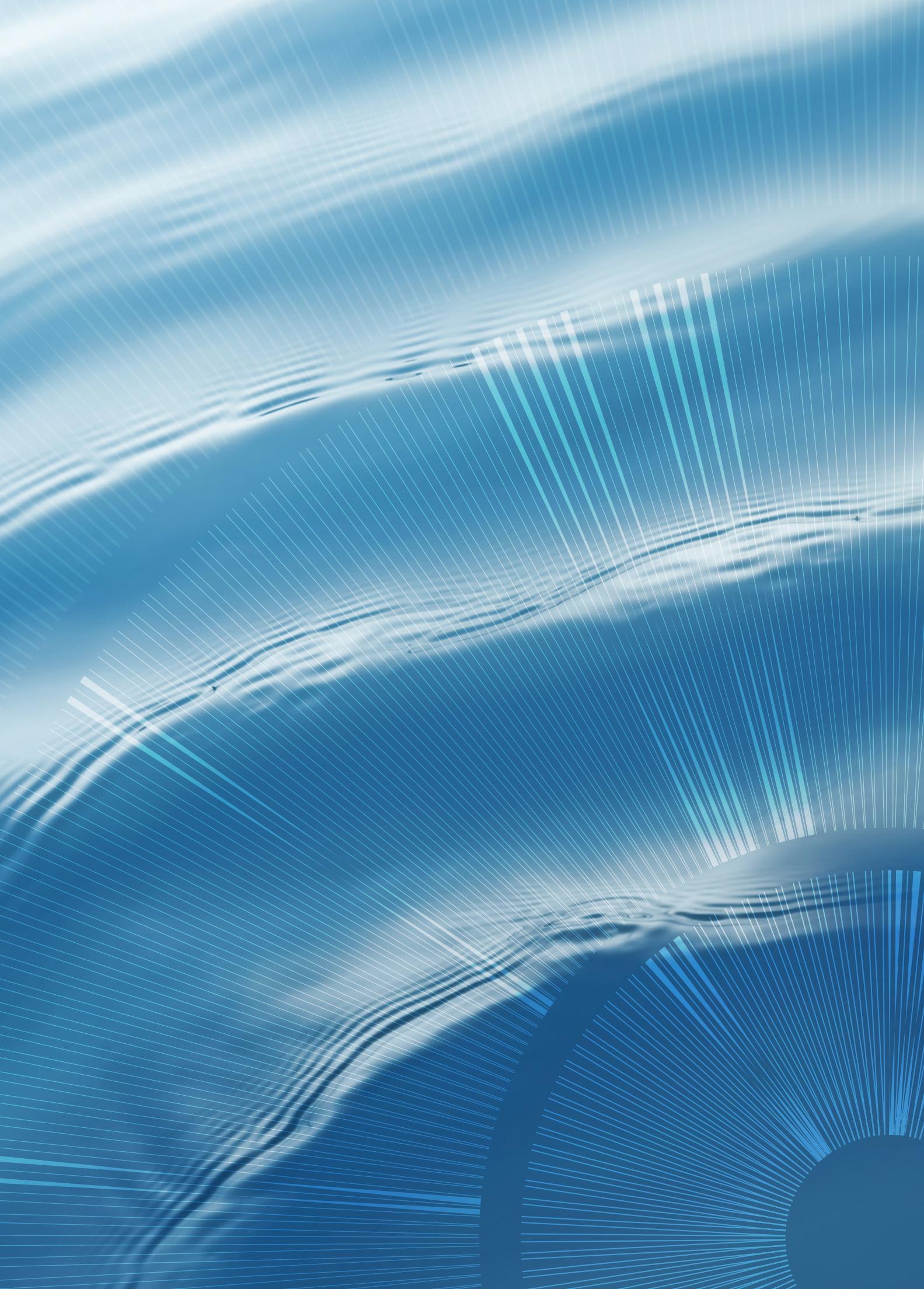
# Our Journey

## Caring for the Environment and the Entire Value Chain

ThaiBev seeks to reduce our environmental impact through innovations that create efficient management of resources throughout our value chain, including water, waste and energy management practices. In short: we make caring for the environment our top priority.



GRI 103-1, GRI 103-2, GRI 302-1,  
GRI 302-3, GRI 302-4, GRI 303-1,  
GRI 303-3, GRI 305-1, GRI 305-2,  
GRI 305-4, GRI 305-5, GRI 306-1,  
GRI 306-2

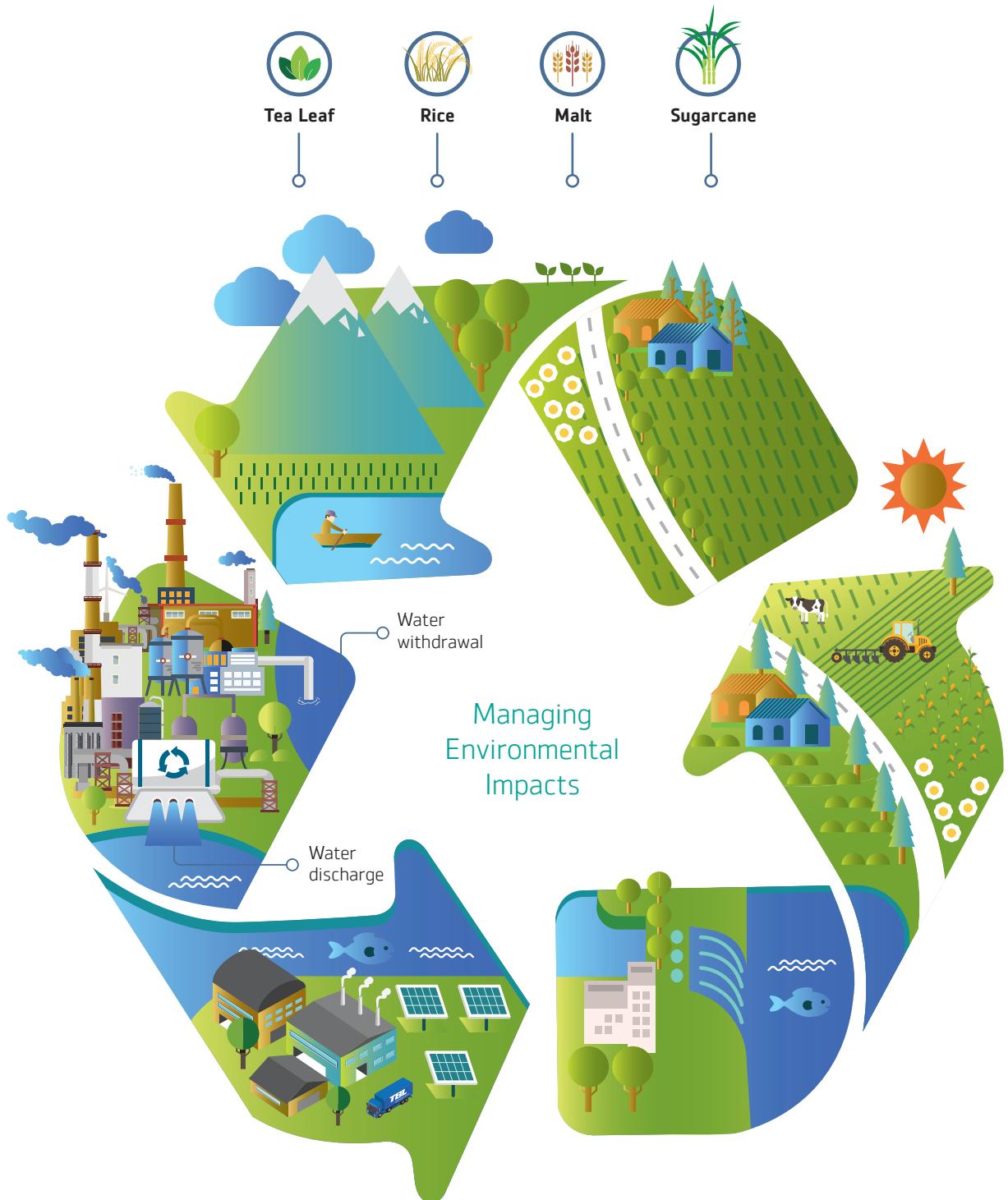


# Managing Environmental Impacts

ThaiBev is fully mindful of the impact that its expanding operations can have on the environment. As part of the Vision 2020 Strategy, ThaiBev has set an ambitious environmental target encompassing all aspects: water, energy, emissions, effluents and waste, in order to limit potential impacts from its operations and achieve sustainable growth for all stakeholders.

ThaiBev has set forth the Corporate Water Management Policy, Environmental Policy, and Sustainability Policy as guidelines to be adhered to by all employees and management in ThaiBev and its subsidiaries. This ensures that ThaiBev's environmental management is aligned across the Group, and is consistent with national and international laws, regulations, and standards. To ensure continuous operational excellence, ThaiBev regularly performs environmental audits of its operations according to ISO 14001 and ISO 50001 standards.

Such policies are reflective of ThaiBev's commitment to managing impacts and protecting the environment for the benefit of present and future generations. At the same time, ThaiBev strives for continuous improvement across its entire value chain by implementing new technologies to improve efficiencies, managing risks from operations, and identifying opportunities that can deliver mutual benefits for business growth and environmental and social value. With this in mind, ThaiBev is furthermore fully supportive of the Thai government's commitment to the Paris Climate Agreement, COP21, and aims to be Thailand's industry leader in reducing GHG emissions – in order to do its part in combatting global climate change.



# Energy and Climate Change



**Goal****5%**

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Reduction of energy intensity  
by the year 2020

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Compared to 2014 as a base year

**Goal****10%**

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Reduction of greenhouse gas  
emission intensity  
by the year 2020

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Compared to 2014 as a base year

**Achieved****11%**

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Reduction of energy intensity

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Compared to 2014 as a base year

**Achieved****5%**

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Reduction of greenhouse gas  
emission intensity

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Compared to 2014 as a base year

# Energy and Climate Change



GRI 103-1, GRI 103-2, GRI 302-1,  
GRI 302-3, GRI 302-4, GRI 305-1,  
GRI 305-2, GRI 305-4, GRI 305-5



ThaiBev cares about the impact its business operations exert on climate change. It is one of the challenges which will spark solutions that simultaneously help improve the Company and preserve the environment to remain in a stable and sustainable condition.

Climate change is another natural disaster that is intensifying by the day. Not only is it an issue close to home, it is a phenomenon that every country in the world needs to pay attention to and adapt according to the changing environment.

To keep pace with the Twelfth National Economic and Social Development Plan (2017–2021) which adheres to the Sustainable Development Goals of the UN as a framework for national development, climate change is one of the important issues that ThaiBev cares about. This is because climate change exerts a direct impact on ThaiBev's business operations. For example, water shortages in the dry season result in lessened yield of agricultural products, which can impact input costs, and problems might multiply if the Company does not have a good management strategy.

With determination and a clear intention to conduct business aggressively, combined with the desire to take part in climate change management, ThaiBev has initiated management of energy consumption and greenhouse gas emissions to reduce environmental impact, save energy, and promote making the most of energy used via various projects. These include using alternative and renewable energy in the manufacturing process, modifying electrical equipment, or developing innovations to enhance energy efficiency of machinery, and so on.

## Enhancing Energy Efficiency

### Use of Renewable Energy

As ThaiBev prioritizes the use of renewable energy, it has done research on the use of alternative energy. At present, the Company has increased its use of alternative fuels by using by-products of the manufacturing process as fuel for further production. Examples of such by-products include biogas, distillery slop, and technical alcohol. In addition, the Company has also initiated projects to harness solar energy in steam production.

In 2017, 18% of all energy used by the Company was renewable.

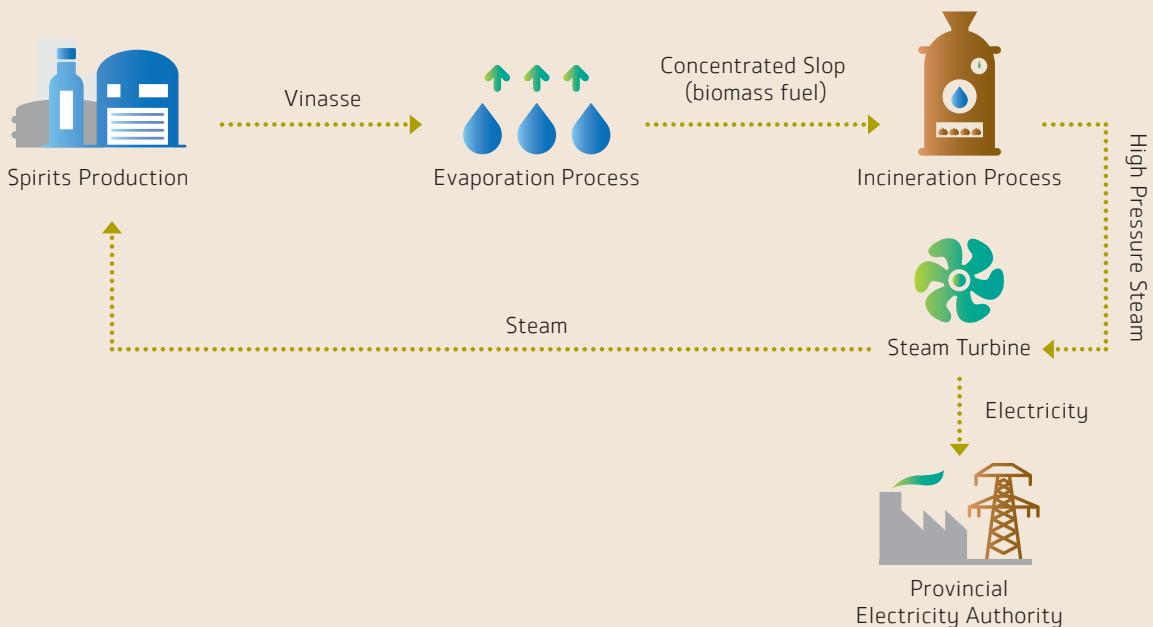
In 2017 the Proportion of Renewable Energy Use is

**18%**  
of Total Energy Use



The Company focuses on and promotes the continual use of renewable energy. Already the Company has installed biogas production facilities at 5 distilleries, and this year has newly invested in the construction of a renewable energy plant processing distillery slop in Kanchanaburi Province, budgeted at 798 million baht. The biomass energy renewed will be used in distilleries in 2 parts: the first as heat energy applied in distilleries, and the remaining part will be used to produce electricity to be sold to the Provincial Electricity Authority, a multi-use process called a cogeneration system. The renewable energy plant is currently under construction, and will be finished by the end of 2017, and will start producing and selling electricity by March 2018. This program is a pilot project that will likely expand to include those factories in the ThaiBev network which have the potential to turn biomass into fuel for further production, a practice which can truly promote the use of alternative energy.

### Steam and Electricity Generation from Biomass Fuel



## Reducing Energy Use Through Innovation and Technology

To achieve the goal of reducing energy use and greenhouse gas emissions per hectoliter of product, ThaiBev continuously invests in innovation and technology, to reduce energy consumption and promote maximally efficient use of energy, along with helping to reduce greenhouse gas emissions. The work is as follows:

### The installation of Upflow Anaerobic Sludge Blanket (UASB)



To reduce electricity usage, reduce the overall energy consumption of the wastewater treatment system, reduce the amount of waste produced, and reduce the emission of greenhouse gases by 400 metric tons of carbon dioxide equivalent per year. In addition, biogas produced from the system, equivalent to more than 5,100,000 megajoules each year, is to be used in place of fossil fuel to produce steam for the manufacturing process, making all breweries capable of using alternative energy from the wastewater treatment process.

Save more than

**7,500,000**  
megajoules per year

### The installation of energy-saving fans for evaporative condensers to dissipate heat using water mixed with air



By changing the type of fan blades from the original aluminum material to fan blades made of lightweight, fiber-reinforced plastic, the power necessary for spinning the fan was reduced, cutting energy consumption by 25% per year or reducing greenhouse gas emissions by more than 190 metric tons of carbon dioxide equivalent per year.

Save more than

**1,200,000**  
megajoules per year

### The installation of once through boilers for utilizing the biogas generated from water treatment process



To put biogas residue from wastewater treatment to use in producing steam for the production process, which can reduce greenhouse gas emissions by 6,500 metric tons of carbon dioxide equivalent per year

Save more than

**32,000,000**  
megajoules per year

### The installation of ammonia gas heat exchange equipment for increasing the temperature of feed water before it enters the boiler



By installing ammonia gas heat exchange equipment to increase the temperature of water before it enters the boiler (expansion of results from 2016). As the heat from ammonia gas reaches a temperature of 100 degrees celsius, it can be used in a heat exchanger to heat boiler water from 30 degrees celsius up to 60 degrees celsius. This can reduce energy use in steam production or reduce greenhouse gas emissions by more than 430 metric tons of carbon dioxide equivalent per year.

Save more than

**2,700,000**  
megajoules per year

### The installation of Variable Speed Drives (VSD)



Installing variable speed drives to reduce motors' energy usage, maintain motors' performance, reduce maintenance costs and reduce greenhouse gas emissions by more than 480 metric tons of carbon dioxide equivalent per year.

Save more than

**3,000,000**  
megajoules each year

### The installation of energy-saving light bulbs



A continuation of a project from 2016. LED bulbs are more efficient in energy use than fluorescent bulbs, making it possible to reduce greenhouse gas emissions by more than 390 metric tons of carbon dioxide equivalent per year

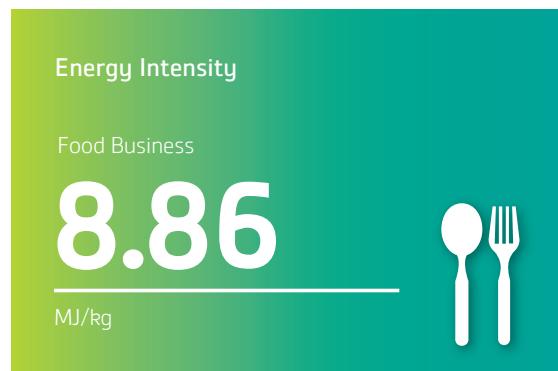
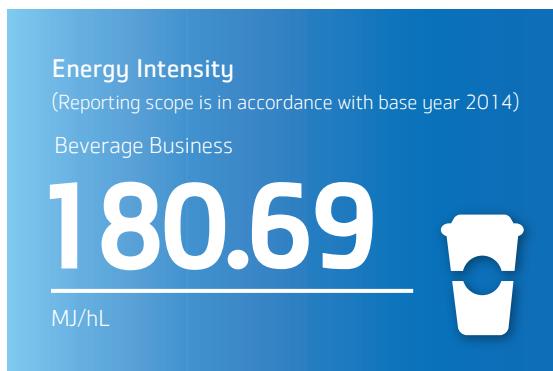
Save more than

**2,400,000**  
megajoules each year

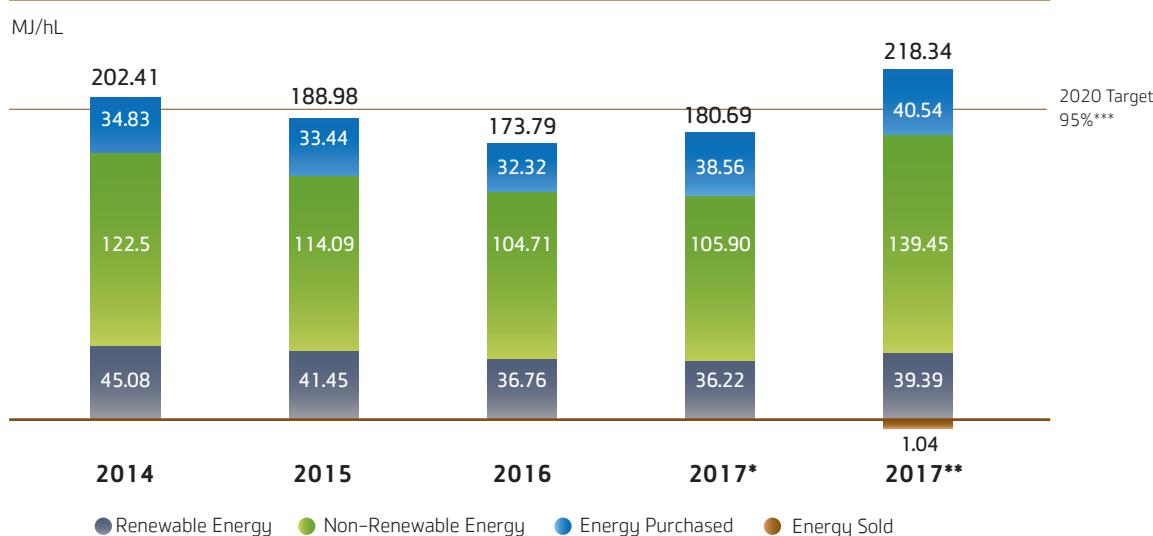
**The installation of pallet traveler**

This move products on pallets instead of on a forklift. This can reduce the use of fuels, reduce potential accidents from the use of forklifts, reduce the frequency of maintenance and reduce opportunities for employee injury, as well as reduce greenhouse gas emissions by 95 metric tons of carbon dioxide equivalent per year.

Save more than  
**30,000**  
megajoules per year

**Energy Consumption**

For 2017, energy consumption per unit of the Company was reduced by 21.72 megajoules per hectoliter or 10.73% compared with the base year of 2014. In 2017, the Company expanded and extended the scope of the report to include distribution, which primarily uses fuel. As a result, the Company's overall energy consumption ratio increased to 15.93 megajoules per hectoliter of product, or an increase of 7.87%.

**Energy Intensity (Beverage Business)****Note:**

- \* Data for 2017 using the same reporting scope as that of the base year 2014
- \*\* Data for 2017 using an extended reporting scope, as discussed in "About This Report" (Page 12 – 13)
- \*\*\* The 2020 target energy intensity is 95%, meaning reduction of energy intensity per hectoliter of product by 5% in comparison to the base year 2014
- Energy consumption = fuel consumption x the estimated heating value of each type of fuel
- Conversion factors are in reference to the Thailand Energy Report, Department of Alternative Energy Development and Efficiency, Ministry of Energy, and the conversion factors used for calculation for ethane gas (C<sub>2</sub>+), natural gas, coal, and fuel oil are obtained from suppliers
- Total energy intensity = total fuel energy (non-renewable energy + renewable energy) + total amount of electricity and steam purchased – energy sold, reported in the unit of megajoules per hectoliter of product
- Energy type reporting is in accordance with GRI Standards

## Reduction of Greenhouse Gas Emissions

ThaiBev is well aware that business enterprise throughout the value chain of the Company will inevitably affect the environment, both directly and indirectly. Therefore, the Company has taken care to initiate various projects for the continual reduction of greenhouse gas emissions, such as eco-friendly packaging design, carbon footprint program assessment, transportation-related greenhouse gas emissions reduction program, and so on.

