

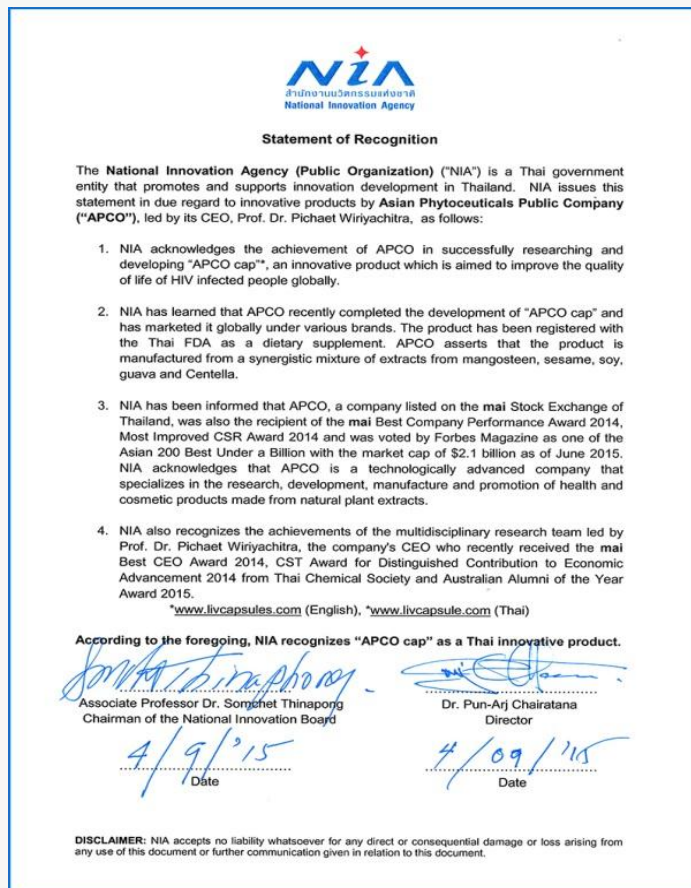


Corporate Social Responsibility Report 2015 Asian Phytochemicals Public Company Limited



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Great Pride of APCO



The National Innovation Agency (NIA)
recognizes
"APCO cap"
as a Thai Innovative Product

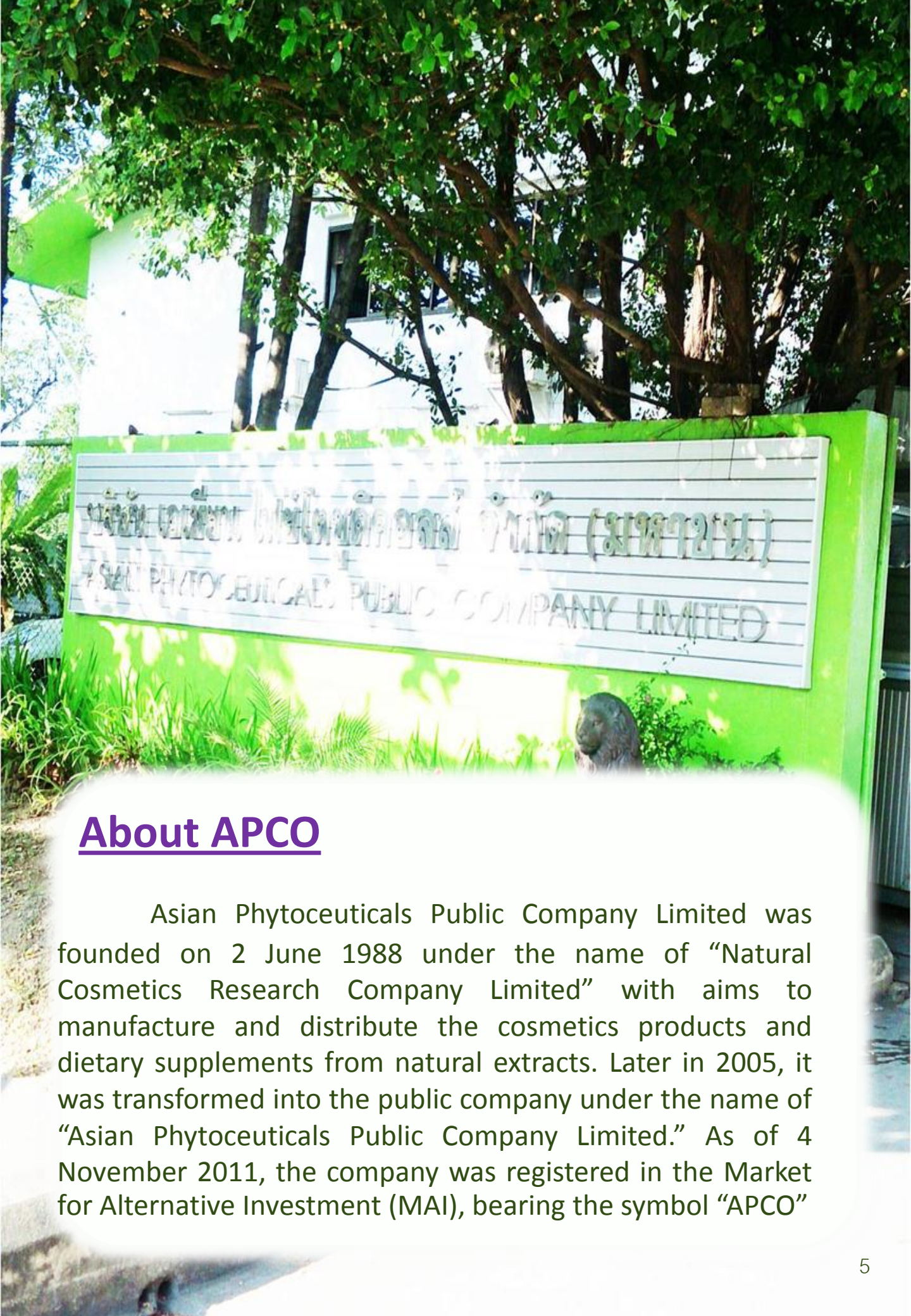


“Best Company Performance Awards”

