



Corporate Social Responsibility Report 2013
Asian Phytochemicals Public Company Limited

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Awards of Great Pride

APCO was awarded “CSRI Recognition 2013”



Professor Dr. Pichaet Wiriyaachitra (right), Managing Director of Asian Phytochemicals Public Co., Ltd., was presented the “CSRI Recognition 2013” for the company’s continuous operation with sustainable social responsibility on November 11, 2013 at the Exhibition Hall of the Stock Exchange of Thailand.

Vision



Research & Development

TREATMENT OF OVERWEIGHED FEMALES WITH SOLUBLE CALCIUM
HYDROXYCITRATE : DOUBLE BLIND, RANDOMIZED CONTROL TRIAL IN THAILAND



A leader in innovation of
dietary supplements and
beauty products based on
Thai researchers' studies
and developments of
“natural extracts”





Missions

- Producing the best dietary supplements and cosmetics products with the latest technology of the 21st century
- Promoting Thai researchers' research on natural extracts
- Meeting customers' expectations of health and beauty products
- Promoting life quality of Thais and the world's people
- Promoting Thai products to international customers
- Building the sustainable industry
- Operating with work ethics that prioritise stakeholders, employees and society under the policy of white business
- Promoting creativity to build a good image of the organisation, stakeholders, involved parties and society
- Building local and international business partnership
- Building customers and partners' trust



About APCO

Asian Phytochemicals Public Company Limited was founded on June 2, 1988 under the name of “Natural Cosmetics Research Company Limited” with aims to manufacture and distribute the cosmetics products and dietary supplements from natural extracts. Later in 2005, it was transformed into the public company under the name of “Asian Phytochemicals Public Company Limited.” As of November 4, 2011, the company was registered in the Market for Alternative Investment (MAI), bearing the symbol “APCO.”

Product Line

1. Dietary Supplement Products from extracts of mangosteen, black sesame, guava, centella asiatica, and soybean

Providing supplements for those with symptoms caused by unbalanced immune such as allergies, autoimmune disease and infection, which leads to diabetes, psoriasis, allergic disease, bone/joint degeneration, hepatitis, renal failure, cancer and AIDS



2. Slimming Products from *Garcinia atroviridis* extract

Providing supplements for those who want to shape their body and reduce excess fat in the specific areas by accelerating the transformation of fat into energy



3. Beauty Cosmetics Products from mangosteen peel extract

Providing supplements for those with acne and melasma and those who want to enhance their skin with skincare products that can inhibit and destroy bacterial diseases, reduce inflammatory symptoms and allergies as well as providing antioxidants



Support for CSR Projects

The Advisory Group for Corporate Social Responsibility (CSR) was appointed, consisting of 4 social, economic and educational experts as follows:

1. Assoc. Prof. Arunee Wiriyaachitra
2. Khunying Chamnongsri Hanchanlash
3. Dr. Jingjai Hanchanlash
4. Mrs. Suphankae Samalapa





About this Report

This Corporate Social Responsibility (CSR) Report 2013 of Asian Phytochemicals Public Company Limited is complied and published for the first time according to the Sustainability Reporting Guidelines distributed by the Securities and Exchange Commission (SEC) of Thailand and the Manual on “Business Code of Conduct”. The aims are for the shareholders, stakeholders and investors to learn about the overview of the company’s business operation and its CSR activities in the fiscal year covering the period from January 1 to December 31, 2013. The report details the overall information on the company’s business and is available both in hard copies and online at www.apco.co.th



Management Guideline Regarding Corporate Social Responsibility

1. Good Corporate Governance

The company utilises the principle of Good Corporate Governance for the registered companies prescribed by the Stock Exchange of Thailand and the regulations of the Securities and Exchange Commission in guiding the policy development. At present, the second amendment of the principle of Good Corporate Governance which was approved by the Board of Directors and initially implemented on February 20, 2013, is active. An annual review for its content is also scheduled. (See APCO Annual Report 2013; “Corporate Governance,” for more information)