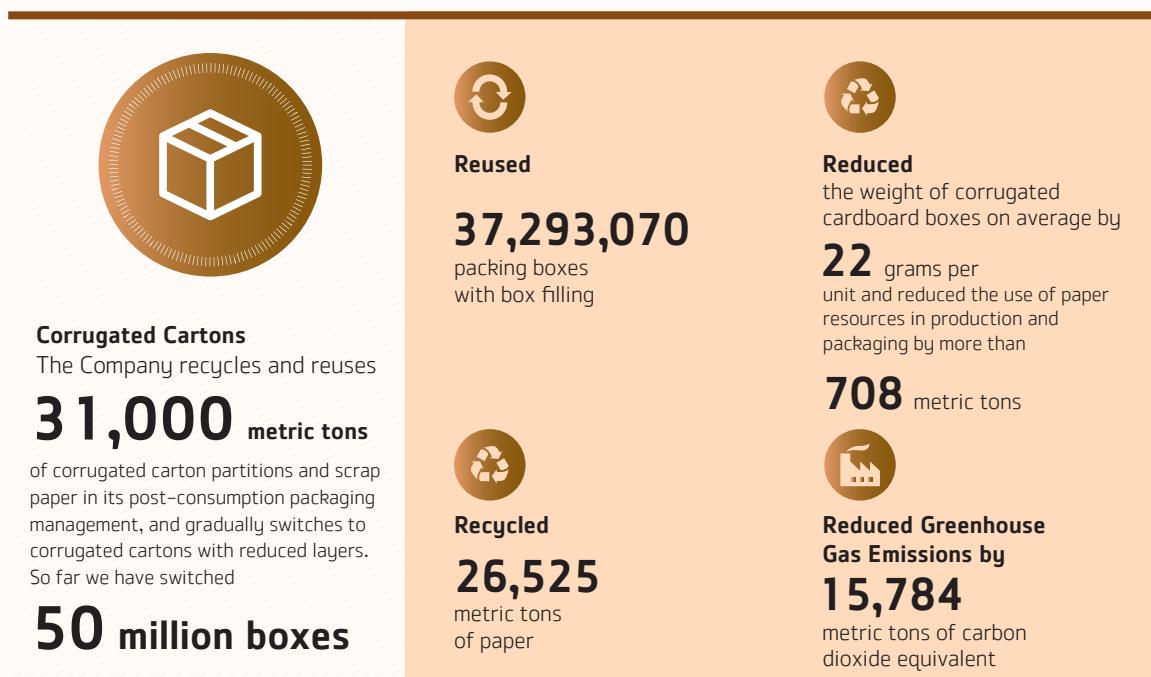
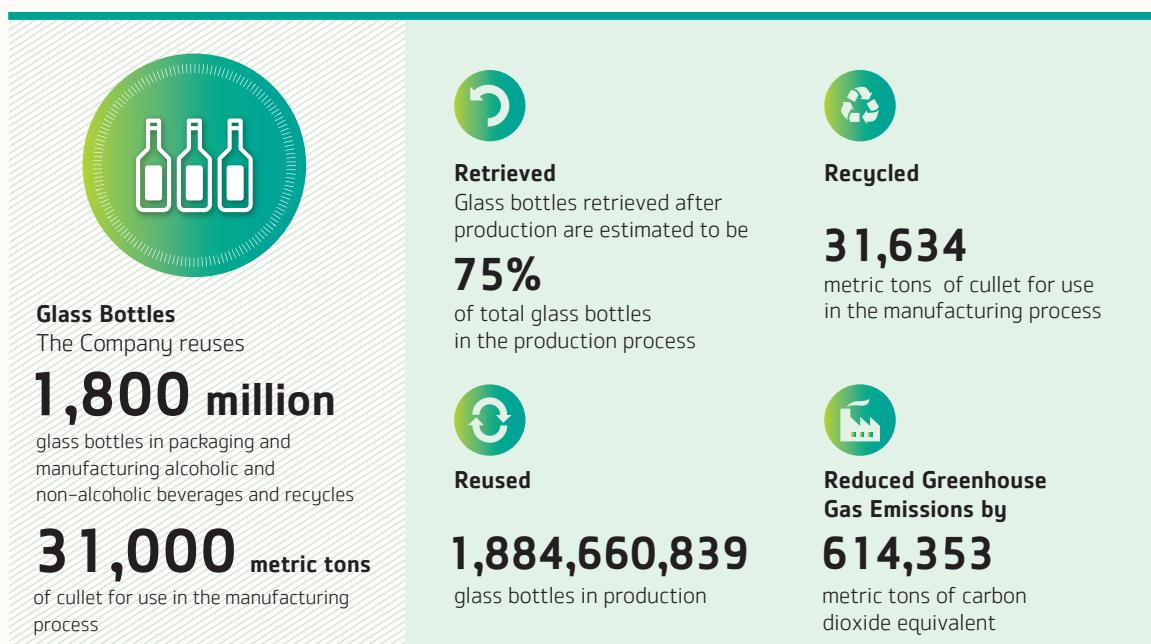
### Eco-Friendly Packaging

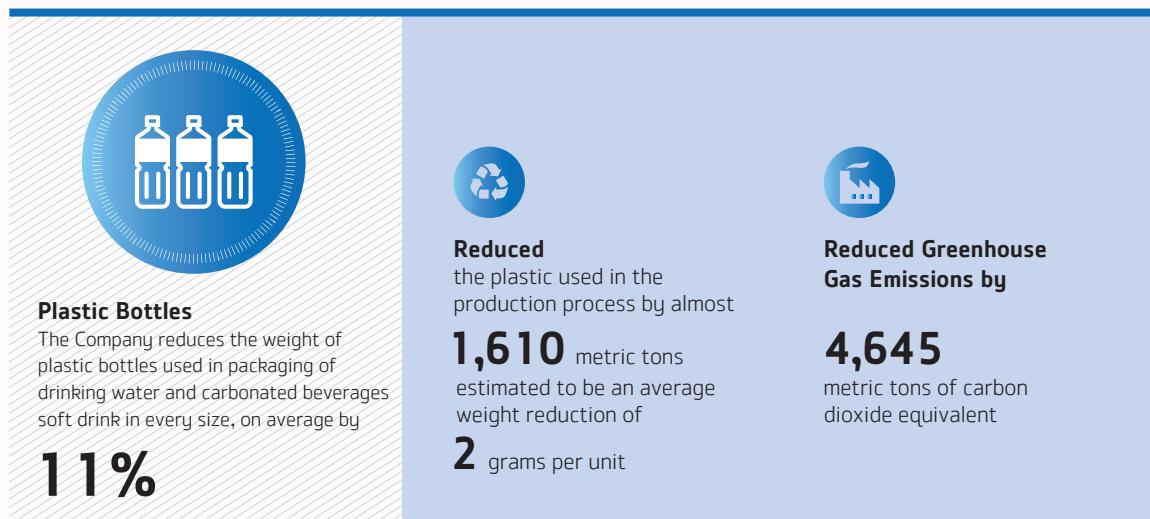
ThaiBev is committed to developing packaging that meets consumer demands and takes into consideration environmental factors, because ThaiBev believes that good packaging not only protects products and attracts consumers through beautiful design, but must also be environmentally friendly in the long term. The Company therefore adheres to the principles of the 3Rs (Reduce, Reuse and Recycle) and the **Packaging Guidelines** of the Company.

### Our Main Packaging

In the production of spirits, beer, non-alcoholic beverages and food of ThaiBev Group, the main packaging materials with highest value in total include glass bottles, corrugated cartons, and plastic bottles.

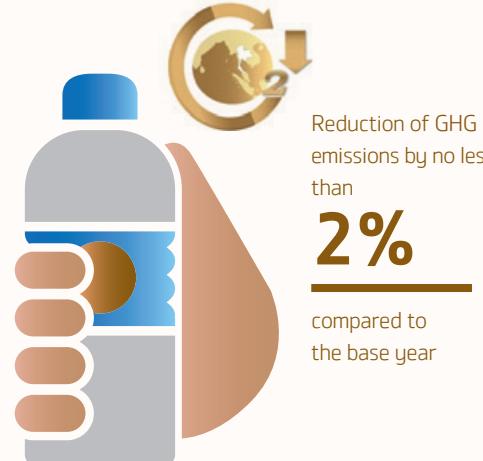
### 2017 Achievement





#### Carbon Footprint

For greenhouse gas management to be sustainable, ThaiBev has implemented the Carbon Footprint Assessment Program, of interest to the Company's stakeholders. It has expanded the scope of the companies in the ThaiBev Group receiving carbon footprint certification for both Carbon Footprint for Organization and Carbon Footprint of Product. At present, 18 companies in ThaiBev Group have received Carbon Footprint for Organization certification while 40 products that have received Carbon Footprint of Product certification from Thailand Greenhouse Gas Management Organization (TGO). In addition, the Company has certified Carbon Footprint Reduction labels on 6 products. For products to be certified, they must reduce greenhouse gas emissions by no less than 2 percent compared to the base year.



#### The Reduction of Transportation-Related Greenhouse Gas Emissions

As the distribution of goods is a step in ThaiBev's value chain that receives equal attention to production, efficient use of energy during distribution is emphasized. The Company has developed the Transportation Order Management System (TOMS) application, for use in controlling and tracking driving behavior of delivery employees, to ensure the delivery of goods via the specified route in time with appointments set with customers and to help increase delivery efficiency resulting from good planning. In addition, the use of TOMS helps to manage vehicle return (backhauling) which has resulted in the reduction of greenhouse gas emissions.

In addition, ThaiBev has focused on its impact on the environment and surrounding communities, including efficient energy use. The Company has invested more than 400 million baht in changing more than 100 delivery vehicles, using state of the art delivery technology, paired with development of the mindset of delivery drivers, following the principles of "4 Disciplines of Execution": Discipline 1- Focus on the Wildly Important; Discipline 2- Act on the Lead Measures; Discipline 3- Keep a Compelling Scoreboard; and Discipline 4- Create a Cadence of Accountability. Using this construct allows employees to set goals and follow guidelines to reduce fuel consumption and increase driving efficiency with clear results. For example, six-wheeled delivery trucks had an original driving performance of 5.5 kilometers per liter of fuel, but within just 18 months, they have increased efficiency to 6.7 kilometers per liter of fuel, or a reduction of greenhouse gas emissions of 1,800 metric tons of carbon dioxide equivalent per year.

### ThaiBev's Cooling Equipment

In the sale of beverage products, coolers are regarded as one of the most important pieces of equipment for giving consumers refreshment, quenching of thirst, and satisfaction with goods and services. They also help partners and customers of the Company reach consumers better. At present, the Company has more than 85,000 coolers in distribution. The Company has plans to change from refrigerant R12 to refrigerant R134a, which is not an ozone depleting substance (ODS) and also emits less greenhouse gas than the former refrigerant. This can reduce greenhouse gas emissions by more than 13,000 metric tons of carbon dioxide equivalent per year.



reduce greenhouse gas emissions by more than

**13,000**

metric tons of carbon dioxide equivalent per year

### Air Quality Control

To take care of surrounding communities concerned about the pollution that may be caused by the manufacturing process, ThaiBev has implemented appropriate technology for air quality control using the universally recognized air quality control standards of the United States Environmental Protection Agency (U.S. EPA). At the same time, ThaiBev complies with the Ministry of Industry's 2006 Announcement Determining the Acceptable Quantity of Air Contaminants Released from Factories. Particulate pollution is continually measured in total suspended particulates (TSP), oxides of nitrogen ( $\text{NO}_x$ ), and sulphur dioxide ( $\text{SO}_2$ ). Technology is used to control and manage potential pollution. For example: the installation of cyclone dedusters, the installation of wet scrubbers, and the installation of bag filters. As a result, the quality of air released into the atmosphere is better than the legal requirements.

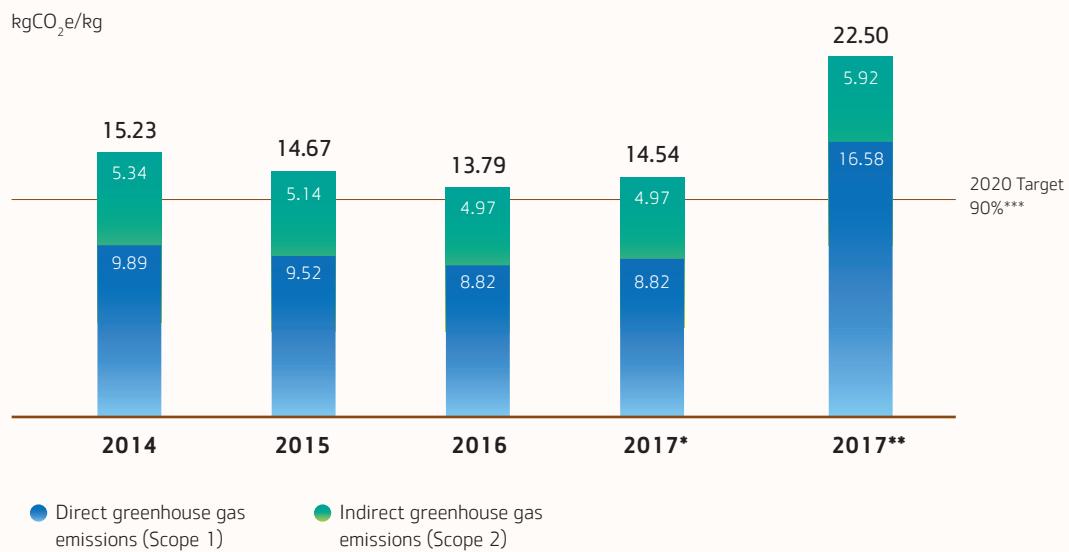


## Greenhouse Gas Emissions

In 2017 ThaiBev had a 4.53% reduction of greenhouse gas emissions per hectoliter of product compared to the base year of 2014, which evidences good management of greenhouse gas emissions through various activities, including participation in reducing the environmental impact of employees. The Company has extended its business and reporting scope to include the distribution operations and includes reporting of direct emissions of greenhouse gas (Scope 1) from biogenic activities. As a result, overall greenhouse gas emissions increased to 7.27 kilogram of carbon dioxide equivalent per hectoliter or 47.73%.



## Emission Intensity

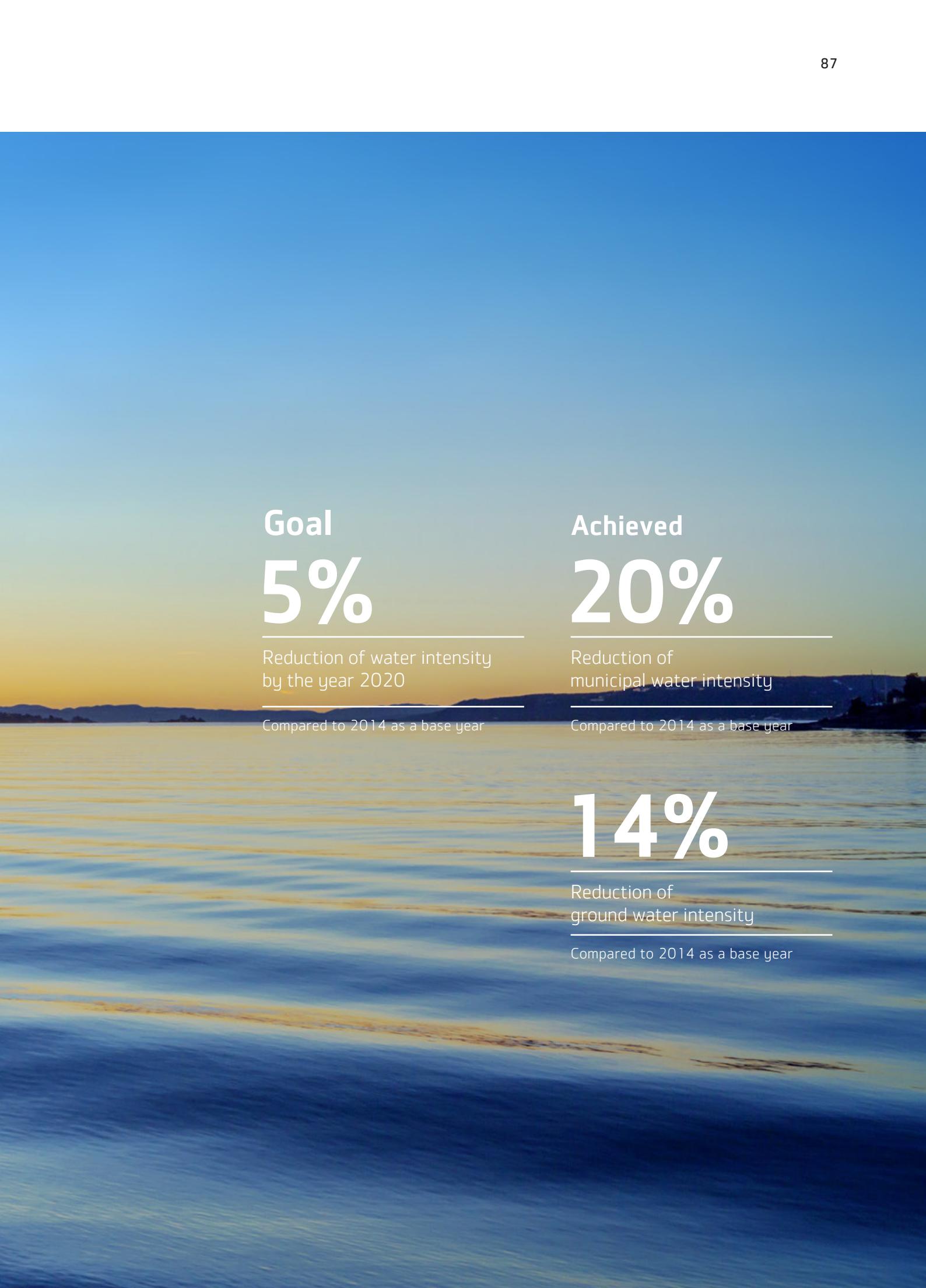


### Note:

- \* Data for 2017 using the same reporting scope as that of the base year 2014
- \*\* Data for 2017 using an extended reporting scope, as discussed in "About This Report" (Page 12 – 13)
- \*\*\* The 2020 target emission intensity is 90%, meaning reduction of emission intensity per hectoliter of product by 10% in comparison to the base year 2014
- Report the greenhouse gas emissions calculating from the following gases: carbon dioxide (CO<sub>2</sub>) methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) and refrigerant, and then converted into carbon dioxide equivalent per hectoliter of product, following the guidelines of Thailand Greenhouse Gas Management Organization (TGO) and the Global Warming Potentials (GWP) according to Report No. 4 of the Intergovernmental Panel on Climate Change (IPCC)

# Water Stewardship



The background of the slide features a scenic sunset over a body of water. The sky is a gradient from blue at the top to orange and yellow near the horizon. The water in the foreground has gentle ripples and reflects the warm colors of the sky. In the far distance, some buildings or trees are visible on the shore.

**Goal**

**5%**

---

Reduction of water intensity  
by the year 2020

Compared to 2014 as a base year

**Achieved**

**20%**

---

Reduction of  
municipal water intensity

Compared to 2014 as a base year

**14%**

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Reduction of  
ground water intensity

Compared to 2014 as a base year

# Water Stewardship



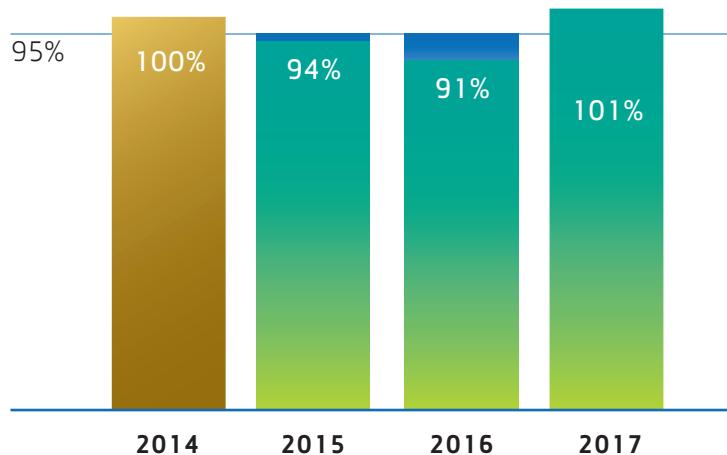
GRI 103-1, GRI 103-2,  
GRI 303-1, GRI 303-3,  
GRI 306-1

ThaiBev takes as inspiration the genius and the resolve of King Bhumibol Adulyadej in his water management projects, emulating them in our own water resource management for the Company's stakeholders both inside and outside the organization, from communities surrounding factories to the national community. Our objective is to return clean water to its natural source and maintain a well-balanced ecosystem.