2. Fair Operating Practice

The company upholds business ethics in its operation and management. In this regards, the Board of Directors provided the Manual on Business Code of Conduct for the directors, executives and employees of the company to adhere to as the guidelines for performing their duties in an honest, up-to-standard, qualified and fair manner. The same practice is also applied to cover every group of stakeholders which are shareholders, employees, clients, partners and creditors, competitors, and the society. The practice guideline regarding the rights and benefits of all stakeholders are indicated in the company's Manual on Business Code of Conduct. (See Also "Corporate Governance," Section 3: The Roles of Stakeholders)

3. Anti-Corruption

From its inception, the company consistently and strictly upholds the policy of white business in its law, morals and ethics. The practice is monitored by the Board of Audit Committee, consisting of members who are knowledgeable, virtuous and honourable as follows:

1. Mrs. Maleeratna Plumchitchom
2. Assoc. Prof. Dr. Varakorn Samakoses
3. Prof. Dr. Praipol Koomsup
4. Emeritus Prof. Krairit Boonyakiat



In addition, the company appointed Assoc. Prof. Chusri Taesiriphet as a consultant for the internal control system with the task to monitor and audit the operation of every unit to ensure transparency and accuracy as well as to prohibit any conflicts of interest. According to APCO's rules and regulations, the penalties for malpractice are as severe as disemployment.

Moreover, as indicated in the Business Code of Conduct, the company will neither ask for, nor accept any corrupted benefits from the stakeholders. The company has also made its commitment against corruption by joining the Private Sector Collective Action Coalition Against Corruption or "CAC."

4. Respect for Human Rights and Fair Treatment at Work

The company adheres to labour law as the minimum fundamentals that every employee would receive, which reflect the company's respect for human rights and fairness towards the employees. The implementation can be summarized as follows:

- Providing a fair compensation according to qualifications and experiences
- Increasing the compensation at the high rate when compared with that of other groups in the same industry
- Paying bonus in an amount of 10% of the annual turnover after deducting tax, but not less than 2 times of the salary
- Giving gold as token of appreciation for the employees working with the company for 10, 15 and 20 years

- ④ Providing welfare such as the provident fund, social security, incentive pay, allowance, uniforms
- ④ Having functions switched in order to be suitable for pregnant employees
- ④ Providing the annual medical check-up for employees to prevent the risk from work-related diseases
- ④ Allowing the employees to choose days in the week and time of work





- Distributing the company's products to the employees to help increase immunity and beauty
- Granting the employees the privilege to buy the company's products at 50% off prices, up to 1,000 baht/month
- Providing work-related trainings for the employees
- Abstaining from racial and religious discrimination
- Launching "Occupational Safety, Health and Environment Policy" and publicize to the employees to follow and appointing safety officers and related persons at all levels to strictly ensure safety, health quality and environment at workplace

- Giving opportunities for the employees to voice their opinions regarding the company's operations
- Promoting the Philosophy of Sufficiency Economy as the guiding principle for the employees in leading their lives