## Water Intensity Reduction Goal and Achieved

● Achieved

2020 Goal

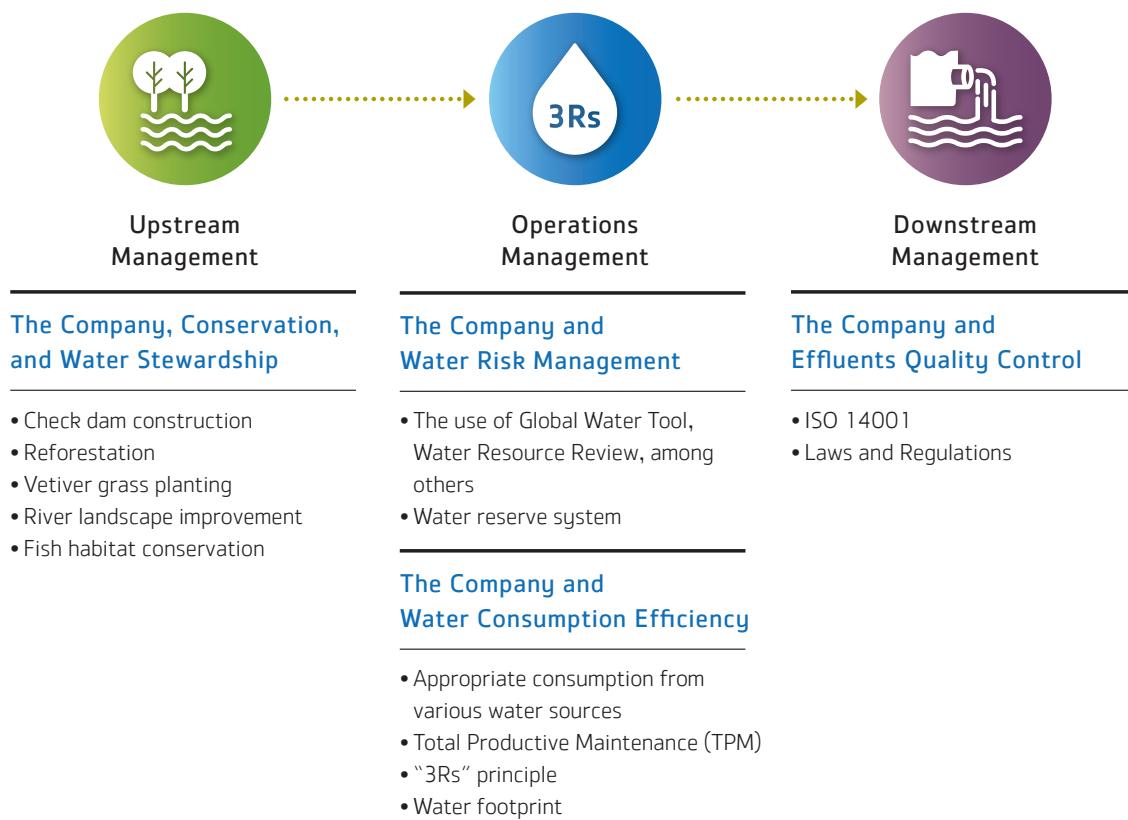


As a consequence of increasingly harsh climate change, Thailand is facing the problems of flood and drought since rainfall has become unpredictable. This directly affects the agricultural sector, the industrial sector, the people, as well as the balance of the ecosystem.

To prevent and to mitigate the problems arising from climate change, ThaiBev, as a total beverage producer and distributor that uses water as a primary resource, embraces King Bhumibol Adulyadej's Sufficiency Economy Philosophy as a guide to water resource management for sustainability across the value chain.

## Water Resources Management

With a sense of care for all stakeholders along the value chain, ThaiBev has set up processes for water risk management in terms of both quantity and quality, expanding outward from inside the organization. With strict compliance to international standards, and with a commitment to achieve maximum water consumption efficiency, the Company has created a comprehensive water management system from the upstream to the downstream of the value chain. It has been supported by relationship building with various organizations to organize water conservation activities, efficient water consumption, risk reduction in terms of water quantity and quality, as well as water sources stewardship.



## Conservation and Water Stewardship



ThaiBev takes as inspiration the genius and the resolve of King Bhumibol Adulyadej in his water management projects, emulating them in our own water resource management for the Company's stakeholders both inside and outside the organization, from communities surrounding factories to the national community. Our objective is to return clean water to its natural source and maintain a well-balanced ecosystem, the Company has executed the following initiatives:



1. "ThaiBev Helps Create a Good Community with a Smile" Project
2. "Unite to Preserve and Purify the Mae Klong" Project



#### **"ThaiBev Helps Create a Good Community with a Smile" Project:**

ThaiBev brought volunteers together to construct a natural rock dam in the forest of Na Suan community, Si Sawat District, Kanchanaburi Province. This check dam will help the community to have more water for agricultural use, especially during the dry season. In addition, the dam helps steer the ecosystem back to abundance, generates income, and results in sustainable local economy development.

#### **Pracharath Reforestation on Earth Day Project:**

ThaiBev joins hands with the Forestry Department and the Tambon Wang Thong community, Kamphaeng Phet Province, in the planting of trees to raise awareness around the need to take care of and rebuild natural reserves which have been exploited.

#### **Reforestation with Sueb Nakhasathien Foundation Project:**

At Sa Ma Kae community, Kanchanaburi Province, the project is aimed at instilling the value of natural and environmental conservation in youth in order to foster sustainability, as forest conservation means the preservation of abundance in water sources.

#### **"Conserve a Fish Habitat, Build a Beautiful Canal"**

Activity as part of the "Water Development, Life Development, Quality of Life Development" project: ThaiBev joins hands with local government agencies and locals from Wang Si Phrai community, Dong Dueay Subdistrict, Kong Krailat District, Sukhothai Province, in releasing a fish variety named Baynchaphan into water sources, and in planting vetiver grass on the banks of the canal to prevent erosion, for the recovery and development of water sources and the ecosystem in the community.

#### **"Happy Workplace"**

Initiative brings Company staff together to plant vetiver grass in the area surrounding the factory in order to recover water and soil resources, as vetiver grass has the property of greatly enriching the soil with more moisture.

#### **"Unite to Preserve and Purify the Mae Klong" Project:**

ThaiBev collaborates with communities on the banks of the Mae Klong river to organize a project of recovering and improving the landscape of the river, in order to make the landscape on the banks clean, free of obstacles to river flow, and without a chance for polluted water to accumulate. Not only a project of water stewardship, it also fosters good relations with stakeholders who live around the factory area.

## Water Risk Management

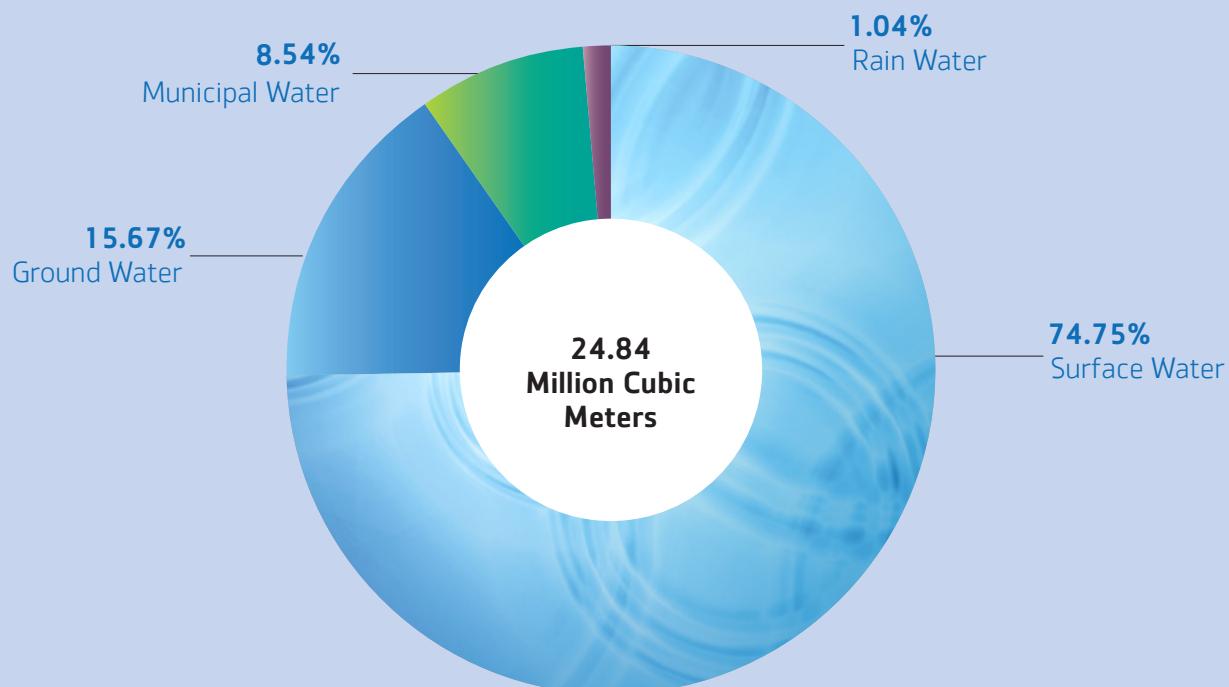
ThaiBev uses: 1) "Global Water Tool" developed by the World Business Council for Sustainable Development (WBCSD) for the purpose of locating at-risk factories in terms of water shortages or poor water quality, 2) "Water Resource Review," to keep an account of water consumption amount and water quality in each source related to the Company, and 3) a tool of the Enterprise Risk Management framework to assess water quantity and quality's risk and impact on business operations, as well as the impact of water consumption by the Company on stakeholders. The Company analyzes all the information, the results of which factor in decision making concerning water management.

In order to reduce adverse effects from water issues, the Company is planning to invest in a water reserve system so that both factories and stakeholders living around factory areas may be able to use water in a reliable and sustainable manner.

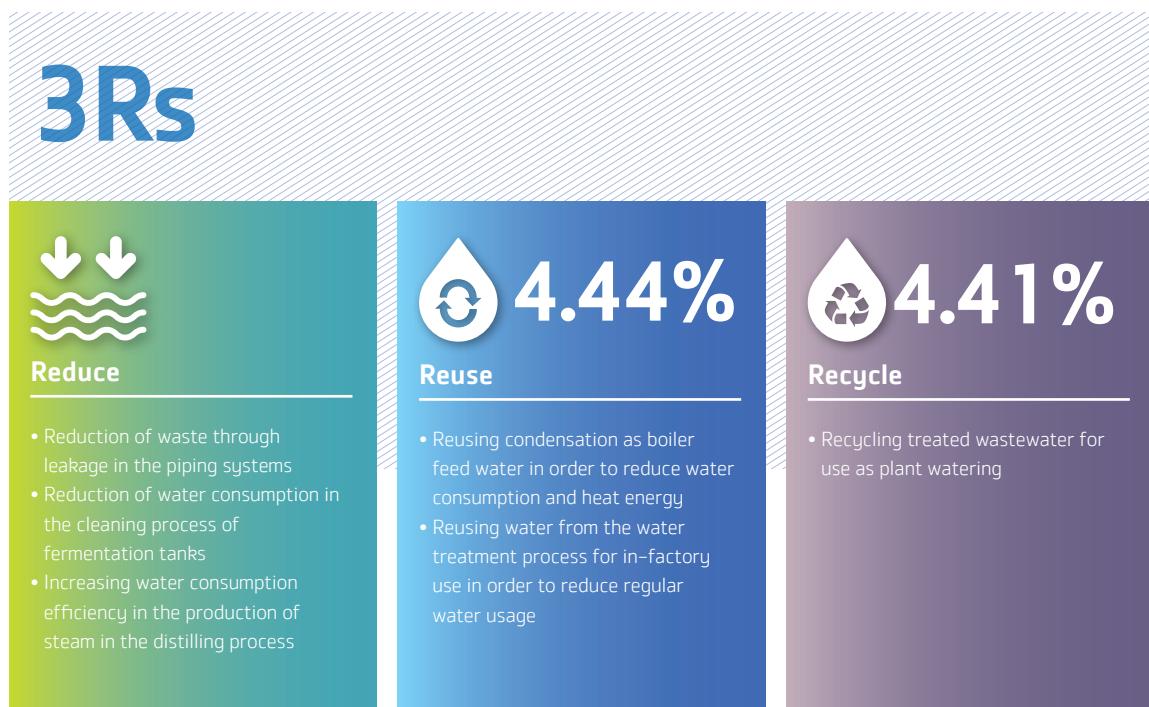
## Water Consumption Efficiency

Careful consumption of natural resources is one of the ways ThaiBev expresses its responsibility. To that end, the Company foregrounds the following approaches to achieving efficiency in water management:

- Appropriate water consumption from each water source, so as to reduce adverse effects on the community



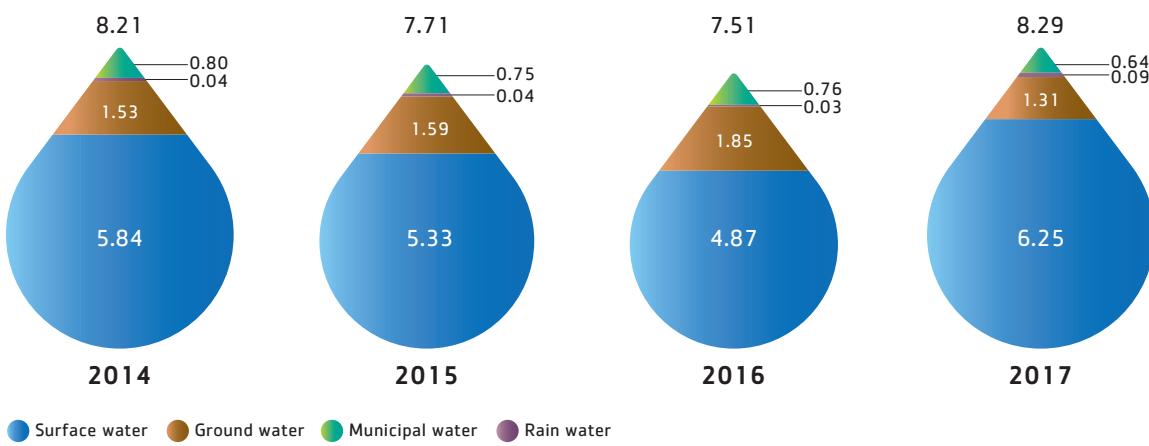
- “Total Productive Maintenance” (TPM) wherein everyone takes part in maintaining machinery and equipment to be in maximally ready condition, so as to reduce waste in water and energy consumption in the production system.
- Increase production efficiency via the “3Rs” principle, that is, reduce, reuse, and recycle consumed water. As a result of various initiatives, 8.85% of water consumed from the source was reused and recycled in 2017.



- Measure the water footprint, both from direct and indirect consumption, so that the Company may apply the result to help improve and develop water consumption efficiency.

As a result of more efficient water consumption, the Company has achieved reduction of 0.22 hectoliters of ground water and 0.16 hectoliters of municipal water consumed from the source per each hectoliter of finished goods, or a reduction of 14.48% and 19.86% consequently compared to the base year 2014.

### Water Intensity (Beverage Business)





**ThaiBev has received multiple awards for the project** “Modeling and Expanding the Network of Efficient Groundwater Resource Management in the Industrial Sector through Social Tools” from the Water Institute for Sustainability of the Federation of Thai Industries. The awards evidence the Company’s determination in moving forward with efficient water resource management, reduction in water consumption in the manufacturing process, and strong management in stakeholders’ network.

### Effluents Quality Control

ThaiBev has wastewater treatment system each of which are appropriately designed for a particular business. The Company controls wastewater quality in order to be in compliance with the Ministry of Industry’s 2017 announcement about “Control Standard of Factory Effluents 2017”, as well as in concordance with the international standard of environmental management (ISO 14001). As a consequence, in the year 2017, 43% of factories did not release treated wastewater to public water sources, while the remaining factories ensured that their wastewater was treated to the point of reaching a level of quality higher than legally required before being released wastewater into water sources. These factories also routinely submit quality measurement reports to the Department of Industrial Works through both an online system and hard-copy documents.



# Circular Economy



## Commitment

ThaiBev is determined to manage waste with efficiency and in strict compliance with laws and regulations

**43%**

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Reduction  
of waste intensity

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Compared to 2014 as a base year

# Waste Management and Uses of Waste

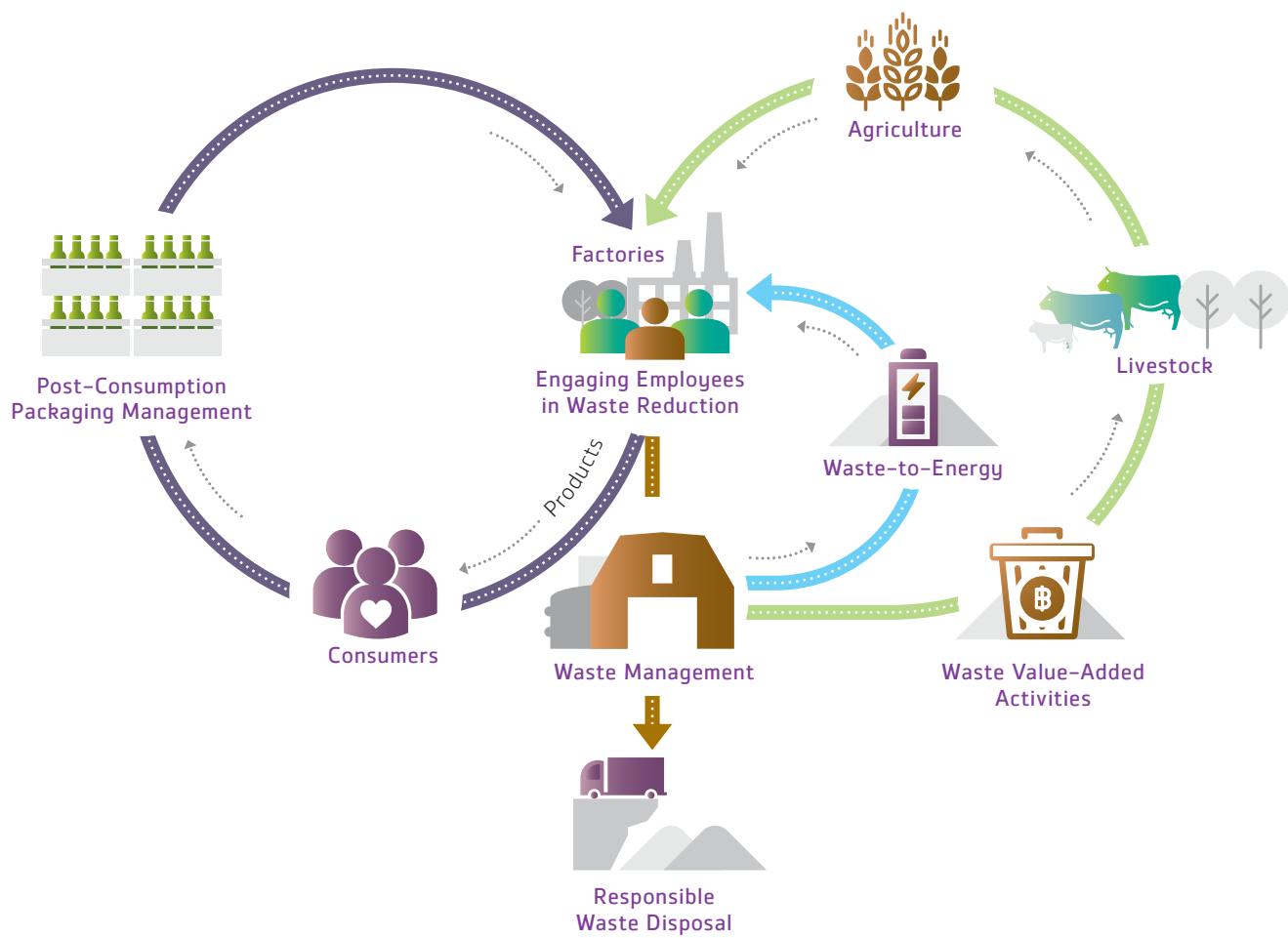


GRI 103-1, GRI 103-2,  
GRI 306-2

Waste prevention is the best way to manage waste. ThaiBev is mindful about ingredient selection and resource consumption in the manufacturing process, from product design to post-consumption packaging management.

In the production of beverage and food products, ThaiBev brings natural raw ingredients through intricate processing steps to ensure that the consumer receives high-quality merchandise. These processing steps may produce waste that affects the environment and the community. Therefore, the Company is determined to set up a waste management system with maximum efficiency, choosing waste treatment or elimination methods following international standards and in compliance with the laws and regulations.

ThaiBev implements a “circular economy” framework in its operations, as follows:



## Packaging Design and Post-Consumption Packaging Management

Waste prevention is the best way to manage waste. ThaiBev is mindful about ingredient selection and resource consumption in the manufacturing process, from product design to post-consumption packaging management. This is evidenced, for instance, in the design of drinking water bottles that contain less plastic and in its practice of reusing glass bottles and corrugated carton partitions in the beverage manufacturing process, among other areas. In order to show the determination to achieve the above objective of waste management, the Company has set progressively increasing goals for packaging.



## 2017 Achievement

The Company has successfully reduced resource consumption by 831,124 metric tons.



## Engaging Employees in Waste Reduction

ThaiBev uses the frameworks “Total Quality Management” (TQM) and “Total Productive Maintenance” (TPM) wherein everyone takes part in management and equipment maintenance, respectively, as main tools in the manufacturing process. These tools not only add business value by maximizing resource consumption efficiency, but also reduce manufacturing costs and increase customer satisfaction.

Beer Thai (1991) Public Company Limited, the first brewery in Thailand and in Southeast Asia, recently received the

award “TPM Excellence, Category A” from the TPM Awards Ceremony 2016, held by the Japan Institute of Plant Maintenance (JIPM). The Company has observed the 8 core TPM principles of maximizing efficiency and minimizing loss in the manufacturing process through problem analysis tools, good maintenance practice, education and training, among others. As a consequence, there was a reduction in waste from the manufacturing process and an increase in recourse consumption efficiency. This award serves as a good certification for the quality of ThaiBev’s waste management.



### An Example of Engaging Employees in Waste Reduction in the Food Business Group

The best way to manage waste is to prevent waste from being produced in the first place. The Oishi Company, a food business under ThaiBev Group, has encouraged staff participation in waste reduction, wherein employees jointly find ways to maximize the use of all parts of a salmon as the main ingredient in developing food items, in order to reduce food waste. As a result, staff came up with 12

salmon dishes, efficiently using all parts, no matter if the dish is sushi, sashimi, temaki, teppanyaki, or fried salmon skin, among others. Apart from waste reduction, this initiative also boosted diversity in the menu, attracting more consumers. The Company has even used salmon bones as ingredients in soup to reduce food waste.

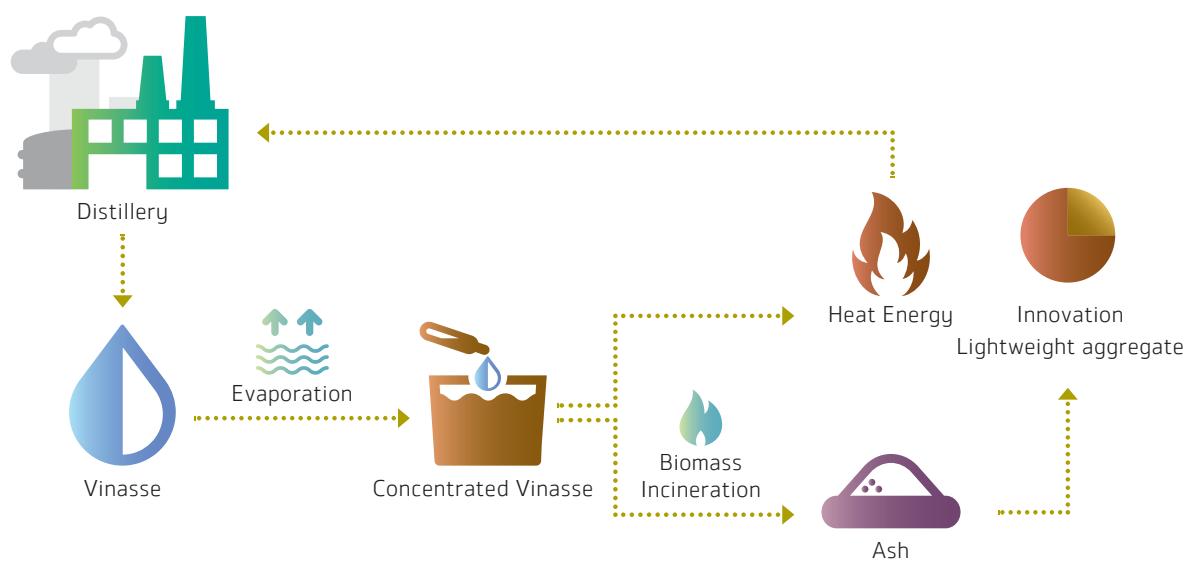


## Waste Value-Added Activities

ThaiBev recognizes the opportunity of turning waste or “by-products” into valuable products which may then be variously used as raw materials in the agricultural and industrial sectors. On top of adding social value and reducing environmental impact. Furthermore, the Company has continuously done research and development in partnership with both the government and leading universities in the country, so as to maximize the benefits. For instance, malt residue and grain residue, remainders from alcohol production, contain nutrients and nutritional value and so will be used as ingredients in livestock feed. For another example, vinasse that comes out of the distilling process may be used as a soil-conditioner in the growing of sugarcane, rice, cassava, and oil palm, among others. These examples illustrate how waste can become starting ingredients in a circular economy; this also lends support to chemical reduction, which in turn foster sustainability in the agricultural sector.

ThaiBev has continuously done research and development in partnership with both the government and leading universities in the country. The most recent of research projects is “Lightweight aggregate,” an open innovation in collaboration with the National Science and Technology Development Agency (NSTDA).

Lightweight aggregate, grain-like synthetic material made from the process of incinerating industrial waste, with the intention of obtaining strength equal to that of ceramics with numerous pores inside (>70% air pores). It is a raw material that can be put in a concrete mix for use in construction in the form of pre-made paving blocks, lightweight blocks, and precast concrete. Lightweight aggregate has high strength and low density, resulting in its light weight, its status as insulator against heat and coldness, and its good sound absorption. It is expected that Lightweight aggregate will be manufactured and sold starting in April 2018.



## Waste-to-Energy

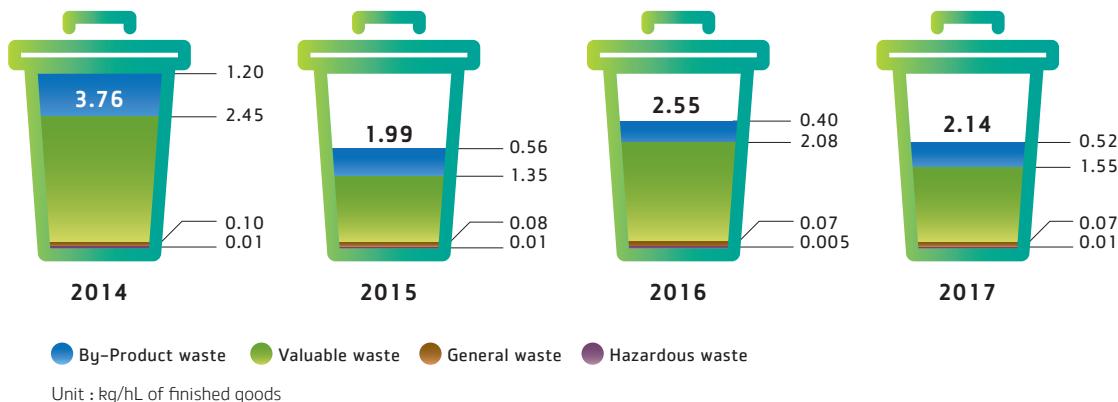
ThaiBev has continuously done research and development to add value to manufacturing waste and use it to generate energy. For instance, vinasse, a waste by-product from the spirit distilling process, and wastewater from the beer brewing process, are used to produce biogas. Furthermore, vinasse has been used to produce biomass fuel in the form of concentrated vinasse, which may replace fossil fuel in steam generation used in manufacturing. The Company has turned waste into alternative energy sources for producing 24.84 million liters in total, or 278 million baht in the year 2017. The aforementioned procedure supports the use of renewable energy, reduces emission, and reduces production costs. Moreover, a new company power plant is under construction, generating electricity from biomass fuel developed from vinasse. This is an efficient way of turning waste into energy.

## Responsible Waste Disposal

Even with preventive measures minimizing waste generation and waste-to-landfill, it is impossible to avoid waste generation from manufacturing for the sake of quality and safety for the consumer. Therefore, correct and legal methods of waste treatment or elimination are observed in the Company's rules, so that its business operations are accountable to the community, society, and environment.

As a result of efficient waste management in the manufacturing process, the Company in 2017 has generated total waste of 63,681 metric tons. The waste intensity (kilogram per hectoliter of finished goods), meanwhile, has decreased by 43 percent compared to the year 2014 as a base year. The details are as follows.

### Waste Intensity (Beverage Business)





# Our Destination

## Sharing the Value with the World

ThaiBev supports a wide range of projects promoting arts and culture, health, education and sports.

These are inspired by the principles of His Majesty King Bhumibol Adulyadej's Sufficiency Economy Philosophy (SEP) and our goal of preserving cultural and community values.



GRI 102-12, GRI 201-1, GRI 413-1

# Social Sustainability

## Caring and Sharing

GRI 102-12, GRI 201-1,  
GRI 413-1



At every step of doing business, ThaiBev Group has always thought of its responsibility to society. Recognizing the important duty of taking part in contributing to society and to a local communities, the Company embraces the principles of Sufficiency Economy Philosophy, applying it to help raise people's quality of life by creating jobs for communities, promoting public health, supporting education, sports, youth, arts and culture, as well as preserving religion and local traditions.

In addition, ThaiBev seeks to contribute to the achievement of the 17 Sustainable Development Goals of the United Nations, no matter if it is the elimination of poverty, the elimination of hunger, ensuring good health and well-being, or equal access to education. To do so, the Company cooperates with partners from the private sector, the government, and civil society, to propel community and social development under the principle of "Creating and Sharing the Value of Growth for a Sustainable Future," by initiatives and activities for contributing to society, both directly and indirectly, in every region of the country.



Mr. Charoen - Khunying Wanna Sirivadhanabhakdi and honorable guests participated at the ThaiBev Expo at Queen Sirikit National Convention Center

### ThaiBev creates and shares the value throughout the value chain

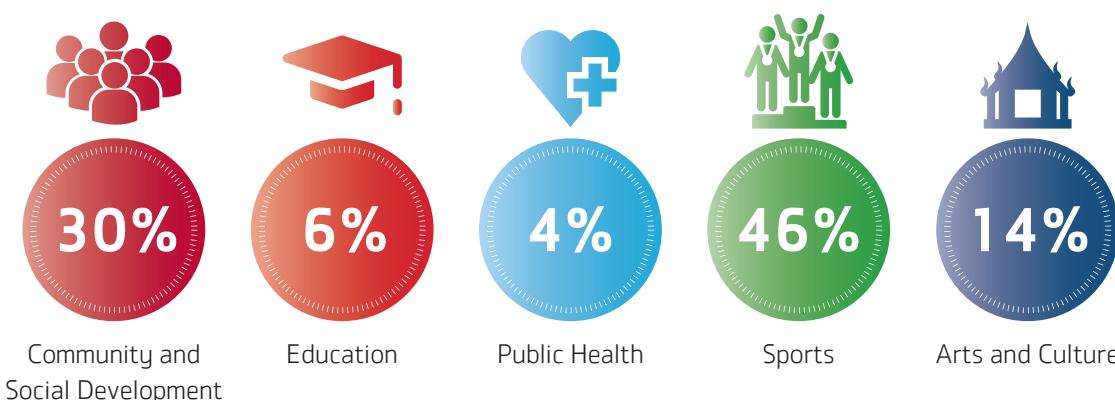
In sourcing, ThaiBev takes care to select suppliers who are committed to lawful employment, who follow the principles of ethics and human rights, focused on legally employing workers and boosting employment.

Production distribution. Cares about the potential impact from distribution vehicles, by emphasizing delivery management efficiency to reduce fuel usage, reduce the emission of pollution to society, and safe driving practices.

A manufacturing process that meets international standards, does not release pollutants into surrounding communities, utilizes natural resources including water to maximum benefit, and engages in water stewardship through activities for society.

Post-consumption packaging waste management. The Company is committed to reducing the post-consumption impact of packaging, to reduce its impact on the environment and society. For example: reusing bottles to reduce environmental pollution, and conserving natural resources.

In 2017 ThaiBev launched a variety of social sustainability projects, which cover 5 main aspects. In 2017 ThaiBev budgeted 500 million baht for social projects, divided among the following categories:



# Community and Social Development Projects

## Community Development Projects: Creating and Sharing Smiles to the Community with Sustainability

ThaiBev prioritizes building sustainable relationships with communities. This year, the Company continued its mission of fostering community sustainability alongside business sustainability, with an emphasis not only on bringing a variety of beneficial activities to local communities but also on local participation in brainstorming and executing development projects. Part of the work also involves a creation of understanding so as to defuse conflicts between factories and communities, as well as to leave a long-lasting good

impression on communities. These objectives are achieved under the goal that "ThaiBev Helps Create Good Communities with Smiles." (This smile comes from increased happiness, stable and reliable income, and lack of destruction of oneself, others, and the environment). Under this goal, there are four categories of projects; namely, children and youth development, sustainable resource and environmental management, local job creation and economic development, and the handling of climate change.

**The following table summarizes the Company's various community development projects:**

Initiative	Years of Operation	Areas Covered
<b>Children and Youth Development</b>		
Good Communities with Smiles	2012–present	25 provinces
Model Soccer fields for school repair and renovation on the national frontiers	2014–present	4 areas in Chachoengsao, Ratchaburi, Ubon Ratchathani, and Surat Thani Provinces
Model Youth of Bang Khu Wat Community	2014–2017	1 area in Pathum Thani Province
School-Centered Improvement of Quality of Life (School Bird)	2013–present	1 area in Prachin Buri Province

## Sustainable Management of Natural Resources and the Environment

Water Development, Life Development, Quality of Life Development	2016–2017	2 areas in Sukhothai and Surat Thani Provinces
Joining Forces for the Recovery of Nature in the Environment (Sirindhorn Reforestation Project)	2015–2021	1 area in Phetchaburi Province
Collaboration with the Chang Pa Ban Po [Wild Elephants of Our Father's Homeland] Foundation	2012–present	1 area in Prachuap Khiri Khan Province ยอดสําสุบ 18 ปี

## Local Job Creation and Economic Development

ThaiBev Helps Create a Model "Sammachip Subdistrict" [Ethical Career Community]	2013–present	5 areas in Nan, Chaiyaphum, Surat Thani, Sukhothai, and Kanchanaburi Provinces
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## The Handling of Climate Change

ThaiBev Unites to Fight the Cold, the 18th year	2000–present	45 provinces
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## Community Development Projects

The results of various projects' efforts to sustainably create and share with local communities



1. The ThaiBev Initiative to Create Better Occupations
2. ThaiBev's United to Fight the Cold Initiative
3. Model Youth of Bang Khu Wat Community
4. Repairing and Building a Model Football Field for Border Patrol Police Schools in 4 Areas Initiative
5. Good Communities with Smiles
6. The Wild Elephants Foundation Initiative
7. School-Centered Improvement of Quality of Life (School Bird)
8. Joining Forces for the Recovery of Nature in the Environment (Sirindhorn Reforestation Project)
9. Water Development, Life Development, Quality of Life Development
10. The Founding of Pracharath Rak Samakki (Province)

Increase local income  
**6 fold\***

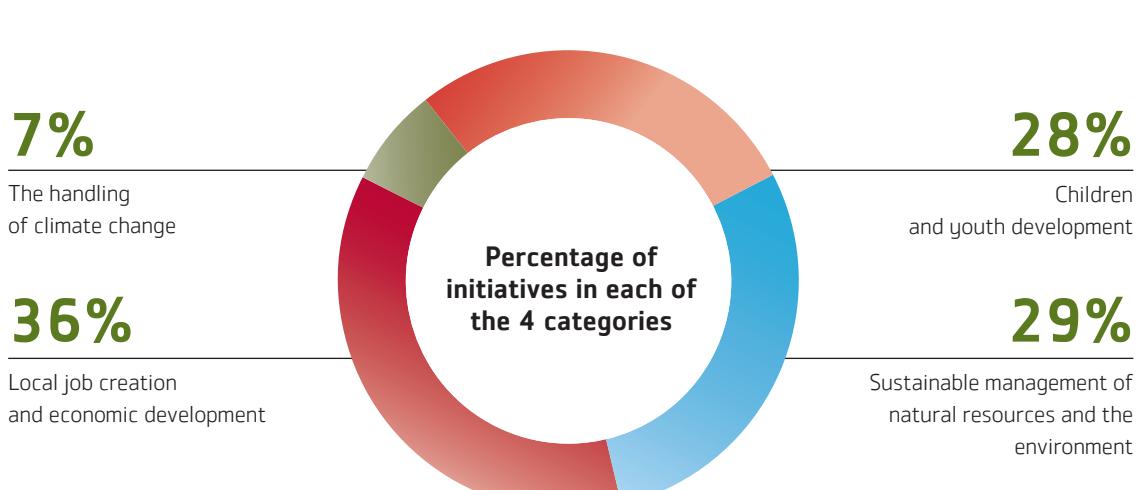
Increase green areas by  
**38,400**  
square meters

Increase  
**20,000** cubic meters  
of water through building water management systems

Share smiles with  
**49,562** communities,  
in 4,615 subdistricts, 573 districts, 62 provinces

Benefit  
**3,600,000** people in total

employees      spent  
**4,000**      **78,000** hours  
participating



## Key Highlights: 2017

### Model Youth of Bang Khu Wat Community Project:

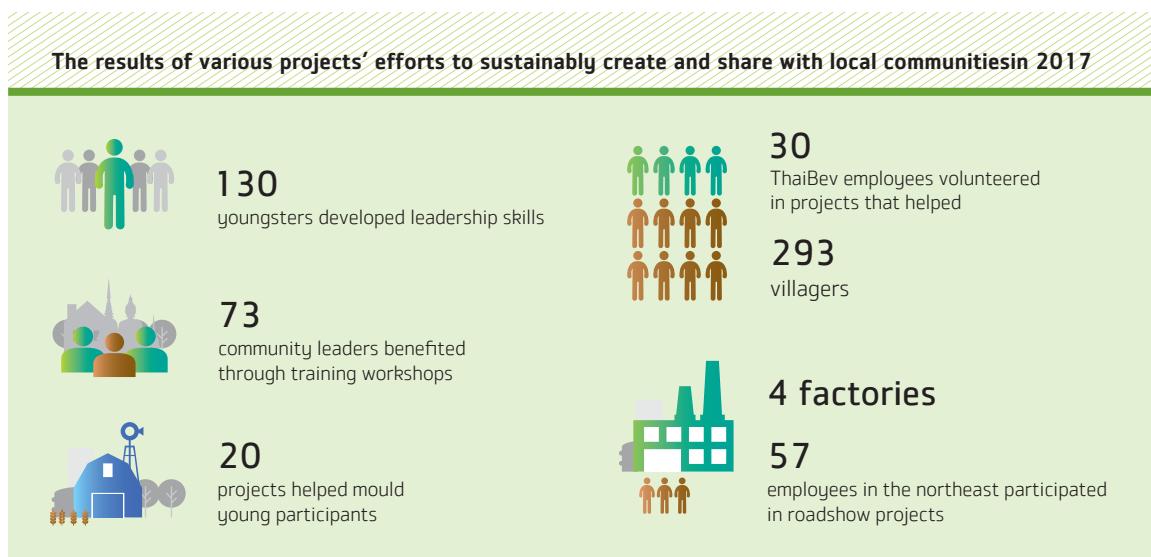
the Thai Beverage Public Company Limited in collaboration with the Kenan Institute Asia have organized the project for 3 consecutive years in the area surrounding the factories of Bang Yi Khan Liquors Company Limited, with the purpose of fostering model youth who take leadership roles in the development of their own community. There are 3 groups of participants, as follows:

**Youth:** youth participants attend a Youth Camp, wherein they learn about management skills pertaining to community development projects and then come up with community development projects of their own. The participants also establish a Youth Club, which is integrated with school curriculum into a weekly gathering where participants learn from one another and eventually carry out the projects in the community. Successful participants are then called "model youth," as they have developed their leadership through project-based learning.

**Community leaders:** participants develop their leadership skills through training workshops and visits to various communities to learn about various forms of community development. Furthermore, they take part in a community forum planning for community development in Bang Khu Wat.

**Employees:** participating ThaiBev employees go through a training workshop about community work as well as take part in every activity organized by youth and community leaders.

In its three years of operation, the student-centered Bang Khu Wat community development project, which has elicited participation from all local sectors, has led to the creation of a local green area called "Lotus Pond Learning Center," a place of relaxation where locals can learn about how to grow lotuses. Furthermore, there is an additional "Foster a Lotus" activity where each of 50 community members from all the 12 subsections of Bang Khu Wat take a lotus home to grow and take care of, to participate in subsequent lotus show and contest.



1. "Lotus Pond Learning Center" in collaboration with the community
2. Lotus grown in the growing pond



3. Expansion of the project in the form of a roadshow to other factories in the network.  
4. Participating community leaders from 12 villages around the factory



**Mr. Boonlue Yooyuen**

Subsection 2  
Participating Community Leader

"This project that ThaiBev has created for the kids and me to participate in is very good. And it's a good opportunity for the kids. I'd like there to be more projects. I'll be happy to join in every activity. You can always contact me. This is for the youth and for our community."

### **"A Good Community with a Smile"**

is a project providing knowledge, skills, and opportunities to students to pursue sports, music, and art. This project increases the happiness and smiles of children and youth nationwide, as well as building positive relationships with target communities both at the administrative level and the immediate area surrounding company factories. There are three facets of this project:

**1. Music:** with the help of professional trainers from Sukree Charoensuk Foundation, youth are taught the basics of singing and performance in a symphony, so that they can practice correctly.

**2. Art:** art crafted from leftover packaging so as to stimulate and instill environmental consciousness. The artworks can also become a source of income and open up career opportunities in the future. Trainers are invited from the Thailand Institute of Packaging and Recycling Management for Sustainable Environment (TIPMSE).

**3. Sports:** with the cooperation of the ThaiBev Football Academy (TBFA), soccer coaches and professional soccer players are invited to teach the basics of playing soccer professionally, as well as conducting lessons in sports science for participating youth.

### **2017 Project Results**



Operations in  
**10 provinces**  
schools  
**39 participating**

attendees each time

**450**

attendees in total

**4,950**



Expanding into other business units in the network, namely communities surrounding

**3 sugar factories**  
under the Cristalla Company Limited



ThaiBev  
Employee Volunteers

**244**

1. Crafts made by a student
2. Students learning how to sing with proper technique
3. Students enjoying the activities



**Mr. Suwat Wongman**  
Director, Ban Sai Mun School,  
Khon Kaen Province

"Every student benefited from the four activities ThaiBev organized. It was very useful for our children to build upon and pursue what they like."

### "Water Development, Life Development, Quality of Life Development" Project

Recognizing the value and importance of natural sources and the environment, ThaiBev determined to do community development projects in the area of sustainable management of natural resources. Inspired by the exemplary resolution and genius of King Bhumibol Adulyadej, who tirelessly worked

for the benefit of society at large, the "Water Development, Life Development, Quality of Life Development" project in cooperation with the Utokapat Foundation under Royal Patronage of H.M. The King helps conserve water and forest resources, and helps make local economic development more sustainable, through a three-step process.



#### Understand

community members learn about local water sources and waterways, in order to understand their own water system and create a water supply map.



#### Reach out

community members come up with a local water management initiative > make a grant proposal > do a public hearing to gauge community understanding and for the Foundation to give recommendations to ensure maximum performance of the community's initiative.



#### Develop

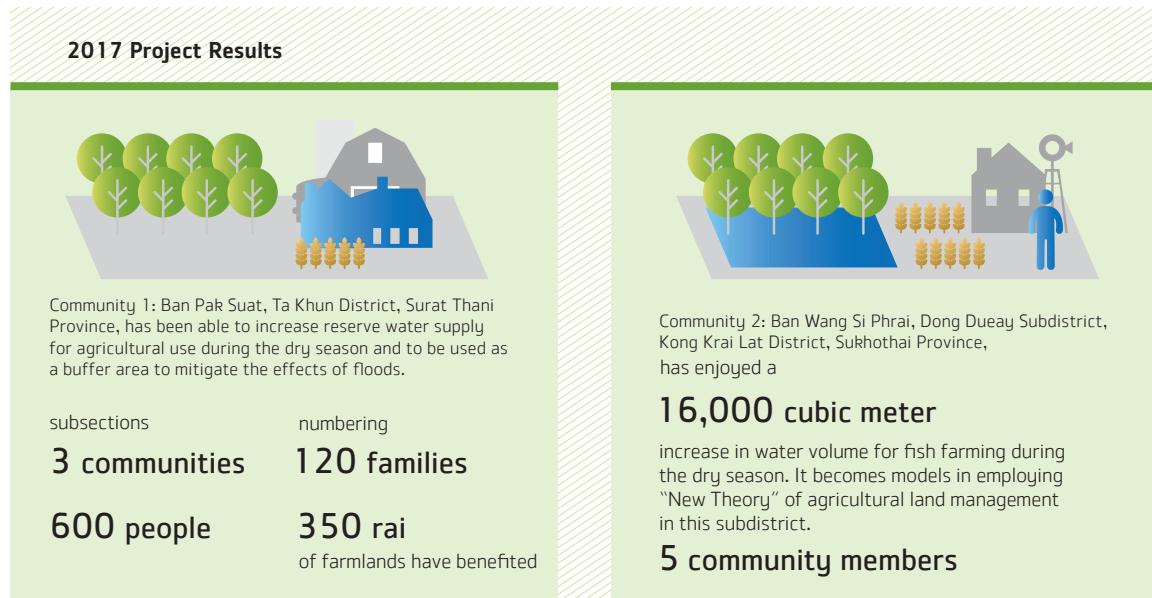
community members execute the development initiative, with participation from locals and newly trained youth groups so as to ensure long-term results and continuation.