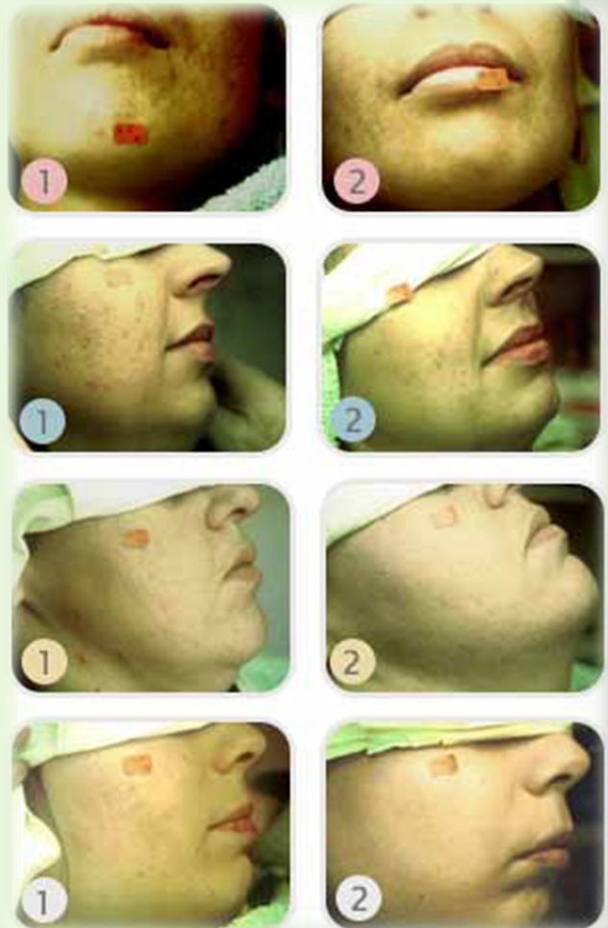
At present, the company has 122 employees: 21 out of which has been working with the company for 10 to 15 years. (As of December 31, 2013)



5. Responsibility for Consumers

The company presses an importance on the manufacturing procedure to acquire products that are up to international standards, valuable, safe and render the highest benefit to the consumers. The implementation can be summarized as follows:

- ◉ The raw materials in the production are extracted and developed from Thai natural extracts.
- ◉ The quality of the cosmetics products is certified by Henkel AG & Co. KGaA, Germany



- The dietary supplement products to reduce excess fat is the first formula of its kind in Thailand to be registered and gains worldwide acceptance. The research results were presented at the International Congress of Nutrition and certified by Dermscan Group, France



- The efficiency of the dietary supplement products in boosting immunity and patients' quality of lives was confirmed by an Italian scientist team and a medical team from American medical universities.



- The quality standard of every product was certified by Food and Drug Administration (FDA).



- The research and product development team comprises experts in interdisciplinary fields from the universities in Thailand and abroad.



- The instruction for product usage is thoroughly explained for the utmost benefit of the consumers.
- The return policy and product recall policy are prescribed as guidelines in case there are problems relating with the products.
- Product quality and effectiveness are examined through regular interviews with the customers.

- Product testing activities were organized both nationally and internationally in order to show the consumers how effective the products are.



- Academic information on the effectiveness of the products is given on the TV shows through the interviews with academicians and consumers, hosted by well-recognized moderators. This information can help the future consumers to make a decision before buying.



- Many communication channels are available to provide products' information for the consumers, for examples, websites, web board, call center, social media, etc.

- The consumers can buy the products from well-trained sale agents through direct sales channel and obtain close suggestions.
- Highly qualified academicians are stationed at the regional office branches to give advices and answer questions.
- Every time, before interviewing or collecting data, permission must be granted from the interviewees. Consumers' information will be kept confidential.



- ◉ Services are sincerely provided to the consumers under the white business policy.
- ◉ The production factory has received Good Manufacturing Practice (GMP) certification.
- ◉ The company's products have received Halal logo.



6. Development of Community and Society

The company realizes that it is its duty to continue the operation with the concern for the benefit of the society. The implementation can be summarized as follows:



- Implementing research projects with the Agricultural Research Development Agency (Public Organization) to mitigate the overflow of mangosteen in the market and elevate its price to help orchard farmers

TUESDAY, MAY 12, 2009

Bangkok Post

NATIONAL BUSINESS

B3

New research reveals mangosteen effects

Successful project to help lift farm incomes

POST REPORTERS

Thai scientists have successfully developed extracts from mangosteen for use as food products and health and beauty supplements for the export market.

The project, sponsored by the Agricultural Research and Development Agency (ARDA), a public organisation, and Asian Phytochemicals Public Co, is a milestone for the country's agricultural product development, said Napavarn Noparatnaraporn, director of ARDA.