The project organizes field trips for the target community to learn from a successful community. There are two target communities, as follows:

**Community 1:** Ban Pak Suat, Pha Saeng Subdistrict, Ta Khun District, Surat Thani Province. Recovery of upstream forests by an earth-and-stone dam, whose dimensions are 11 meters wide at the mouth, 3.5 meters wide on the side, 8.4 meters

wide at the bottom, 1.3 meters high, and a displacement of 1,500 cubic meters of earth for the dam.

**Community 2:** Ban Wang Si Phrai, Dong Dueay Subdistrict, Kong Krai Lat District, Sukhothai Province. Recovery of a fish conservation area by digging out a 680 meter long canal. The earth dug out is no less than 16,000 cubic meters. A less wasteful system for water distribution, following King Bhumibol's "New Theory" was also installed.



1. Earth-and-stone dam, Ban Pak Suat  
2. Recovery of a fish conservation area, Ban Wang Si Phrai



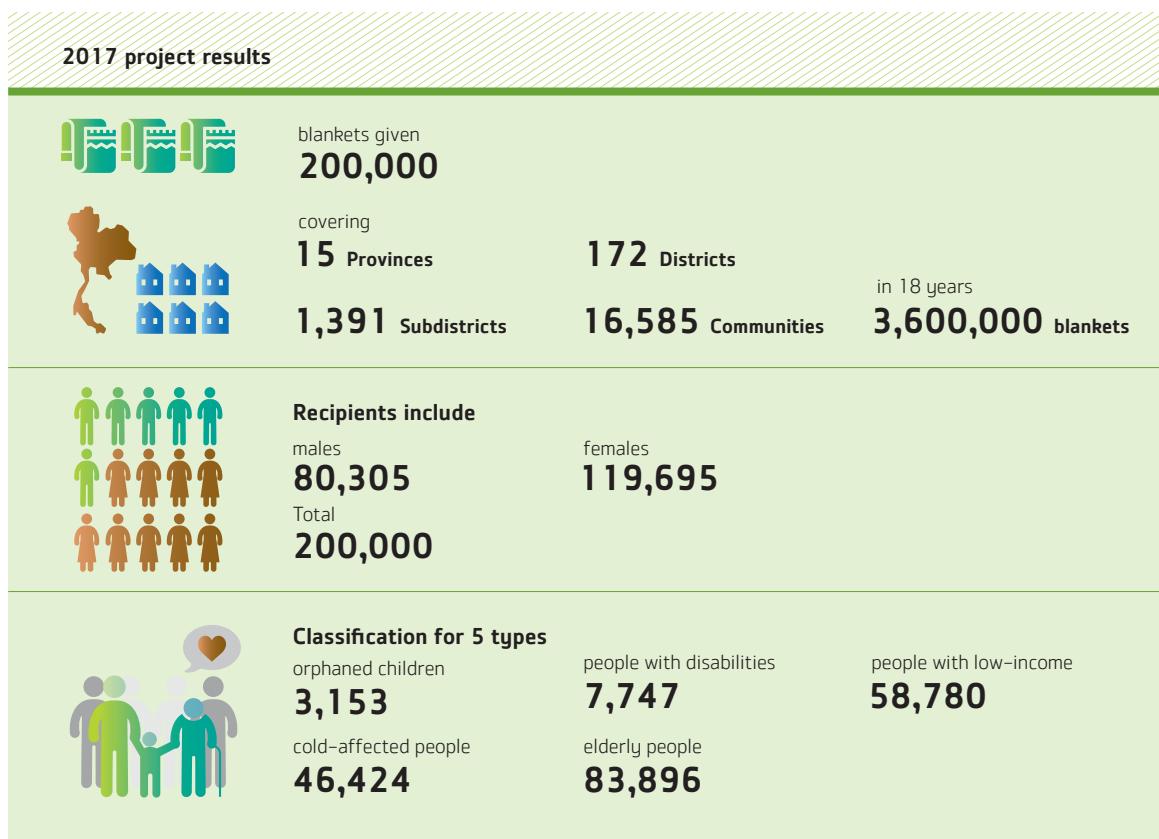
**Mr. Prachak Deeching**  
President, Water Management Committee Ban Wang Si Phrai, Dong Dueay Subdistrict, Sukhothai Province

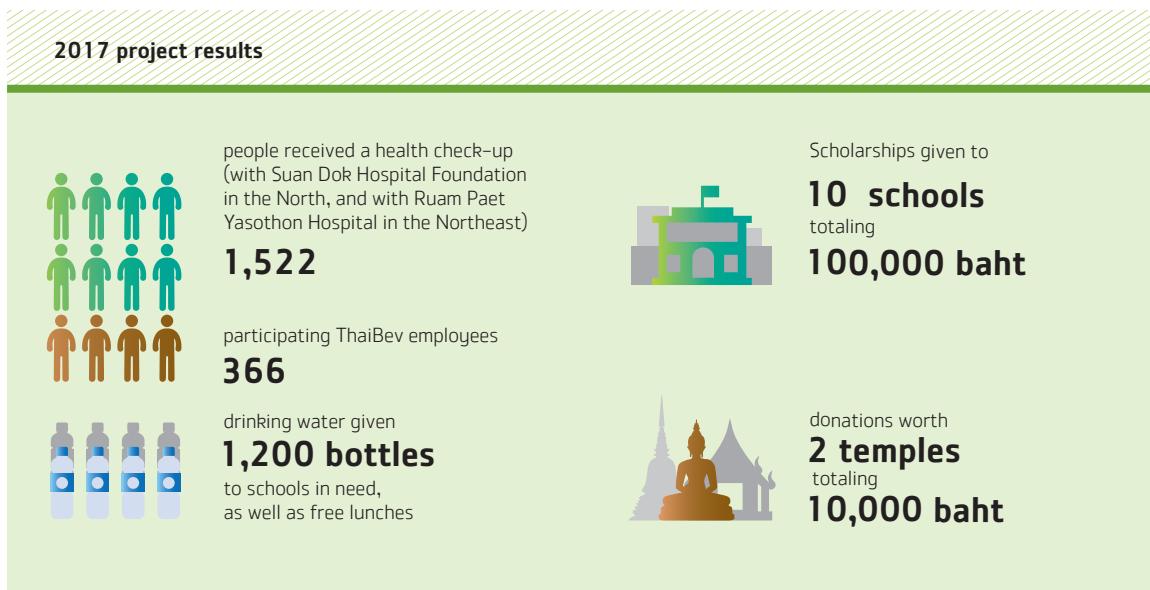
"Today's activities are beneficial to the community. First off, we have more reserve water, and we also preserve local fish varieties. We got to plant grass to fight erosion, and trees on top of that as well. When we have the opportunity, we'll extend the canal by one more kilometer."

### "ThaiBev Unites to Fight the Cold"

is a model project giving blankets to those affected by harsh winters in the North and the Northeast, through caravans that give out 200,000 blankets annually. Through collaboration with the Department of Disaster Prevention and Mitigation under the Ministry of Interior and Province Chiefs, affected areas are identified, points of distribution selected, and allied organizations called to help run the activities to cover all areas. Furthermore, this year ThaiBev emphasizes access to healthcare treatment through "mobile clinics" for public health check-ups, in cooperation with Suan Dok Hospital Foundation and the Ruam Paet Yasothon Hospital.

With ThaiBev's resolution to give warmth to others in society, the "ThaiBev Unites to Fight the Cold" project, now in its 18<sup>th</sup> year, continues to build a sustainable, generous society. Having distributed 3.6 million blankets to date, the project has helped to create smiles of joy and good health for many Thai people, having covered 45 provinces, 579 districts, 4,622 subdistricts, 49,617 communities. In this past year, there was also an initiative "One Shares, Another Gets Warm," wherein employees and the Company's partners may purchase additional blankets, on top of the usual two hundred thousand, to distribute to areas outside the 15 target provinces. As a result, 1,000 blankets have been given to cold-affected schoolchildren in Kanchanaburi Province.





1. Mobile clinic in operation for villagers who have come to receive blankets.
2. Blanket recipient poses for the camera
3. Blankets also given out to schoolchildren in cold-affected areas



1



2



3



**Ms. Wansi Phalawet**  
Ban Chom Pluak Sung, Moo 8,  
Song Khon Subdistrict, Pho Sai  
District, Ubon Ratchathani Province

"I've heard that ThaiBev gives out blankets, but I've never got them myself. This is my first time. I feel delighted, and I'd like to thank the ThaiBev company for giving out blankets to people affected by the cold. Here, it's very cold. Thank you so much."

# ThaiBev and the Pracharath Policy



The government has a policy of “Public–Private Collaboration,” a systematic integration between the government and various sectors, geared toward the reduction of inequality, the development of human capital, and the increase in competitiveness. In this vein, the government has established a total of 12 working groups comprising

- |   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1. Working Group for Innovation and Productivity Enhancement</li> <li>2. Working Group for SMEs and Start-up Promotion</li> <li>3. Working Group for Tourism and MICE Promotion</li> <li>4. Working Group for Export and Outbound Investment Promotion</li> <li>5. Working Group for S-Curve Industrial Clusters Development</li> <li>6. Working Group for Modern Agriculture</li> </ol> | <ol style="list-style-type: none"> <li>7. Working Group for FDI and Infrastructure Development</li> <li>8. Working Group for Workforce Quality Enhancement</li> <li>9. Working Group for Local Economic Development and Pracharath Policy</li> <li>10. Working Group for Law and Regulation Reform</li> <li>11. Working Group for Basic Education and Leadership Development</li> <li>12. Working Group for the Pracharath Policy for Society</li> </ol> |
|---|--|

The Working Group for Local Economic Development and Pracharath Policy (E3) is headed in the public sector team by General Anupong Paochinda, the Minister of Interior, and in the private sector team by Mr. Thapana Sirivadhanabhakdi, President and CEO of ThaiBev. The Working Group’s primary goal is to generate income for the community, so that the people are happy. This happens through the “Pracharath” mechanism where 5 sectors synergize: the public sector, the private sector, the civil society sector, the academic sector, and the people. Jointly the sectors enhance the potential of local businesses from the beginning to the middle and end of their operations, with the goal of sustainable income in 3 categories, which are agriculture, processing, and community-based tourism.

The working group embraces the principles put forth by King Bhumibol Adulyadej of “Understand, Reach Out, Develop.” This means that prior to the execution of a development project, there needs to be an understanding of locals and outreach to gauge their wants and needs, which will form the guidelines for resolving the problems at hand. This way, development will correspond to the needs of the people, resulting in their happiness and sufficient income to support their families, while at the same time enabling them to help others and society in a sustainable manner.

In its approach, the working group adheres to the principles of Sufficiency Economy Philosophy. These principles, when combined with the “Pracharath” mechanism, characterized by cooperation between all sectors (that is, the public sector, the private sector, the civil society sector, the academic sector, and the people), can concretely bring society closer to the Sustainable Development Goals of the United Nations (SDGs). In addition, they can help push the development of Thailand toward a value-based economy under the Thailand 4.0 model. As the working group’s leader from the private sector, ThaiBev has a high level of commitment to push the “Public–Private Collaboration” work forward to generate income and increase the happiness of local people in a stable and sustainable manner.

To propel the work forward with efficiency, concrete results and long-term viability, the Working Group for Local Economic Development and Pracharath Policy pushed for the establishment of “Social Enterprise” under the name “Pracharath Rak Samakkee (The State and the People Love Harmony)” in every province and established PRS Social Enterprise (Thailand) Company Limited to be the central unit for coordination between various sectors throughout the country. The PRS Social Enterprise network has been fully established across the country since November 2016.

In addition, Thailand's Ministry of Interior also organizes provincial committees for coordinating and driving public-private collaboration in order to support the work of every collaborative project at the provincial level. These provincial committees work with all local sectors, with the Province Governor at the core and with representatives from various provincial government units, such as development offices, agriculture offices, commerce offices, and tourism offices, among others, in collaboration with the private sector, the civil society sector, the academic sector, and the people in the province. Together, they propel the work and make use of the province's PRS Company to help strengthen and support community businesses in the target communities.

As for the work at the local level to develop 3 groups of community businesses, namely agriculture, processing, and community-based tourism, the Working Group for Local Economic Development and Pracharath Policy has assigned PRS Social Enterprise (Thailand) Company Limited the work of implementing the "Collaboration for Our Hometowns" project in order to foster a new generation of community business developers in their twenties, so that they build their leadership skills, problem-solving skills, and a desire to develop their hometown. For 2 months, community business developers in training learn about community business management skills and area-specific community development, before being sent to do real work in their hometowns. Currently, there are two cohorts of community business developers, each with 76 trainees who have put their training to use in developing their home communities, in collaboration with various sectors in the province. Furthermore, these trainees help create understanding about the "public-private collaboration" approach among youth and people of the new generation.

Throughout the past year, all 76 provincial PRS Social Enterprise companies have already done more than 500 projects to develop community businesses throughout the country. These projects can be divided along 3 categories: agriculture (35%), processing (49%), and tourism

(15%). The projects have generated income for 30,000 households in the network, totaling 58 million baht.

## National Level Projects

**1. Thai Handicraft Pakaoma Project** focuses on creating added value on 4 fronts, namely: the raising of awareness of and interest in hand-woven pakaoma in both domestic and foreign consumer groups; the proliferation of innovations in production and processing of hand-woven pakaoma in order to increase variety in usage; knowledge exchanges between communities and experts in various fields, on topics such as the use of natural dyes and packaging development; and lastly, the protection of the intellectual property rights of communities by copyrighted designs, trademarks, and patents. This project also holds various activities to achieve project goals, such as:

- Organizing a pakaoma contest with more than 500 participating communities nationwide
- A workshop for pakaoma weaving communities to introduce new techniques in production for adding value to pakaoma products
- Sponsoring the project to present 30 hand-woven Thai pakaoma outfits on an international fashion runway at Amazon Fashion Week TOKYO 2017, and organizing a contest for university students to design evening gowns made from pakaoma
- Coordinating the procedures of copyrighting, trademarking, and patenting textile designs and petty patenting folding looms for 22 weaving communities
- Development of pakaoma products and making sales connections with large organizations such as ThaiBev, the Stock Exchange of Thailand, Tesco Lotus, etc.

Throughout the past year, this project was able to create income for more than 519 pakaoma-weaving communities in 49 provinces nationwide. The total value of the hand-woven pakaoma products sold amounts to 7,000,000 baht.





**2. Household Rice Mills Project** is part of our approach to adding value to rice products to generate income for farmers through innovations that have the power to change the ways Thai people eat rice, create direct links between farmers and consumers, inform consumers about over 90 rice breeds in Thailand, and each breed's nutritional value and unique flavor. This is made possible by research into unique rice breeds, as well as public relations events throughout 2017, such as the event "Fresh Rice Creates Happiness" featuring rice consumption promotion activities and the debut of household rice milling machines, held between August 17–20 at 3 centrally-located shopping malls in Bangkok. At this event, in addition to activities promoting organic rice, including indigenous rice breeds and various processed rice products, and apart from the introduction of household rice mills, direct income was also generated for 30 communities nationwide, totaling 600,000 baht. Currently, plans have been put in place with partners to create a supply chain for the consumption of unhusked rice, and develop unhusked rice packaging to be used in combination with household rice mills, along with finding distribution channels for consumers nationwide.

**3. Hospital Food Safety Project** by PRS Social Enterprise (Thailand) Company Limited, established in cooperation with the Ministry of Public Health, the Ministry of the Interior, the Ministry of Commerce, the Ministry of Agriculture and Cooperatives, and the Community Organizations Development Institute (Public Organization), promoting safety in food production and consumption. The project uses public hospitals under the Ministry of Public Health as primary drivers, by their direct purchase of vegetables, fruits, and food products from producers and random testing of toxicity levels in food. The project has started in 116 province-level hospitals in 2017 and is going to extend to cover all 780 district-level hospitals by 2018. This program is aimed at modifying farmers' production methods, reducing the use of chemicals to a safe level for producers and consumers, as well as promoting organic farming processes. The PRS Social Enterprise Company Limited of each

province is tasked with the duty of linking participating hospitals to already-certified farming communities, and of persuading other farmers to improve their production standards to meet the project requirements.

**4. PRS Lab Project – PRS Social Enterprise (Thailand)** Company Limited signed a contract in cooperation with Central Laboratory (Thailand) Co., Ltd. to support residue inspection and the development of standards for agricultural goods, processed goods, food items and cosmetics produced by the local community, through a training program for producers and through free "PRS Lab" coupons to persuade producers to submit their products for quality inspection. At present, there are 18 province-level PRS companies participating in the project, which have already delivered more than 60 community products for inspection, estimated to be worth over 300,000 baht. By the end of 2017, it is estimated that more than 1,000 products will have been submitted for quality inspection. The value of community product inspection and development is estimated to be 5,000,000 baht.

### Examples from the Agriculture Category

#### 1. Lobster Restoration Project, Phuket Province

The Phuket Lobster Festival 2017 held in August 2017 generated more than 24,000,000 baht in income for the community during the low season for tourism. The number of Phuket hotels and restaurants participating in the project rose from 35 in 2016 to 200 in 2017. Hotels and restaurants in Phang Nga Province and Ranong Province are participating as partners as well. After the successful stimulation of popularity among consumers, the PRS Social Enterprise (Phuket) Company Limited is at present working with the Ministry of Agriculture and Cooperatives in developing breeds and processes for raising lobsters more effectively, as well as working with the lobster farming communities to develop community-based tourism in the lobster farming areas.



- 2. Organic Agriculture, Nakhon Pathom Province** The year 2017 is the national occasion for consuming fresh vegetables and safe fruits, due to the enforcement of Good Agriculture Practices (GAP) and the expansion of organic agriculture by the promotion of increased production and the use of appropriate technology. Dovetailing with the Hospital Food Safety project, local farmers sent their products to hospitals, safe agriculture markets, and expanded into the high-end market and health-focused restaurants. Vegetables and fruits weighing 9,677 kilograms in total were sent to hospitals, an estimated value of 424,464 baht. (Data from April to August 2017.)

#### Examples from the Processing Category

- 1. Batik Products** – developing batik products in line with the needs of the batik market of Phuket Province and 10 southern provinces by adding batik onto other things like bags, and designing patterns that meet market demand. As well, the project connects and shares knowledge between the batik groups of 10 southern provinces through the organizing of Batik Design Week 2016 by which the batik groups of 10 southern provinces generated more than 1,900,000 baht in income. In 2017, connections were made between batik groups from 31 communities and the Hotels Association and the Tourist Business Association, in order to create sales channels for community products, resulting in a 24 million baht increase in revenue for communities.

- 2. Pan Tong Fried Peanuts, Roi Et Province** – PRS Social Enterprise (Roi Et) Company Limited helped push Pan Tong Fried Peanuts to develop proper packaging for OTOP sales on aircraft. In addition, the Company helped expand peanut cultivation, expand group membership and increase production capacity to meet demand, while at the same time enhancing product quality to meet international standards.

#### Examples from the Community-Based Tourism Category

- 1. Rare Snacks Community along Khlong Nong Bua, Chanthaburi Province** – PRS Social Enterprise (Chanthaburi) Company Limited, in cooperation with the Office of Community Development of Chanthaburi Province, sponsors and pushes for an exhibition project and community market “Thais Helping Thais Is How Thais Can Smile.” This project is aimed at raising the standards of the community market to be a model worthy of trust from the people, as well as creating opportunities for producers and small farmers with more sales channels. The Rare Snacks Community along Khlong Nong Bua is a historic community that has retained its identity for more than 100 years. Consisting of historic houses on both sides of the street, the community sells traditional foods and delicious traditional

desserts that are hard to find nowadays. For example: kanom tit kho (purple sticky rice dumplings) and kanom hua lan (mung bean dumplings), which have already become a selling point for tourists. Throughout the project’s first year, no less than 240,000 baht per month in income has been generated for the community.

#### 2. Dhamma Mileage Travel in Sap Si Thong, Chaiyaphum Province

**Sap Si Thong District** is one of four districts located around Lanna Mountain, a place with natural beauty, ways of life worth studying, and a community with ancient cultural traditions. It also has places for meditation, which are the heart and soul of the community. Therefore, the Working Group has sponsored and pushed for Sap Si Thong to become a Chaiyaphum tourist attraction through promotional activities and connections with various parties. The generated income from promoting community-based tourism in Sap Si Thong District, together with the sale of agricultural products in the area, equals an increase in revenue of 50,000 baht each month.

#### 3. King Cobra Village Tourism, Baan Khok Sa-nga, Khon Kaen Province

The PRS Social Enterprise (Khon Kaen) Company Limited and Office of Community Development Khon Kaen province organized a community forum on sustainable development for the management group of the King Cobra Village community. At present, the forum has enabled the King Cobra Village to establish a show and to collect admission tickets with the following prices: adults 40 baht, children 20 baht, and foreigners 100 baht, ensuring regular income per month for the group. Revenue has increased by almost 8 times per visiting tourist. In addition, this led to the renovation of the entryway to the site, an online webpage for the group, connections to handicraft groups close to the village who were brought in to produce souvenirs, and other internal administrative arrangements. Income generated for the community totaled more than 290,000 baht.

#### Comparison of Revenue from Sale of King Cobra Show Tickets (in baht)

Year	2016	2017
July	66,614 baht	112,180 baht
August	57,254 baht	103,500 baht
September	47,967 baht	76,373 baht

In addition to the work in these three categories, the Working Group for Local Economic Development and Pracharath Policy (E3) and ThaiBev organized another project: One Tambon One Product Junior (OTOP Junior). A collaboration between the work of the Working Group for Local Economic Development and Pracharath Policy (E3) and the Working Group for Basic Education and Leadership Development (E5), OTOP Junior has the objective of improving learning achievements by a child-centered educational method and hands-on practice of occupational activities in line with the Sufficiency Economy Philosophy. This elevates the OTOP Junior products from the children’s creativity into real value in the marketplace. By incorporating lessons about household bookkeeping and project accounting, the project hopes to build fiscal responsibility and generate income for the children and their families, ultimately strengthening the foundations for developing quality of life and fostering resilience so that students grow up to be quality citizens and be of value to society.

# Education Development

Education is a foundation of sustainable development. ThaiBev is committed to building a society of collaborative learning through various projects and activities in the organization, in communities and at various educational institutions, consistent with the Quality Education goal of the UN Sustainable Development Goals.

## Scholarship Program

ThaiBev is not only committed to being a leading beverage producer but is also focused on the most important and fundamental issue, child and youth education, which is the first step toward personal development and the improvement of society and the country. For this reason, ThaiBev established a scholarship fund for children of employees in 2010, to promote and support educational advancement for children of employees who have good academic performance, as well as to help alleviate costs for their parents. The Company has offered the scholarship on two separate occasions: first, scholarships for primary education until high vocational certificate, given in August 2017; second, scholarships for university-level education and special-case scholarships (White Elephant Program), given in September 2017.

In 2017, the children of employees received 1,123 scholarships and 10 special scholarships from the White Elephant Program. From 2010 to this year, 8,169 scholarships have been granted, totaling 50,538,000 baht. In addition, since 2011, 21 awardees of the scholarship from the White Elephant Program or the general program have joined the ThaiBev workforce.

The Company will continue to be committed to sponsoring the education of children of employees, so that they grow into strong and dependable adults with a solid educational foundation.

## Princess of Naradhiwas Rajanagarinda Teachers Project

is a project in which ThaiBev helps create occupational opportunities for remote communities, working together with teachers that have received the Princess of Naradhiwas Rajanagarinda Teacher Prize granted by 3 agencies: the Office of Non-Formal and Informal Education, the Border Police Headquarters and the Office of the Basic Education Commission. Five years after the prize was first introduced in 2013, the project has initiated various activities that encompass aspects of quality of life and the environment. These activities raise awareness among community members about the importance of having an occupation that enables self-reliance as well as forest conservation. For example:

**1. Beekeeping to Preserve the Forest Project:** with ThaiBev's support, the community creates honeycomb-like rectangular boxes, and then hangs or places them in the community forest area of around 2,000 rai, in order to lure in queen bees to come live and nest in the honeycomb box. The bees then produce honey when the time comes. Beekeeper groups have generated more income the past 2 years, while at the same time contributed to forest conservation as part of the conservation of watershed areas, which are a major water source in the country.



## 2. "Growing Coffee following the '3 Types of Forest, 4 Types of Use' Concept" Project

Because coffee is a plant that likes a cool environment, if planted under the shade of large trees, it will produce coffee with high quality, intense flavor, and more aroma than coffee planted in fields. Members of the community therefore gathered to plant Arabica coffee in 12 rai of community forest area and received coffee hulling machine from ThaiBev, in order to serve community members and increase the coffee's value for them to earn more, as well as be part of the conservation of 2,000 rai of forest.

### Extra Courses for Careers with ThaiBev

A project where ThaiBev organizes various courses to meet the needs of remote communities. The "Extra Courses for Careers with ThaiBev" project is important for communities to have occupations and income and lays the foundation for real community stability. This results in the conservation of

watershed forests, which are an important resource for natural water production for the country, and the building of cooperation with the government and communities and to make ThaiBev's programs for society well known among community members. This project encompasses courses on cutting men and women's hair, sewing courses, cooking and baking courses, motorcycle maintenance courses, and courses on recycling goods for use in household agriculture. The project selects communities that are appropriate, prepared, and have sufficient time and interest in the project. Workshops are arranged in remote communities to solve the problem of educational inequality and once the participants successfully finish the course, they are provided with necessary equipment and receive periodic follow-up.





### **Project EISA**

#### **EISA: Educational Instituted Support Activities**

is a program in which ThaiBev supports youth development, the foundation of the country, through various activities. The aim is to educate youth to be concurrently “smart” and “good” for society, so that they bring their knowledge to help develop society and communities, and serve as good models for the youth of subsequent generations. Our youth development activities consist of various projects, which include:

#### **Youth Development with Sports in Higher Education**

ThaiBev has taken a role in sports development at the university level so youth can continue to have a place to compete in sports. It does so by supporting the organization of sport competitions in partnership with universities and by developing a sports curriculum. ThaiBev believes that extracurricular activities during university years are an important part of learning, prior to entering the workforce. University students receive sports skills development paired with positive experience and share opportunities with classmates and students from other universities.



### Knowledge Development for Good Future Entrepreneurs

In order to develop university students' skills as entrepreneurs, ThaiBev sponsors the creation of a model business enterprise, which has various courses for university students to learn store management, marketing, organizing various promotions, merchandizing, stocking, accounting, and learning how to use the system Rich POS V7.0 for Retailers and Restaurants (F&B). It aims to build and disseminate knowledge about ethical management and professionalism, which university students can learn and apply in the future.



Funding to establish a business simulation totaling 1,000,000 baht

### Creating the New Generation of Social Entrepreneurs project (Beta Young Entrepreneur)

is a project born from the collaboration of 3 organizations, the Thai Chamber of Commerce, the University of the Thai Chamber of Commerce, and the Sirivadhanabhakdi Foundation under Thai Beverage Public Company Limited. Together the organizations are training a new generation of university students to enter the path of becoming entrepreneurs. The students must have potential, virtue, ethics and social responsibility. University students will study entrepreneurship by trying out different practices such as from a 20,000 baht startup business, and a simulated business. This will be a starting point for their business. University students will have the opportunity to take their business plan forward to real entrepreneurship after graduation. The opportunity also promotes start-up projects for the new country generation to have opportunities to demonstrate their true potential. At present, 120 university students have completed the project.

### ARTTAROS CREATIVE

An university students who participated in the 3rd cycle of the Creating the New Generation of Social Entrepreneurs project turned their plan into a real business. "From activities with ThaiBev, we learned that work requires careful planning and there must always be a backup plan, as well as emergency problem solving. The experience of teaming up together to do activities with ThaiBev made us realize what we like and what we are good at. When we do what we love, we will do it well." This brought us together to organize events and various activities under the name "ARTTRAROS CREATIVE."



Pakaoma Design Contest

## Involvement with ThaiBev

ThaiBev has had an opportunity to take part in student capacity building, by bringing university students to participate in internships in various departments within the Company, to give them a chance to learn from the direct experience of working in real conditions and being with others, so that this becomes the foundation of their future work. For example: university students have opportunities to visit and observe factories and warehouses of Oishi, TBL and Big C.

- University students participate in our corporate social responsibility activities. For example: dam construction with the Taproot Project. In addition, university students also volunteer in temple-cleaning activities, the canal cleaning activity as part of the River Festival, ThaiBev

Unites to Fight the Cold, and other activities, such as: A Good Community with a Smile, Model Youth of Bang Khu Wat, and so on.

- New graduates come to work in various parts of the Company.
- University students are one part of the pakaoma design team of the PRS working group handling the project "Local Pakaoma, Thai Handicraft."

The Company develops a curriculum in conjunction with universities, opening new courses for students interested in learning about topics like food service in cooperation with SO asean, promoting knowledge and skills in business and management through the experience of ThaiBev's executives.



1. C asean Consonant 2017
2. Royal Project Sketchwalk and C asean Sketchtalk

### **Uniting ASEAN, Reducing National Differences, and Preserving Regional Cultures through the Universal Language of Music**

With the determination to bridge the gap of national differences between the peoples of ASEAN, and to preserve the region's common cultures, ThaiBev has established and continues to sponsor a pan-ASEAN traditional music ensemble "C asean Consonant." The music ensemble is spearheaded by young people who, through music, showcase their national identity for the global community. As music is a universal language shared by humanity, communication through music surpasses differences in language, culture, religion, politics, and economy, uniting many peoples together.

The "C asean Consonant" ensemble consists of young musicians from 10 ASEAN countries. In international music festivals and regional celebrations of diplomatic relations, the musicians perform compositions selected and arranged by 10 music experts from 10 ASEAN nations with traditional instruments from their respective countries. This is a cultivation of unity among ASEAN nations through music, and it beautifully reflects the preservation of music as part of cultural heritage as well.

In 2017, "C asean Consonant" was invited as a representative from ASEAN to perform at several key

international music festivals. Upon the Chinese government's invitation, the ensemble performed with Chinese musicians at Shanghai International Music Festival, and at China-ASEAN Music Festival held in Nanning, People's Republic of China. Upon the invitation of the ASEAN Secretariat, the ensemble took center stage in its performance in celebration of the 50th anniversary of the establishment of ASEAN. In addition, the ensemble performed at the ASEAN-EU Anniversary Concert for the occasion of the 40th anniversary of ASEAN-EU relations.

### **Colors and Lines: Preserving, Exchanging, and Learning**

ThaiBev sponsored the arts initiative "Asia-Link SketchWalk Bangkok" an outdoor collective drawing event. Joined by over 500 people from 12 Asian countries, the initiative fostered cultural exchange and education about arts, culture, and architecture in Rattanakosin Island, the historic center of Bangkok. The drawing initiative also captured the memory of Thailand's great loss, in the vicinity of the Grand Palace and the Royal Grounds.

The success of this event led ThaiBev to sponsor community-building efforts for those passionate about the art of drawing through organizing the event "C asean SketchTalk." Open to youth and the public, with outreach to underrepresented segments of society, the SketchTalk brings professional artists to share their drawing knowledge and techniques, so that the participants may build upon their lessons toward occupational skills in the future.

# Bhumirajanagarindra Kidney Institute Hospital

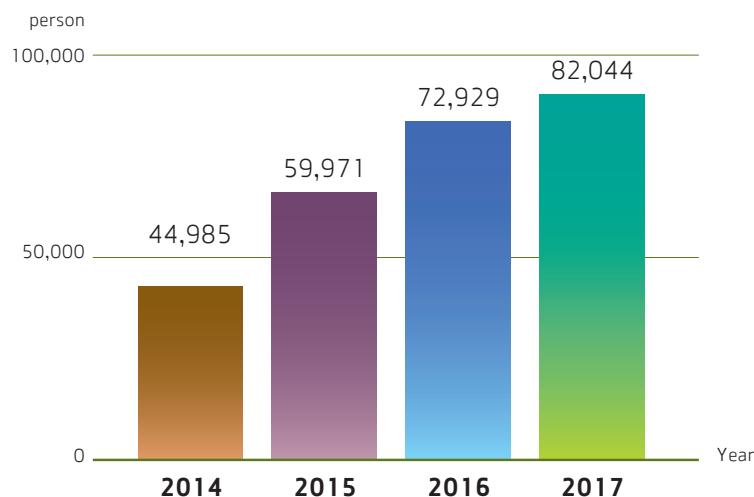
ThaiBev recognizes the importance of supporting public health, ensuring the health and well-being of members of society. Therefore, the Company is committed to achieving the Sustainable Development Goals of the United Nations to promote the health and well-being of all. The Company accordingly supports various public health projects.

Bhumirajanagarindra Kidney Institute Hospital is Asia's leading specialized institute in the comprehensive treatment of kidney disease. From kidney disease screening and preventive healthcare for kidney damage, to hemodialysis, vascular bypass surgery, urinary surgery, and kidney transplants performed by specialized surgeons, together with state-of-the-art medical equipment and a standard of service equal to that of a private hospital with treatment costs not much higher than a public hospital. Civil servants may pay for their treatment costs using the civil servant healthcare plan in accordance with the rules and regulations of the Comptroller General's Department. Furthermore, the Institute forms part of the promotion and support of patient care, and the training and research of Thai nephrologists.

## Background

On the occasion of King Bhumibol Adulyadej's diamond jubilee in June 2006, His Majesty the King christened the foundation that was to establish a hospital for treating kidney disease patients as well as doing research to find ways to disseminate knowledge about kidney disease prevention, as the Company recognizes the equal importance between prevention and treatment. The royal christening was an act of kindness immeasurably pivotal for Khun Charoen, Khunying Wanna Sirivadhanabhakdi and the Sirivadhanabhakdi family, as it was the encouragement necessary for the successful establishment of the Bhumirajanagarindra Kidney Institute. Furthermore, Her Royal Highness Princess Maha Chakri Sirindhorn is the chairperson of the Bhumirajanagarindra Kidney Institute Hospital Foundation.

## Patient Statistics



## Featured Activities of Bhumirajanagarindra Kidney Institute Hospital

- The Institute in cooperation with the Ministry of Public Health is raising public knowledge through its "Slowing Kidney Failure Clinic"
- Community Health Education Projects every 3 months. By September 2017 there had a total 17 projects. A lecture entitled "How to eat to keep kidneys strong and prevent obesity and diabetes" was attended by 250 people interested in learning how to prevent and care for kidney disease through proper diet.



- The Institute joined the Reducing Salt Consumption Project of the Nephrology Society of Thailand
- Reducing Salt Consumption Project of the Nephrology Society of Thailand
- The website of Bhumirajanagarindra Kidney Institute disseminates knowledge and answers questions about kidney disease from those interested at [www.brkidney.org](http://www.brkidney.org)
- World Kidney Day activities held in cooperation with the Nephrology Society of Thailand in March every year. There are health screenings for the general public, including blood tests, urine and blood pressure testing, body mass index testing, together with recommendations for those with abnormal test results.

# Athletic Development

One part of ThaiBev's Sustainable Development Approach is the support of sports, as we recognize that sports are an activity that boosts and develops physical and mental health for people of all genders and ages. Famous athletes domestically and internationally also serve as an inspiration for youth helping to prepare them for success in their future athletic careers. These are some of the reasons that the Company has long been committed to supporting the sports industry, because of our belief that sports create quality, ethical people who are respectful of rules. This is in line with ThaiBev's guidelines for business operations, thus leading to our creation of various sports projects, whose goal for society and communities is to give opportunities for learning and inspiration to youth. Altogether, the promotion of sports is held to be a factor in developing a sustainable society. The Company supports athletics in many ways, with a yearly budget of more than 200 million baht.

Sport	Budget Allocation
Football	54%
Motorsports	12%
Golf	7.6%
Boxing	7.3%
Snooker	3.6%
Volleyball	4.0%
Tennis	1.9%
Thai Long Boat Racing	1.3%
Others (10 types)	8.3%



## Football

"ThaiBev, Thai Talent and Football" is a project for creating and sharing with heart and fostering a good mindset through athletic spirit.

ThaiBev has been involved in football for more than 20 years, working to develop Thai Football sustainably under the concept of "Create and Share with Heart, Build an Athletic Spirit," a way of working creatively and sharing opportunities with heart and creating an athletic spirit. The operation is split into 3 levels:

1. Youth: to build sportsmanship and strong mental and physical foundations in youth to benefit Thai society
2. General Public: to foster genuine friendships
3. Professional / National Level: to produce personnel and sustainable careers to benefit Thai society

Project Focus	Number	Annual Budget	Participants	Activities
Youth	8 projects	30,000,000 baht	60,000 people	Football skills training + promotion and development in every region, free of charge
General Public	14 projects	50,000,000 baht	100,000 people	Competitions and general partnerships with various agencies
Professionals	34 projects	100,000,000 baht	1,600,000 people	Support for professional football clubs and football tournaments throughout the year
National Level	2 projects	50,000,000 baht 230,000,000 baht	350,000 people 2,110,000 people	Support for the Football Association of Thailand and the establishing of a scholarship fund for the youth level of the Association, for developing national-level football players to participate in international tournaments

**Note :**

Average Data for 2017

### **Sponsorship of Football at the Youth Level to Build Opportunities, Build Inspiration and Build Careers**

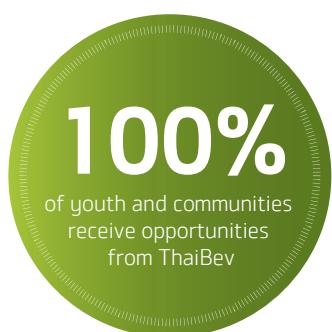
ThaiBev has established "ThaiBev, Thai Talent," to be directly responsible for the sustainable development of sports at all levels, from the youth level to the national level. The Company recognizes sports as a way to give opportunities to youth and to creatively influence them, with the belief that sports can build good values, create opportunities and elevate quality of life for youth.



### **Chang Football Community with the Ban Karuna Juvenile Vocational Training Center for Boys**

Chang Football Community is a collaboration between ThaiBev and the Ban Karuna Juvenile Vocational Training Center for Boys, which utilizes ThaiBev's partnerships in the football industry to create a friendly atmosphere. The project teaches football skills while at the same time addresses the lifestyle and public career of professional footballers, to adjust the thinking of the youth and promote a good attitude towards life. It is hoped that in the future, the youth of Ban Karuna can return to normal society, prepare for careers in football, and receive sincere appreciation from the outside world.





## Thai Long Boat Racing “One Focus, One Victory”

our commitment to supporting Thai traditional sports for more than 30 years

### “Continuing the Thai long boat tradition, part of the cultural heritage of the Mekong”

Long boat racing is both a cultural heritage of the river and a sport that reflects the village way of life and the relationship Thai people have had with water since the Ayutthaya period. Boats and the village way of life are part and parcel of the relationship between communities along the river basin and the life-sustaining river, a relationship in which villagers harmoniously take care of the river. This is consistent with ThaiBev’s approach to business, which is similarly dependent upon water, and is the origin of the concept “One Focus, One Victory.” The Company has lent its support to long boat racing for more than 30 years, including the long boat team “Mekong First Ship,” a team from the area surrounding a company factory.

## The Newest Generation of Long Boat Commentators Project

In the past year, ThaiBev initiated the “The Newest Generation of Long Boat Commentators” project, with the foresight that race commentators are an important element of long boat racing. They help add color and flavor into the event for the audience on both river banks, effectively the charm of the race. This profession should also be preserved and passed on to future generations. In addition, the project helps develop children who belong to these new generations. More than 10 Thai youth participants have qualified for further development into becoming professional commentators.



Thai Long Boat Racing “One Focus, One Victory”



Volleyball



Castle 12 Race – a stage for local youth racers to maintain social order

## Volleyball

### Success from Sustainable Development Guidelines

ThaiBev has been a sponsor of the Thai Volleyball Association for more than 30 years, making the association capable of systematically implementing a development plan for the continual success of volleyball players on the national and global level, as well as capable of winning the hearts of the people and pushing the new generation to become through-and-through professional volleyball players.

## Snooker

### SangSom 6 Red World Championship

ThaiBev sponsors and promotes snooker 6 red in Thailand, which has sparked a trend of popular interest and culminated in the SangSom 6 Red World Championship, which has been held for more than 10 years and boosted the 6 red snooker phenomenon in Thailand. Thai audiences can be proud of the snooker 6 red tournament, which has been proposed for inclusion at the 2024 Olympic Games in Paris. In addition, ThaiBev continues to support the world-class snooker players from Thailand, such as: Tong Sitchai (James Wattana), formerly the third ranked snooker player in world, and Thepchaiya Un-Nooh (F Nakhon Nayok), World Champion of the SangSom 6 Red World Championship 2015.

## Castle 12 Race – a stage for local youth racers to maintain social order

“Castle 12” is a cooperative project between ThaiBev and Buriram Province which has operated for 3 years, to organize the space and set the rules for motorcycle speed races for youth racers for free. It aims to reduce the number of accidents and violent incidents among local youth, and to give youth knowledge about the rules and regulations of proper driving. Meanwhile, the project creates opportunities for learning about maintenance and how to compete in a professional manner, all with experienced professionals.

# Preserving and Promoting Arts and Culture



The promotion of arts and culture is one of ThaiBev's important missions. Throughout its existence, the Company has partnered with various organizations to support projects aimed at the preservation, continuation, and creation of national arts and culture, as well as activities pertaining to Thai religions and traditions. This is because ThaiBev recognizes the benefits of arts and culture for society, for the economy, for the community, and for future generations. At the same time, the Company hopes to grow artistic skills in Thailand to garner global recognition, and to boost sustainable national development as well.

Furthermore, in accord with the United Nations' Sustainable Development Goal of quality education, ThaiBev supports youth having an equal chance to pursue various branches of arts and culture, outside of textbooks and classrooms as appropriate.

In all, there are five kinds of projects and activities that the Company supports in its push for sustainable national development, as follows:

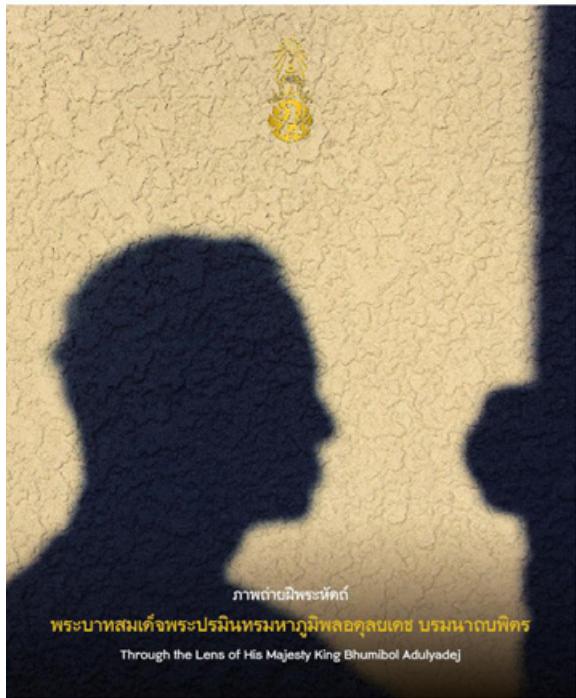
- Projects in honor of the monarchy
- Sponsorship of organizations and artists, and scholarships
- Competitions that promote and preserve arts and culture
- Projects supporting education for children and youth
- Activities supporting the preservation of national traditions, cultures, and local ways of life

### **Projects in Honor of the Monarchy**

As the monarchy unites the hearts and minds of Thais everywhere and binds the nation together, since its establishment, ThaiBev, as a Thai company, has organized the following projects, to express loyalty and to honor the monarchy.

- Exhibition of 200 photographs by King Bhumibol Adulyadej, with the permission of King Vajiralongkorn, on the 9th floor of Bangkok Arts and Culture Centre, on display from September 1, 2017 to January 7, 2018. The King also granted permission for the publication of a book of photographs by the late King. The publication was funded by Sirivadhanabhakdi Foundation and ThaiBev Public Company Limited.
- Exhibitions of photographs by Princess Sirindhorn, held every year since 2006. In 2016, the Princess opened her latest photography exhibition "Thatsaniyamanka" on December 12 at Bangkok Arts and Culture Centre.
- Production of a music record comprising King Bhumibol's 41 authored songs with lyrics, newly rearranged in a choral performance, and distributed to the public free of charge. In addition, a fund supporting comprehensive study of the melodies of all 41 songs as arranged for choral performance.
- Furthermore, ThaiBev has organized "In Memoriam with Melodies": a choral concert of King Bhumibol Adulyadej's songs on September 23, 2017 at Bhumirajanagarinda Kidney Institute.
- Production of "Still on My Mind": a music record comprising King Bhumibol's 49 songs performed by Ekachai Jearakul, a classic guitarist from ThaiBev's project Thai Talent.