The 1-million-baht budget was granted to a group of scientists at the Mangosteen Research and Development Center (Thailand).

The one-year project, which was completed this week, found that mangosteen extracts have the ability to safely heal some diseases without causing side effects.

The scientists developed supplementary products made from the concentrated liquid extract of mangosteen that could be used to boost the body's immune system and treat some illness, according to Dr Napavarn.

"Most importantly, it helps improve farm incomes and could solve the price problem with mangosteen," she said.

The mangosteen used in the study were sourced directly from growers in Trat province, a major production base for tropical fruit, including mangosteen and rambutan.

A sales contract has been signed for future purchases of 1,500-2,000 tonnes of the fruit this year, with the volume

expected to rise to 20,000 tonnes next year including mangosteen from other eastern and southern provinces as well, according to Pichaet Wiriyachitra, chairman and chief executive of Asian Phytochemicals.

He said the research results would increase the demand for mangosteen juice from overseas markets, such as from Singapore, Malaysia, Brunei and the United States.

"We've focused on foreign markets because they've rarely recognised the fruit's qualities, especially its health benefits," Prof Dr Pichaet said.

The company would use the project's research to develop products for commercial sale, mainly through the company's direct-sales channel.

ARDA's participation in any future investment is also welcome, Prof Dr Pichaet added.

Prof Dr Pichaet (left) and Dr Napavarn show off mangosteen products from the latest research and development project. The project's scientists developed supplementary products made from the concentrated liquid extract of mangosteen that could be used to boost the body's immune system and treat some illness. KOSOL NAKACHOL