Furthermore, ThaiBev organized the concert "Still on My Mind: The Acoustic Night (Tribute to the Great King)" on October 14, 2017 at Aksra Theater, King Power.





- Support for an initiative by the alumni association of Faculty of Interior Design, Silpakorn University to produce a song and a music video called “Images from the Heart” to support youth and university students in finding opportunities for remembering the late King Bhumibol Adulyadej.

### Sponsorship of Organizations and Artists, and Scholarships

Because ThaiBev recognizes the importance of promoting education, it supports organizations and artists who further arts and culture education for Thai youth, and scholarships for promising and underserved students. The aim of all these projects is to give moral support to the nation’s teachers and to hardworking students. Good education is the basis for developing a sustainable life. The Company executes the following projects in support of organizations, artists, and scholarship grantees:

- Support for the Thailand Philharmonic Orchestra (TPO) since 2009 in order to give youth studying classical music further opportunities to practice music, exchange with one another, improve their skills, and have spaces to perform.
- An academic fund for the College of Music, Mahidol University, continually since 2009. Recently, apart from awarding 16 scholarships, Mahidol University has used

this fund for students’ travel to various international competitions, including the Taiwan International Guitar Competition 2016, the 51st Concours International de Chant de Toulouse in France, and the 3rd Penang International Fingerstyle Guitar Competition 2016 in Malaysia.

- Funding for the Sukree Charoensuk Foundation, continually since 2009. The foundation improves the quality of life for youth in underserved communities with music activities, including the following projects:
  1. “Virtue Leads Knowledge” camp in preparation for a “Virtue Leads Knowledge” concert
  2. “Virtue Leads Knowledge” concert
  3. Bands for youth development
  4. Pilot bands for children and youth
  5. Talent studies, using Dr. Sax Chamber Orchestra as a case study
  6. Music therapy in the Child Abuse Care Center, Chonburi Province
  7. “A Good Community with a Smile” project
- Annual funding for SuanPlu Chorus, as part of the effort to develop music and choral performance in Thailand, and help it reach the international level. Such a recognition of choral performance from international competitions would help fan an interest in music among Thai youth. It would



set a good example and pave the way for other young people to pursue choral performance as a viable career in the future.

- Support for a traditional Thai music competition and a Thai music camp for youth organized by the Luang Pradit Phairoh (Sorn Silapabanleng) Foundation. Both entitled "Sorn Thong [Golden Arrow]," the competition (whose winner receives a trophy from King Vajiralongkorn) and the camp play an important role in the preservation and continuation of traditional Thai music through youth development and the expansion of opportunities for students nationwide. ThaiBev has recognized the determination and drive of the project's creators and supporters, especially participating students who show an improvement in their musical skills and who build a network for their careers in the future. All in all, this project results in the preservation and continuation of

traditional Thai arts and culture through a musical performance competition.

- Support for classical music under the Princess Galyani Vadhana Music Institute, through inviting classical musicians to perform at various events, and through special collaborations. This is to ensure the longevity and integrity of an institute teaching classical music to young Thais. With this support, the Company hopes that classical music becomes more popular in Thailand, so that young musicians may develop world-class musical skills.
- Support for the "Royal Project Sketchwalk" and "C asean SketchTalk," of the Bangkok Sketchers, a group that promotes artistic development and focuses on manual sketching on paper and digital screens and the fundamental principles of drawing.



## Competitions for the Promotion and Preservation of Arts and Culture

To ensure the sustainable preservation of arts and culture in all forms, and for the creation of additional training programs for the development of careers based on artistic and cultural work, ThaiBev has initiated the following projects to honor various artists and important figures:

- **"White Elephant" Fine Arts Contest** is held to promote Thai artists working in painting and sculpture, in realistic or figurative art styles. The "White Elephant Fine Arts Award" encourages and highlights those artists who still create works of art in these mediums. The year 2017 marked the 7th cycle of the contest, under the theme of **"Inspiration from Everyone Toward a Sustainable Community."**

This year's topic was inspired by the Pracharat collaborations (Government + Private Sector + Community). The purpose of this topic is to allow artists to develop a better understanding of the Pracharat framework, by having artists accompany the Company's working groups in the field. As the artists learn about the potential and the creative milieu unique to each community, they can then create works of art for the community, setting an example for how to mix different elements together in the "creative economy" paradigm.

- **"Photographs of the Fatherland" Contest**

ThaiBev has partnered with the Royal Photographic Society of Thailand continually since 2006. Every year, King Bhumibol Adulyadej graciously offered to choose

the winning photograph. This contest is the largest one in Thailand and attracts the highest number of participants.

- **"Chang International Fine Art Photo Contest"**

**Photography Contest.** Now in its 6th installment, with the theme "Memories," this annual contest aims to endorse and give space to photographers interested in fine art photography, a kind of photography which emphasizes the underlying concept of the photograph and the artistic viewpoint of the artist. This contest also works to diversify the practice of photography in Thailand, and to support more and more Thai fine art photographers to raise to the international stage. This contest is organized once a year by the Royal Photographic Society of Thailand.

- **"Naris Day" Photography Contest & "Silpa Bhirasri Day" Short Film Contest.**

For 12 years, ThaiBev has supported Silpakorn University's "Naris Day" International Photography Contest. This contest, widely recognized domestically and internationally, attracts a large number of submissions from photographers around the world every year. ThaiBev supports the University's annual short film contest on "Silpa Bhirasri Day" as well.

## Projects Supporting Education for Children and Youth

ThaiBev recognizes the importance of knowledge development through artistic creation of all kinds, with the belief that unfettered learning brings about endless imagination, which in turn leads to innovations for the



community, the country, and the world. Furthermore, another the Company's mission is to promote youth learning and creativity, as part of the efforts to sustainably preserve arts and culture for generations to come.

- **Support for the Bangkok Art and Culture Centre (BACC) Foundation**

ThaiBev supports the BACC in its projects and activities campaigning for increased knowledge and enthusiasm about art among the public. Furthermore, the BACC also creates educational initiatives, forums for discussion and exchange between artists and the public, and art education activities outside the classroom for youth and the general public. All these lead to an instilment of a "creative economy" revolving around commercial art making.

Examples of BACC's activities include: Children's Day "art activities @ bacc," BACC Art Camp, educational activities accompanying exhibitions, kids' storytelling and crafts, Art Talk events, guided tours of exhibitions, and training workshops for art teachers. In total, there have been about 10,000 youth participants in educational activities throughout 2017.

### **Activities Supporting the Preservation of National Traditions, Cultures, and Local Ways of Life**

All traditions, cultures, and ways of life arise from the roots of each community, and each region, with differences in philosophies, beliefs, and values. The result is a landscape of diverse communities, each with its own distinctive features,

which may be utilized as strengths and "selling points" to elevate the local economy and to push for its growth. Since ThaiBev recognizes the opportunities to implement measures to impact local economic growth, the following cultural tourism activities have been organized:

- **"Water Festival 2017: Waterways and Thai ways"** in collaboration with the Ministry of Tourism and Sports, the Ministry of Interior, the Ministry of Culture, the Navy, the Bangkok Metropolitan Administration, the Tourism Authority of Thailand, and other allies. The festival aims to reassert the sharing of Thainess to the world, and to encourage young people to join in the learning, preservation, and sharing of history. Expanded to cover all four regions of Thailand, the festival allows tourists to experience authentic traditional Thai culture. All four sites feature numerous activities, including Family Day water ceremonies, auspicious merit-making ceremonies through sacred objects and temple visits, community (House + Temple + School) cleaning activities, "young hosts preserving culture" activities, "One Shot Knockout" activities, cooking competitions, a city-by-city menu, and visits to community grocery stores by Pracharat Rak Samakkhi Social Enterprise Company.

- **"River Festival: Streams of Culture"** in collaboration with the Ministry of Tourism and Sports and other allies. Sharing Thainess with the whole world, this festival boosts Thailand's tourism industry, and invites both domestic and foreign tourists to experience the cultures of Thailand.

# Performance Summary

## Economic Performance

Indicator	Material Aspects	Unit	2014		2015		2016		2017	
					Jan-Sep 16	Oct 15-Sep 16				
<b>GRI201-1 Economic performance</b>										
Total income	Million baht	162,790	173,419		139,887		191,205		190,697	
Thailand	Percent	95	96		96		96		97	
International	Percent	5	4		4		4		3	
Annual dividend	Million baht	15,317	15,317		15,066		16,543		16,824	
Cost of Sales	Million baht	114,710	121,830		97,591		134,371		131,899	
Employee benefit expenses	Million baht	11,638	12,653		10,389		13,731		13,823	
Income tax expenses	Million baht	4,552	4,508		3,643		4,835		5,132	
<b>GRI204-1 Procurement</b>										
<b>Procurement from local suppliers</b>										
Total (number of suppliers)	Percent	98	98		97		97		97	
Total (purchase value)	Percent	91	92		87		87		97	
Alcoholic beverages (number of suppliers)	Percent	98	97		97		97		95	
Alcoholic beverages (purchase value)	Percent	87	86		80		80		96	
Non-alcoholic beverages (number of suppliers)	Percent	99	99		98		98		98	
Non-alcoholic beverages (purchase value)	Percent	98	99		98		98		99	

## Environmental Performance

Indicators	Material Aspects	Unit	2014 <sup>[1]</sup>		2015 <sup>[1]</sup>		2016 <sup>[2]</sup>		2017 <sup>[3]</sup>	
					Jan-Sep 16	Oct 15-Sep 16				
<b>GRI302-1 Energy consumption within organization</b>										
Total energy consumption within the organization	MJ	4,898,451,489	5,028,849,051	4,142,645,158	5,418,040,859		6,556,529,405			
Fuel consumption from renewable sources	MJ	1,091,064,765	1,103,002,172	863,313,276	1,145,937,798		1,170,320,324			
- Biogas	MJ	424,038,877	462,571,711	385,650,065	497,810,403		563,706,959			
- Concentrated slops	MJ	640,559,063	554,759,707	429,431,697	579,916,771		558,402,242			
- Technical alcohol	MJ	26,466,826	85,670,754	48,231,514	68,210,624		48,211,123			
Fuel consumption from non-renewable sources	MJ	2,964,538,141	3,036,032,061	2,507,027,366	3,264,423,394		4,168,618,353			
- Fuel oil	MJ	1,769,249,892	1,697,261,693	1,389,227,319	1,784,765,661		1,817,833,830			

Indicators	Material Aspects	Unit	2014 <sup>[1]</sup>	2015 <sup>[1]</sup>	2016 <sup>[2]</sup>	2017 <sup>[3]</sup>
			Jan-Sep 16	Oct 15-Sep 16		
- Natural gas	MJ	217,429,005	250,190,621	211,151,143	262,852,131	112,984,871
- Ethane	MJ	100,576,544	15,220,029	712,630	787,146	0
- Gasoline	MJ	4,229,168	4,698,988	3,911,155	5,125,748	4,584,687
- Diesel	MJ	77,710,539	74,448,489	61,721,398	74,587,187	1,088,820,492
- Bituminous Coal	MJ	741,408,977	934,377,042	787,028,072	1,067,712,824	1,040,995,429
- LPG	MJ	53,934,018	59,835,199	53,275,649	68,592,699	103,399,044
Energy purchased for consumption	MJ	842,848,582	889,814,819	772,304,516	1,007,679,667	1,248,575,993
- Electricity	MJ	836,947,185	885,486,881	765,075,892	999,619,970	1,094,353,260
- Steam	MJ	5,901,397	4,327,938	7,228,624	8,059,697	154,222,733
Energy sold	MJ	N/A	N/A	N/A	N/A	30,985,265
- Electricity	MJ	N/A	N/A	N/A	N/A	30,985,265
Energy intensity (Beverage)	MJ/hL	202.41	188.98	172.75	173.79	218.34
Energy intensity (Food) <sup>[4]</sup>	MJ/kg	N/A	N/A	N/A	N/A	8.86
<b>GRI303-1 Water withdrawal by source</b>						
Total volume of water withdrawn	Cubic Meter	19,880,677	20,519,360	17,424,248	23,415,863	24,842,270
- Surface water	Cubic Meter	14,132,214	14,189,350	11,125,731	15,177,519	18,568,743
- Ground water	Cubic Meter	3,707,780	4,224,647	4,588,416	5,761,146	3,892,405
- Rainwater	Cubic Meter	108,900	102,850	72,245	98,645	257,807
- Municipal water	Cubic Meter	1,931,783	2,002,513	1,637,856	2,378,553	2,123,315
Water intensity (Beverage)	hL/hL	8.21	7.71	7.27	7.51	8.29
Water intensity (Food) <sup>[4]</sup>	hL/kg	N/A	N/A	N/A	N/A	0.28
<b>GRI303-3 Water recycled and reused</b>						
Total volume of water recycled and reused	Cubic Meter	2,090,197	2,322,318	1,870,162	2,556,282	2,198,748
- Water reused	Cubic Meter	781,917	1,000,296	878,405	1,169,814	1,103,868
- Water recycled	Cubic Meter	1,308,280	1,322,022	991,756	1,386,469	1,094,880
Percentage of water recycled and reused	%	10.51	11.32	10.37	10.92	8.93
<b>GRI305-1 Direct (Scope 1) GHG emissions</b>						
Direct (Scope 1) GHG emissions <sup>[5]</sup>	Metric tons CO <sub>2</sub> e	239,347	253,469	211,134	275,013	494,294

Indicators Material Aspects	Unit	2014 <sup>[1]</sup>		2015 <sup>[1]</sup>		2016 <sup>[2]</sup>		2017 <sup>[3]</sup>	
		Jan-Sep 16	Oct 15-Sep 16						
<b>GRI305-2 Energy indirect (Scope 2) GHG emissions</b>									
Energy indirect (Scope 2) GHG emissions	Metric tons CO <sub>2</sub> e	129,313	136,899	118,430	154,829	182,988			
GHG emissions (Scope 1 and Scope 2) <sup>[6]</sup>	Metric tons CO <sub>2</sub> e	368,659	390,368	329,564	429,842	677,282			
<b>GRI305-4 GHG emissions intensity</b>									
GHG emissions intensity (Beverage) <sup>[7]</sup>	kg CO <sub>2</sub> e / hL	15.23	14.67	13.74	13.79	22.50			
GHG emissions intensity (Food) <sup>[4]</sup>	kg CO <sub>2</sub> e / kg	N/A	N/A	N/A	N/A	1.12			
<b>GRI305-5 Reduction of GHG emissions</b>									
Reduction of GHG emissions	Metric tons CO <sub>2</sub> e	N/A	640,054	1,423,454	N/A	634,782			
<b>GRI306-1 Water discharge by quality and destination</b>									
Volume of water discharge	Cubic Meter	7,136,430	8,855,786	8,160,823	10,635,237	11,558,767			
<b>Quality of the water discharge<sup>[8]</sup></b>									
- pH	-	8.00	8.00	7.80	7.80	7.75			
- BOD loading	Metric tons	21	64	69	90	123			
- COD loading	Metric tons	200	337	417	543	673			
- TDS loading	Metric tons	6,523	9,268	10,086	13,144	12,227			
- TSS loading	Metric tons	64	153	200	261	216			
<b>GRI306-2 Waste by type and disposal method<sup>[9]</sup></b>									
Total weight of waste	Metric tons	91,083	53,077	66,457	79,426	65,645			
- General waste	Metric tons	2,502	2,217	1,536	2,053	2,936.00			
- Hazardous waste	Metric tons	242	177	127	152	261			
- By-product waste	Metric tons	59,400	35,827	55,249	64,789	46,922			
- Valuable waste	Metric tons	28,939	14,856	9,545	12,432	15,526			
Waste intensity (Beverage)	kg/hL	3.76	2.00	2.77	2.55	2.14			
Waste intensity (Food) <sup>[4]</sup>	kg/kg	N/A	N/A	N/A	N/A	0.25			

**Note:**

N/A: Not Applicable

- Numerical data from 2014–2016 has been updated from the Sustainability Report 2016 because ThaiBev improved the factors regarding energy and CO<sub>2</sub> emission to meet the current value. This was according to the accepted universal standard, method, and hypothesis.
- 1. In 2014 – 2016, ThaiBev reported the efficiency of its environmental performance that covers 12-month period.
- 2. In 2016, ThaiBev reported the efficiency of its environmental performance which are divided into 2 parts as follows;
  - 2.1 The first part covered a period of 9 months from January – September 2016.
  - 2.2 The second part covers a period of 12 months from October 2015 – September 2016 in which the information in this part was collected from ThaiBev but was not evaluated by external verifier (Independent Limited Assurance).
- 3. In 2017, ThaiBev reported the efficiency of its environmental performance that covers a period of 12 months from October 2016 – September 2017.
  - 3.1 The numerical data about environment in terms of food companies which is Oishi Trading Co., Ltd. (Ban Beung).
  - 3.2 Numerical data about environment in terms of non-alcoholic beverages which is S.P.M. Food and Beverage Co., Ltd.
  - 3.3 Numerical number about environment in terms of Supply Chain business unit such as Thai Beverage Energy Co., Ltd. and Thai Beverage Logistics Co., Ltd.
- 4. Expanding reporting scope covers food business.
- 5. Expanding reporting scope of direct GHG emission (Scope 1) which is emissions from biogenic activities in 2017.
- 6. The emission factors of Benzene, Diesel, and LPG are not yet separated according to types of combustion (mobile and stationary); therefore, the higher values of emission factors are used for calculation.
- 7. Change reporting units of emission intensity from metric ton CO<sub>2</sub> equivalent per hectoliter to kilograms.
- 8. Effluents quality reported in average values.
- 9. Waste disposal is classified by types of waste from the manufacturing process, consisting of the following 4 types:
  - 9.1 General waste – disposed of by local authorities, such as the municipality or sub-district administration organization.
  - 9.2 Hazardous waste – disposed of by legally licensed companies.
  - 9.3 By-product waste – handled by Feed Addition Co., Ltd. one of ThaiBev's subsidiaries to generate income for the Company.
  - 9.4 Valuable waste – sorted so that it can be reused and recycled.

**Social Performance**

Indicator	Material Aspects	Unit	2014		2015		2016		2017		
			Male	Female	Male	Female	Male	Female	Male	Female	
<b>GRI102-8 Total number of employees (by location)</b>											
ThaiBev Group											
Total	Persons	23,588	14,791	24,057	15,278	24,710	15,992	24,710	15,992	24,821	16,546
Headquarters	Persons	1,576	1,615	1,416	1,656	1,512	1,740	1,512	1,740	1,324	1,555
Other offices	Persons	22,012	13,176	22,641	13,622	23,198	14,252	23,198	14,252	23,497	14,991
Executive level	Persons	997	657	1,124	682	1,329	875	1,329	875	1,307	846
Employee level	Persons	22,591	14,134	22,933	14,596	23,381	15,117	23,381	15,117	23,514	15,700
<b>GRI401-1 New employee hires and employee turnover</b>											
<b>New employee hires</b>											
ThaiBev Group											
Total new hires	Persons	3,492	4,641	4,825	4,902	3,766	3,706	5,909	6,435	3,101	1,472
Age under 30 years	Persons	2,353	3,857	3,010	3,934	2,318	3,116	4,079	5,517	1,904	1,080
	Percent	67	83	62	80	62	84	69	86	61	73
Age 30–50 years	Persons	1,117	758	1,755	926	1,429	583	1,807	876	1,181	379
	Percent	32	16	36	19	38	16	31	14	38	26
Age over 50 years	Persons	22	26	60	42	19	7	23	42	16	13
	Percent	0.6	0.6	1.2	0.9	0.5	0.2	0.4	0.7	0.5	0.9

Indicator	Material Aspects	Unit	2014		2015		2016		2017			
					Jan-Sep 16		Oct 15-Sep 16					
			Male	Female	Male	Female	Male	Female	Male	Female		
<b>Total number of employees turnover</b>												
ThaiBev Group												
Total Turnover	Persons	3,530	2,012	3,257	1,764	2,811	1,484	3,421	2,148	3,851		
Age under 30 years	Persons	1,621	1,128	1,514	1,010	1,233	815	1,540	1,363	1,707		
	Percent	46	56	46	57	44	55	45	63	44		
Age 30-50 years	Persons	1,602	772	1,476	648	1,280	573	1,564	676	1,728		
	Percent	45	38	45	37	46	39	39	39	45		
Age over 50 years	Persons	307	112	267	106	298	96	317	109	416		
	Percent	8.7	5.6	8.2	6.0	10.6	6.5	6.5	6.5	10.8		
Total voluntary turnover	Persons	3,027	1,847	2,690	1,644	2,322	1,402	2,848	2,057	3,084		
										1,594		
<b>GRI404-1 Average hours of training per year per employee by gender, and by employee category</b>												
Total ThaiBev group												
Total executive level	Avg. training hour/head/yr.	N/A	28.59		41.21		N/A		33.55			
Executive Level 13-15 (by gender)	Avg. training hour/head/yr.	N/A	61.74	9.50	40.45	43.02	N/A	N/A	31.80	38.25		
Total middle management	Avg. training hour/head/yr.	N/A	48.90		48.14		N/A		62.01			
Middle management level 10-12 (by gender)	Avg. training hour/head/yr.	N/A	94.04	23.92	47.69	48.90	N/A	N/A	65.99	55.79		
Total department head/supervisor	Avg. training hour/head/yr.	N/A	39.97		38.24		N/A		60.87			
Total department head/supervisor (by gender)	Avg. training hour/head/yr.	N/A	47.75	32.11	38.08	38.47	N/A	N/A	64.48	56.33		
Total senior officers	Avg. training hour/head/yr.	N/A	17.01		20.83		N/A		39.15			
Senior officers level 4-7 (by gender)	Avg. training hour/head/yr.	N/A	17.25	16.71	21.24	20.40	N/A	N/A	38.94	39.36		
Total officers	Avg. training hour/head/yr.	N/A	8.72		10.91		N/A		10.19			
Officers level 1-3 (by gender)	Avg. training hour/head/yr.	N/A	18.28	8.68	9.21	15.93	N/A	N/A	10.00	10.69		

Indicator	Material Aspects	Unit	2014		2015		2016		2017	
					Jan-Sep 16		Oct 15-Sep 16			
			Male	Female	Male	Female	Male	Female	Male	Female
<b>GRI404-3 Percentage of employees receiving regular performance and career development reviews, by gender, and by employee category</b>										
Total ThaiBev group										
Total employees	Persons	29,723		29,870		24,896		30,653		31,325
	Percent	100		100		100		100		100
Total employees level 15, Senior Executive	Persons	55		63		67		73		60
	Percent	100		100		100		100		100
Total employees level 15, Senior Executive (by gender)	Persons	45	10	50	13	53	14	59	14	46
	Percent	100	100	100	100	100	100	100	100	100
Total employees level 8-14	Persons	1,452		1,812		1,836		1,956		2,047
	Percent	100		100		100		100		100
Total employees level 8-14 (by gender)	Persons	854	598	1,076	736	1,069	767	1,159	797	1,205
	Percent	100	100	100	100	100	100	100	100	100
Total employees level 1-7	Persons	28,216		27,995		22,993		28,624		29,218
	Percent	100		100		100		100		100
Total employees level 1-7 (by gender)	Persons	19,015	9,201	18,832	9,163	13,980	9,013	19,109	9,515	19,328
	Percent	100	100	100	100	100	100	100	100	100
<b>GRI413-1 Local community engagement, impact assessments, and development programs</b>										
Implemented areas/provinces	Percent	14		81		100		100		100
Areas surrounding factories	Percent	90		100		100		100		100
Sale target areas	Percent	50		81		100		100		100

**Note:**

N/A: Not Applicable

- In 2014 – 2016, ThaiBev reported the Social performance that covers 12 months period.
- In 2016, ThaiBev reported the Social performance which are divided into 2 parts as follows;
  - The first part covered a period of 9 months from January – September 2016
  - The second part covers a period of 12 months from October 2015 – September 2016 in which the information in this part was collected from ThaiBev but was not evaluated by external agencies (Independent Limited Assurance).
- The number of employees who leave the company is evaluated from the employ level 1-15 in which there are various reasons such as contract, retirement, death during the work.
- In 2016, ThaiBev and Oishi change their annual budget time to be from January 1 – September 30, 2016. Sermsuk Ltd still has their annual buget period from Janaury 1, 2016 – December 31, 2016. Therefore, in GRI404-3 between Janaury 1, 2016 – September 30, 2016 does not include the information of Sermsuk Ltd.
- Headquarters are Cyber World, TCC Surawong, Park Ventures Buidling, Lao Peng Nguyan building 1, East Water building, Sangsom Building at Phaholyothin, Sangsom Building at Vibavadi and and Thaipatara Complex.

# Independent Assurance Statement



## LRQA Assurance Statement

Relating to Thai Beverage Public Company Limited's Sustainability Report for the financial year 2017 (1 October 2016 – 30 September 2017)

This Assurance Statement has been prepared for Thai Beverage Public Company Limited in accordance with our contract but is intended for the readers of this Report.

### Terms of Engagement

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Thai Beverage Public Company Limited (ThaiBev) to provide independent assurance on its Sustainability Report for the financial year 2017 ("the Report") against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using LRQA's verification approach. LRQA's verification approach is based on current best practice and uses the principles of AA1000AS (2008) - Inclusivity, Materiality, Responsiveness and Reliability of performance data and processes defined in ISAE3000.

Our assurance engagement covered ThaiBev's operations and activities in Thailand, including its subsidiary companies and specifically the following requirements:

- Looking at how ThaiBev has used the GRI Sustainability Reporting Standards, 2016 to prepare this Report; especially whether they have followed the Universal standard for:
  - Stakeholder Inclusiveness and Materiality reporting principles
  - GRI 102-18 Governance Structure.
- Evaluating the reliability of data and information for the following topic specific standards:
  - Economic:
    - GRI 201-1 Direct economic value generated and distributed (Revenues, operating costs and community investment only)
    - Environmental:
      - GRI 302-1 Energy consumption within the organization
      - GRI 305-1 Direct (scope 1) GHG emissions
      - GRI 305-2 Energy indirect (scope 2) GHG emissions
      - GRI 303-1 Total water withdrawal by source
      - GRI 303-3 Water recycled and reused
      - GRI 306-1 Water discharge by quality and destination
    - Social:
      - GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities
      - GRI 404-1 Average hours of training per year per employee
      - GRI 404-3 Percentage of employees receiving regular performance and career development reviews
      - GRI 413-1 Operations with local community engagement, impact assessments, and development programs.

Our assurance engagement excluded the data and information of ThaiBev's operations and activities outside of Thailand.

LRQA's responsibility is only to ThaiBev. LRQA disclaims any liability or responsibility to others as explained in the end footnote. ThaiBev's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of ThaiBev.

### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that ThaiBev has not:

- Met the requirements above
- Disclosed reliable performance data and information for the selected topic specific standards
- Covered all the issues that are important to the stakeholders and readers of this Report.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the Verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites.

### LRQA's Approach

LRQA's assurance engagements are carried out in accordance with LRQA's Report Verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Reviewing ThaiBev's approach to stakeholder engagement and determining material issues to confirm that this information had been used to prepare their Report. We did this by comparing reports written by ThaiBev's peers to establish whether the majority of sector issues were included in this Report.



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LRQA

- Checking whether ThaiBev had followed GRI's Universal Standard for disclosing their Governance Structure. We did this by confirming that the duty for sustainable development was part of ThaiBev's senior management's responsibility.
  - Auditing ThaiBev's data management systems to confirm that there were no significant errors, omissions or misstatements in the Report. We did this by reviewing the effectiveness of data handling process, and systems. We also spoke with key people in various facilities responsible for compiling the data and drafting the Report.
  - Sampling of evidence presented at the:
    - Non-alcoholic beverage plant (Oishi Trading Co., Ltd. (Navanakorn), Pathum Thani)
    - Spirits plant (Sura Bangyikhan Co., Ltd., Pathum Thani) and
    - Beer plant (Beer Thip Brewery (1991) Co., Ltd., Phra Nakhon Si Ayutthaya)
 to confirm the reliability of the topic specific standards.
- Note: LRQA did not verify the data back to its original sources, nor did it assess the accuracy and completeness of the data reported by individual locations.

### **Observations**

Further observations and findings, made during the assurance engagement, are:

- Inclusivity:  
We are not aware of any key stakeholder groups that have been excluded from ThaiBev's stakeholder engagement process.
- Materiality:  
ThaiBev has processes for identifying and determining material issues; the evaluation process considers factors such as stakeholder concerns, business risks and legal compliance and we are not aware of any major material issue having been excluded. However, we believe that future reports should also address other evolving issues such as circular economy, food waste, natural resource stewardship, Occupational & Health and Safety.
- Responsiveness:  
ThaiBev and its subsidiaries have processes for responding to various stakeholder groups. We believe that ThaiBev should consider expanding its campaigns with stakeholders to further the public's awareness about the effects of alcohol.
- Reliability:  
ThaiBev uses spreadsheets and a manual system to collect and calculate the data and information associated with the selected specific standard disclosures. ThaiBev should internally verify its own data management systems to improve data reliability and ensure consistent reporting methodologies across all of its operations; for example, water discharge.

### **LRQA's competence and independence**

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification is the only work undertaken by LRQA for ThaiBev and as such does not compromise our independence or impartiality.

Signed

Dated: 10 November 2017

Opart Charuratana  
LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance Ltd.  
Lloyd's Register International (Thailand) Limited  
22th Floor, Sirirat Building, 3388/76 Rama IV Road  
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LRQA Reference: BGK600000141

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## Glossary

Terms	Definitions
Global megatrends	Global trends that will lead to long-term changes of over 5 years.
Sustainability	An approach to corporate management that focuses on the efficient use of limited available resources to deliver highest benefits for all.
Materiality	Issues and indicators which pose significant risks and opportunities for the business in terms of economic, social, and environmental impacts, and contribute substantially to decision-making and stakeholder perceptions.
Direct GHG emissions, scope 1	Direct GHG emissions are derived from sources (physical units or processes that release GHG into the atmosphere) that are owned or controlled by the organization.
Indirect GHG emissions, scope 2	Indirect GHG emissions result from the generation of electricity, heating, cooling, and steam purchased from other parties for internal consumption.
GMO (Genetically Modified Organism)	GMOs refer to living organisms including plants, animals, bacteria, or microbes that are modified through genetic engineering. The genes from the DNA of an organism are extracted and artificially used to modify another unrelated organism (where this interaction would not have occurred naturally), to create desired qualities or characteristics.
Global Water Tool (GWT)	A tool for identifying corporate water risks and opportunities developed by the World Business Council on Sustainable Development (WBCSD).
Water Resources Review (WRR)	A tool for reviewing internal water resources risks developed by ThaiBev.
Water footprint	A process that assesses water use and contamination (or deterioration of water quality) across an entire lifecycle of a product, from raw material sourcing, manufacturing, distribution, consumption, to waste management.
3Rs (reduce, reuse, and recycle)	Reduce refers to the reduction in use or unnecessary consumption of resources in order to limit waste generation. Reuse refers to the act of using a resource more than once, and as efficiently as possible. Recycle refers to the process of collecting and processing materials that would otherwise be thrown away as trash and turning them into new products.
Circular economy	An economic system which is designed to maximize the value of waste as a resource to eliminate waste generation, where waste from one industry can serve as raw materials for another.
Innovation	The process of inventing new ideas, methods, or products, or significantly improving products or processes to ensure it is up-to-date, and delivers higher levels of effectiveness and efficiency than previously.
Mechanization	The process of changing from working largely or exclusively by hand to doing that work with machinery.

Terms	Definitions
System of rice intensification	A method of rice cultivation that focuses on increasing rice productivity, which is able to reduce the amount of seedlings and water used by more than half compared to traditional rice cultivation, and delivers higher or equivalent yields.
Modern trade	A form of trade that efficiently and systematically distributes products and services through means such as: 1. Store management and design; 2. Product and Service Management; 3. Product and service control systems; and 4. Human Resources, Financial, and Marketing Management.
NCDs (Non-communicable diseases)	A group of diseases that cannot be transmitted between individuals. These are commonly referred to as chronic (long-term) diseases which spread over a low period of time, as opposed to communicable diseases which spread much faster.
GHGs (Greenhouse Gases)	Any gas that absorbs infrared radiation in the atmosphere. GHG includes, Carbon dioxide (CO <sub>2</sub> ), Methane (CH <sub>4</sub> ), Nitrous Oxide (N <sub>2</sub> O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulfur hexafluoride (SF <sub>6</sub> ), Ozone (O <sub>3</sub> ), and chlorofluorocarbons (CFCs).
Carbon footprint label	A label that indicates the quantity of GHG emissions released per product or service, which can provide useful information for consumers in their decision-making and product selection. The carbon footprint is expressed as the carbon dioxide equivalent per product (CO <sub>2</sub> e).
Distillery slop (Vinassee)	A by-product of the alcohol distillation process, in the form of liquid.
Unit	
Watt	A unit of power that indicates the power in electric equipment or appliances.
Joule	A unit of work or energy, where one joule equals the work done by a force of one newton when its point of application moves one meter in the direction of the action of the force.
Hectoliter	A metric unit of capacity, equal to 100 liters.
Carbon dioxide equivalent (CO <sub>2</sub> e)	A unit of measurement that indicates the global warming potential of a particular greenhouse gas emission, as equal to a certain amount of carbon dioxide (CO <sub>2</sub> ).
Standards	
ISO 14001	Environmental Management Systems
ISO 14046	Water Footprint
ISO 50001	Energy Management Systems

Terms	Definitions
ISO 22000	Food Safety Management Systems
NSF (National Sanitation Foundation)	An independent health and safety organization which certifies the quality of beverages according to U.S. FDA (The United States Food and Drug Administration) Standards.
GMP/ HACCP (Good Manufacturing Practice & Hazard Analysis and Critical Control Point)	Systems that ensure food safety and sanitation for consumers.
FSSC 22000 (Food Safety System Certification 22000)	A food safety certification scheme based on the existing internationally recognized standard ISO 22000 and complemented by technical standards ISO/TS 22002-1, ISO/TS 22002-4 or PAS222 covering the prerequisites.
DJSI (Dow Jones Sustainability Indices)	A family of indices that evaluates the sustainability performance of the largest listed companies globally.
GRI (Global Reporting Initiatives)	Internationally-accepted guidelines for reporting a company's economic, social, and environmental performance.
SASB (Sustainability Accounting Standards Board)	Sustainability accounting standards that were developed to help corporations disclose material and useful information to investors, available for 79 industry types in 10 industry sectors.

# GRI Content Index

## Universal Standards

Profile	Page/Link/Comment	External Assurance	UN SDGs Mapping	Linkage to Disclosure
<b>GRI 102: GENERAL DISCLOSURES</b>				
<b>Organizational Profile</b>				
GRI102-1	Name of the organization	12	-	-
GRI102-2	Activities, brands, products, and services	15	-	-
GRI102-3	Location of headquarters	14	-	-
GRI102-4	Location of operations	14	-	-
GRI102-5	Ownership and legal form	14	-	-
GRI102-6	Markets served	14	-	-
GRI102-7	Scale of the organization	14-16	-	-
GRI102-8	Information on employees and other workers	16,139	-	-
GRI102-9	Supply chain	20-21	-	-
GRI102-10	Significant changes to the organization and its supply chain	13	-	-
GRI102-11	Precautionary Principle or approach	34	-	-
GRI102-12	External initiatives	9, 22, 78, 88-89, 96, 104	-	-
GRI102-13	Membership of associations	Please refer to Membership of Trade Association website: sustainability.thaibev.com/home/policy	-	-
<b>Strategy</b>				
GRI102-14	Statement from senior decision-maker	4-5, 8-9	-	-
GRI102-15	Key impacts, risks, and opportunities	38-39	-	-
<b>Ethics and Integrity</b>				
GRI102-16	Values, principles, standards, and norms of behavior	22-23, 34-35	-	16
GRI102-17	Mechanisms for advice and concerns about ethics	35 All employees may seek advice and report any such behaviors at Whistleblowing@thaibev.com	-	16
<b>Governance</b>				
GRI102-18	Governance structure	24	Yes	-
GRI102-25	Conflicts of interest	Please refer to Thaibev's Corporate Governance Report: <a href="http://www.thaibev.com/en08/aboutus.aspx?sublv1gID=139">http://www.thaibev.com/en08/aboutus.aspx?sublv1gID=139</a>	-	-
GRI102-28	Evaluating the highest governance body's performance	Please refer to Thaibev's Corporate Governance Report: <a href="http://www.thaibev.com/en08/aboutus.aspx?sublv1gID=139">http://www.thaibev.com/en08/aboutus.aspx?sublv1gID=139</a>	-	-

## Universal Standards

Profile		Page/Link/Comment	External Assurance	UN SDGs Mapping Linkage to Disclosure
GRI102-30	Effectiveness of risk management processes	Please refer to Thaibev's Corporate Governance Report: <a href="http://www.thaibev.com/en08/aboutus.aspx?sublv1gID=139">http://www.thaibev.com/en08/aboutus.aspx?sublv1gID=139</a>	-	-
GRI102-32	Highest governance body's role in sustainability reporting	24, 31	-	-
<b>Stakeholder Engagement</b>				
GRI102-40	List of stakeholder groups	26-27, 31	Yes	-
GRI102-41	Collective bargaining agreements	Our employees across Thaibev Group have the freedom and right to join an organization and collective bargaining.	Yes	16
GRI102-42	Identifying and selecting stakeholders	25	Yes	-
GRI102-43	Approach to stakeholder engagement	25-27	Yes	-
GRI102-44	Key topics and concerns raised	29-31	Yes	-
<b>Reporting Practice</b>				
GRI102-45	Entities included in the consolidated financial statements	13, 18-19 Please refer to Thaibev's Annual Report	Yes	-
GRI102-46	Defining report content and topic Boundaries	28-31	Yes	-
GRI102-47	List of material topics	30-31	Yes	-
GRI102-48	Restatements of information	13, 139, 141	Yes	-
GRI102-49	Changes in reporting	13	Yes	-
GRI102-50	Reporting period	13	-	-
GRI102-51	Date of most recent report	13	-	-
GRI102-52	Reporting cycle	13	-	-
GRI102-53	Contact point for questions regarding the report	13	-	-
GRI102-54	Claims of reporting in accordance with the GRI Standards	13	-	-
GRI102-55	GRI content index	147-150	-	-
GRI102-56	External assurance	142-143	-	-
<b>GRI 103: MANAGEMENT APPROACH</b>				
GRI103-1	Explanation of the material topic and its boundary	In each section of the Sustainability Report	Yes	-
GRI103-2	The management approach and its components	In each section of the Sustainability Report	-	-
GRI103-3	Evaluation of the management approach	In each section of the Sustainability Report	-	-

## Topic-specific Standards

Profile	Page/Link/Comment	External Assurance	UN SDGs Mapping Linkage to Disclosure
<b>ECONOMIC</b>			
GRI 201: ECONOMIC PERFORMANCE			
GRI201-1	Direct economic value generated and distributed	16, 18-19, 136	Yes
GRI201-2	Financial implications and other risks and opportunities due to climate change	38, 74-101	-
GRI 204: PROCUREMENT PRACTICES			
GRI204-1	Proportion of spending on local suppliers	53, 136	-
GRI 205: ANTI-CORRUPTION			
GRI205-2	Communication and training about anti-corruption policies and procedures	35	-
GRI205-3	Confirmed incidents of corruption and actions taken	35	-
<b>ENVIRONMENT</b>			
GRI 302: ENERGY			
GRI302-1	Energy consumption within the organization	81, 136-137	Yes
GRI302-3	Energy intensity	81, 137	-
GRI302-4	Reduction of energy consumption	80-81	-
GRI 303: WATER			
GRI303-1	Water withdrawal by source	91-92, 137	Yes
GRI303-3	Water recycled and reused	92, 137	Yes
GRI 305: EMISSIONS			
GRI305-1	Direct (Scope 1) GHG emissions	85, 137	Yes
GRI305-2	Energy indirect (Scope 2) GHG emissions	85, 138	Yes
GRI305-4	GHG emissions intensity	85, 138	-
GRI305-5	Reduction of GHG emissions	80-84, 138	-
GRI 306: EFFLUENTS AND WASTE			
GRI306-1	Water discharge by quality and destination	93, 138	Yes
GRI306-2	Waste by type and disposal method	101, 138	-
GRI308: SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI308-1	New suppliers that were screened using environment criteria	49	-
<b>SOCIAL</b>			
GRI 401: EMPLOYMENT			
GRI401-1	New employee hires and employee turnover	139-140	-
			5, 8

## Topic-specific Standards

Profile	Page/Link/Comment	External Assurance	UN SDGs Mapping
			Linkage to Disclosure
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>			
GRI403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Please refer to: sustainability.thaibev.com	Yes 3, 8
<b>GRI 404: TRAINING AND EDUCATION</b>			
GRI404-1	Average hours of training per year per employee	58, 140	Yes
GRI404-2	Program for upgrading employee skills and transition assistance programs	56–62	– 4, 8
GRI404-3	Percentage of employees receiving regular performance and career development reviews	56–62, 141	Yes
<b>GRI 406: NON-DISCRIMINATION</b>			
GRI406-1	Incidents of discrimination and corrective actions taken	65	– 5, 8, 16
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
GRI407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	51, 65	– 8
<b>GRI 408: CHILD LABOR</b>			
GRI408-1	Operations and suppliers at significant risk for incidents of child labor	51, 65	– 8
<b>GRI 409: FORCED OR COMPULSORY LABOR</b>			
GRI409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	51, 65	– 8, 16
<b>GRI 412: HUMAN RIGHTS ASSESSMENT</b>			
GRI412-1	Operations that have been subject to human rights reviews or impact assessments	51, 65	– 5, 16
<b>GRI 413: LOCAL COMMUNITIES</b>			
GRI413-1	Operations with local community engagement, impact assessments, and development programs	17, 104–129, 141	Yes 1, 2, 4, 5, 6, 8, 9, 10, 11, 12, 13, 16, 17
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT</b>			
GRI414-1	New suppliers that were screened using social criteria	49	– 12, 16
<b>GRI 416: CUSTOMER HEALTH AND SAFETY</b>			
GRI416-1	Assessment of the health and safety impacts of product and service categories	44	– 3
<b>GRI 417: MARKETING AND LABELING</b>			
GRI417-1	Requirements for product and service information and labeling	45	– 3
GRI417-3	Incidents of non-compliance concerning marketing communications	46–47	– 16
<b>GRI 419: SOCIOECONOMIC COMPLIANCE</b>			
GRI419-1	Non-compliance with laws and regulations in the social and economic area	34–35	– 16

# ThaiBev Sustainability Report 2017 Feedback Form

Thank you for your interest in ThaiBev's Sustainability Report 2017. Your feedback is important to us as it helps us to improve our overall sustainability performance and future reporting.

**\* Mandatory fields**

Please complete the feedback form and send us your views. Email your comments to: [sustainability@thaibev.com](mailto:sustainability@thaibev.com)  
Alternatively, mail your comments to:

**Center of Excellence**

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Bangkok 10900

1. Which of the following best describes your affiliation?\* (You may tick ✓ more than one box)

Communities     Consumers     Customers     Employees     Investors  
 Non-Governmental Organizations (NGOs)     Regulators     Suppliers  
 Other Please state: .....

2. How effectively does the sustainability report communicate ThaiBev's sustainability performance?\*  
(Please rate by tick ✓ the following topic, where 5 is Excellent and 1 is poor)

Topic	1	2	3	4	5
2.1 Our Sustainability Approach	<input type="checkbox"/>				
2.2 Economic Performance	<input type="checkbox"/>				
2.3 Environmental Performance	<input type="checkbox"/>				
2.4 Social Performance	<input type="checkbox"/>				
2.5 Others, please state: .....	<input type="checkbox"/>				

3. Please rate the content and quality of ThaiBev's Sustainability Report 2017 by the following criteria, where 5 is Excellent and 1 is poor\*.

Topic	1	2	3	4	5
3.1 Balance	<input type="checkbox"/>				
3.2 Clarity	<input type="checkbox"/>				
3.3 Comparability	<input type="checkbox"/>				
3.4 Materiality/Relevance	<input type="checkbox"/>				
3.5 Completeness	<input type="checkbox"/>				
3.6 Accuracy	<input type="checkbox"/>				
3.7 Transparency	<input type="checkbox"/>				
3.8 Structure	<input type="checkbox"/>				
3.9 Design and Layout	<input type="checkbox"/>				

4. Please provide any other comments on our sustainability performance and reporting.