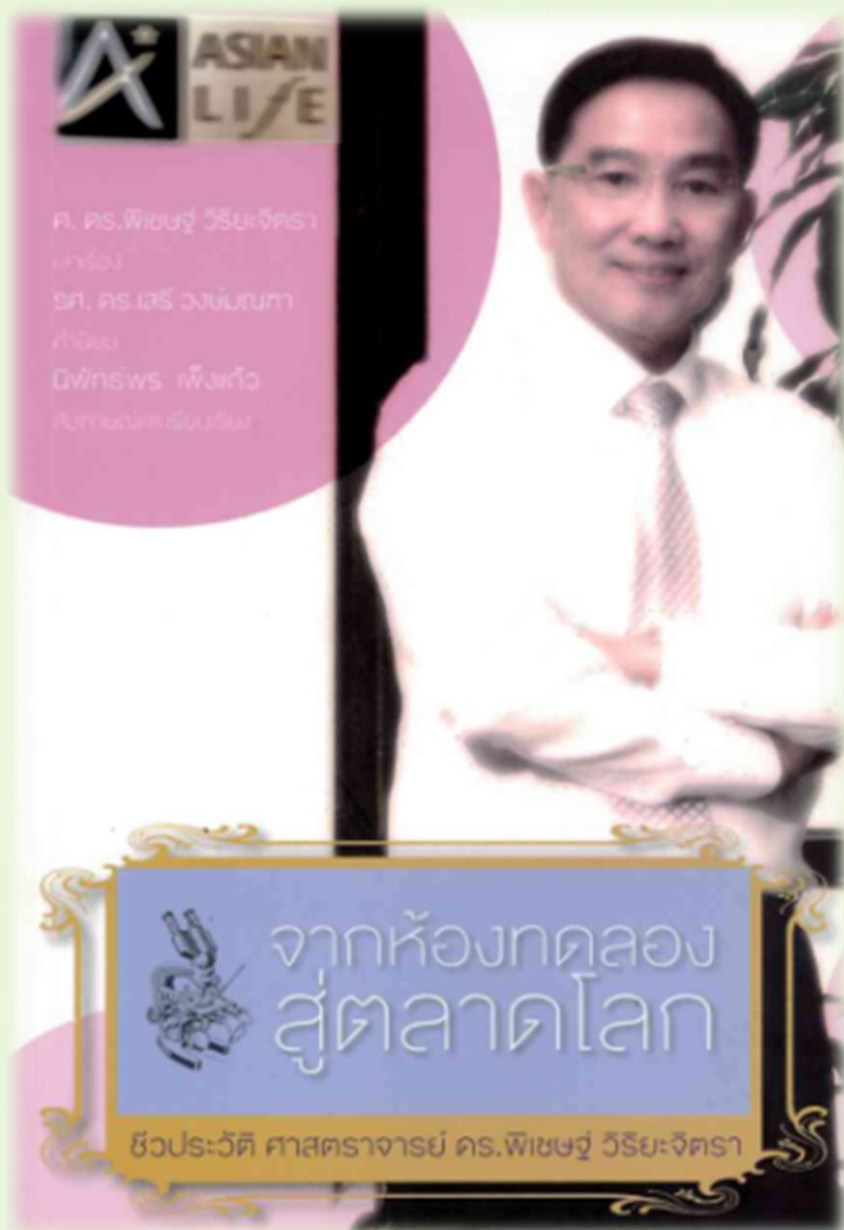


- Granting millions baht per year in supporting scientific researches of several academic institutions, for examples, Mahidol University, Chiang Mai University, Prince of Songkla University, Silpakorn University (Kamphaeng Saen Campus), Boromarajonani College of Nursing, etc.

- Granting a fund for Chiang Mai University (CMU) to appoint Prof.Dr. Watchara Kasinrerker as APCO Chair Professor, also the first CMU Chair Professor



- Disseminating the information on how to develop scientific research results into business through books or lectures at academic institutions



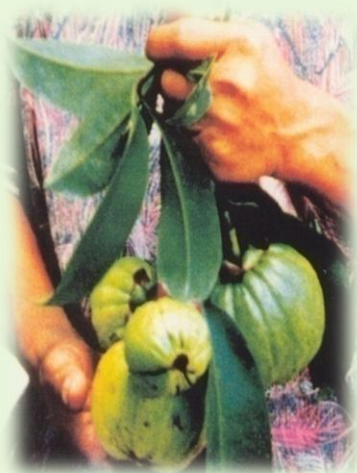
- Donating the company's products of 250,000 baht/month in value to the patients in need, for examples, AIDS patients, AIDS orphans at Baan Gerda, and 26 last-staged cancer patients, in order to enhance the patients' quality of lives
- Providing the information on alternative treatments for illness to the hospitals' personnel



- Selected by the Revenue Department to receive the “Taxpayer Recognition Award 2010” for the company’s outstanding tax payment record together with the other 78 awardees



- ① Creating supplementary incomes for the villages by buying the collected and sliced *Garcinia atroviridis* from them and raising the price of the fruit from 30 to 218 baht per kilogrammes
- ① Bringing about the increased price of mangosteen from 3 – 5 to 10 baht per kilogrammes and 50 baht per kilogrammes for mangosteen pulp
- ① Creating jobs and incomes for business partners, for examples, packaging companies, shareholders, etc.



- Increasing national income through the export of products to countries in the Middle East, Europe, America and Asia
- Building Thailand's reputation through the products as a result of high-quality researches



นักวิจัยไทยเก่ง ทำได้สำเร็จอีก

สกัดเปลือกมังคุด ทำยารักษาแผลท่อน้ำดี

นักวิจัยไทยเก่ง ทำได้สำเร็จอีก สกัดเปลือกมังคุด ทำยารักษาแผลท่อน้ำดี

ศาสตราจารย์ ดร.สุวิทย์ เจริญเลิศ อาจารย์ประจำภาควิชาเภสัชวิทยา คณะเภสัชศาสตร์ มหาวิทยาลัยมหิดล ได้คิดค้นยาจากเปลือกมังคุด เพื่อรักษาแผลท่อน้ำดี ซึ่งเคยเป็นโรคที่รักษาได้ยาก และอันตรายถึงชีวิต

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แหล่งข่าวจากเว็บไซต์ของมหาวิทยาลัยมหิดล วันที่ 10 ตุลาคม 2550

Myhelth
...มังคุดรักสุขภาพ
ตัวช่วยแก้ปัญหาทางผิวหนัง

ผลิตภัณฑ์จากเปลือกมังคุด ช่วยรักษาแผลท่อน้ำดี

Bangkok Post
Mangosteen: An Ugly Duckling Bears Medicinal Fruit

The Mangosteen, or 'Mangku', may not look the prettiest of fruits, but apart from being very tasty it contains some important medicinal properties too. A Special Correspondent reports.

Throughout the year in Thailand there are so many varieties of fruits with equally different tastes. The most popularly flavoured of these is of course the durian, which the Thai people love so much. Even those, who usually consider the smell quite disgusting, find that, holding their noses, the taste is quite pleasing after all. But too much durian can cause serious burnouts. Big deal! It may have some "home remedy" potential, but so what. How in the world are you going to take something as simple as a mangosteen, or especially that big garbage bag of unwanted bits, and make something out of it?

This was the question that faced the team at the "Research Center for Natural Product", a special project based at the Universities of Chiang Mai and Songklanakorn, which is headed by Dr Pichet Winyachit and staffed by a number of very talented scientists.

The saga to answer this question began about 18 years ago when the research group first recognized the fact that mangosteen may have some medical value, but as scientists, they feared the fact that they would have to take the fruit apart, chemically, piece-by-piece, and see just what the real story was. To do this they determined they would harness the mangosteen's health-giving properties by extracting the chemical structure.

1. Extract, purify, and study the chemical structure.
2. Use the purified product to test its effectiveness in animal treatment of problems as described in Thai folk medicine, such as its ability to kill or neutralize bacteria responsible for the infection.

By Redox or eliminating inflammation.

And, determine its toxicity, if any.

WHAT'S INSIDE AN UGLY DUCKLING?

From the chemical extraction process they discovered numerous compounds, but the one that seemed to have the most potential was found to be one form of a substance called XANTHONE, which they named "GM-1". GM-1 was therefore extracted in its purified form in order to study whatever medicinal effects it might possess.

7. Environmental Management

The company focuses on environmental conservation simultaneously with business operation. The implementation can be summarized as follows:

- Using natural raw materials that are not harmful to the environment
- Adding value to the waste, such as mangosteen peel, that causes problems to the environment by extracting it.



- ⦿ Preventing dust from the production process not to flow outside the factory by using water
- ⦿ Hiring private agencies accredited by Department of Industrial Works to monitor the quality of wastewater on a monthly basis. The company will ensure that the final discharge from its facility does not exceed any of the prescribed concentrations and values stipulated in the Notification of the Ministry of Industry No.2 B.E. 2539(1996).



- ◉ Reusing the waste from natural raw materials as fertilizer for trees in the factory to create green areas
- ◉ Having good environmental management in the factory as evident by the Workplace Evaluation Certificate for passing the “Clean, Safe, Toxic-free, Vitalized” Standards, given by the Department of Health



- Strictly controlling the problem of drug abuse among the employees and, consequently, announced to be White Factory as it is free from drugs
- Locating in an industrial estate with high restrictions concerning the environmental issues



8. Innovations and its Dissemination

- ⦿ Extracting mangosteen peel which is considered waste in the environment, and using its natural extract to produce high-quality cosmetics products, acknowledged by a leading company in Germany
- ⦿ Using natural extract from *Garcinia atroviridis* to produce world-class slimming products
- ⦿ Using natural extracts from 5 plants, which are mangosteen, centella asiatica, black sesame, guava, soybean, to produce dietary supplement products to help balance immunity and treat the diseases that are caused by having unbalanced immunity
- ⦿ Registering copyrights for Thai scientists' researches abroad