“Best CEO Awards”



one of the 200 best leading public companies in the Asia Pacific region with the annual revenue, net profit and return on equity under \$1 billion.



About APCO

Asian Phytochemicals Public Company Limited was founded on 2 June 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 4 November 2011, the company was registered in the Market for Alternative Investment (MAI), bearing the symbol “APCO”

Vision



A leader in the innovation of dietary supplements and beauty products originated from researches and development of “natural extracts” in Thailand by Thai scientists with an ultimate aim to enhance the living quality of Thai and world populations



Mission

- 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
- Expanding product distribution channels to be more diverse and up-to-date
- Enhancing the living quality of Thai and world's populations
- Promoting Thai products to international customers
- Building the sustainable industry
- Adhering to the principle of corporate governance, that concerns about the effects on stakeholders, employees and society, under the policy of white business, in its operation
- Promoting the use of creativity to add value to the organization, shareholders, stakeholders and society
- Building local and international business partnership
- Building customers and partners' trust

Support for CSR Projects

The Advisory Group consists of social, economic and educational experts as follows:

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



A photograph of several mangosteen fruits. Some are whole, showing their dark purple, bumpy skin and green, leafy crowns. Two are cut in half, revealing a bright red, fleshy rind and a white, segmented, flower-like interior. The fruits are arranged on a plain white background.

Management Guidelines Regarding Corporate Social Responsibility

1. Good Corporate Governance

The company utilizes 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 formulation. At present, the third amendment of the principle of Good Corporate Governance which was approved by the Board of Directors and initially implemented on 12 February 2015 is active. An annual review for its content is also scheduled. (See APCO Annual Report 2015; section “Corporate Governance”, for more information)

The company has appointed the Board of Audit Committee which consists of eminent, virtuous and acknowledged persons as follows:

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



Mrs. Maleeratna Plunchitchom



Associate Professor
Dr. Varakorn Samakoses



Professor Dr. Praipol Koomsup



Emeritus Professor Krairit Boonyakiat

The company also has an Internal Audit Office with Assoc. Prof. Chusri Taesiriphet as an Advisory Internal Auditor. The office is to perform monitoring and auditing works to ensure that the operations of every section follow the policy of Good Corporate Governance with transparency, and without conflicts of interests and corruption.

2. Fair Operating Practices

The company upholds business ethics in its operation and management. In this regards, the Board of Directors provided the Manual on Good Corporate Governance and 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, high-quality and fair manner. The same practice is expanded to cover the taking care of every group of stakeholders which are shareholders, employees, clients, partners and creditors, competitors, society and environment. The practice guidelines regarding the rights and benefits of all stakeholders are stated in the company's Manual on Good Corporate Governance and Business Code of Conduct and published on the company's official website (www.apco.co.th) as well as the company's Annual Report 2015. (See Also in the Annual Report 2015, "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 company has also made its commitment against corruption by joining the Private Sector Collective Action Coalition Against Corruption or “CAC.” Moreover, it is determined, as the main policy of the company, that everyone in the company shall refrain from asking for or accepting any corrupted benefits from the business partners, as indicated in the Business Code of Conduct. Everyone in the company is expected to have good understanding on anti-corruption and to conform to the policy. Also, it is expected that the stakeholders learn about the company’s determination to fight corruption. The investigation procedures and penalties for malpractice, which are as severe as disemployment, are stated in the Manual on Good Corporate Governance and Business Code of Conduct, under “**Policy on Anti-corruption.**”

4. Respect for Human Rights and Fair Treatment at Work

The company adheres to labor 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 other industries of the same level
- ❖ Paying bonus in an amount of 10% of the annual turnover after deducting tax, but not less than 2 times of the salary
- ❖ Having systematic evaluation process on the employees work performance to be considered for salary adjustment and bonus payment



- ❖ Giving gold as token of appreciation for the employees working with the company for 5, 10 and 20 years
- ❖ Providing welfare such as provident fund, social security, incentive pay, allowance for food and engine oil, uniforms
- ❖ Providing annual medical check-up for employees to prevent the risk from work-related diseases
- ❖ 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
- ❖ Allowing the employees to choose days in the week and time of working
- ❖ Allowing functions switched in order to be appropriate for pregnant employees



- ❖ Providing work-related trainings for the employees
- ❖ Abstaining from racial, religious discrimination, sex, age and disability
- ❖ Hiring disabled workers not less than the legal limit
- ❖ Launching and publicizing the “Occupational Safety, Health and Environment Policy” to the employees to follow. Also appointing safety officers and related persons at all levels to strictly ensure safety, health quality and environment in 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



5. Responsibility for Consumers

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

- ❖ Every product is certified by Food and Drug Administration (FDA)
- ❖ The company's products have received Halal certification.
- ❖ All products are made from natural extracts and free from chemicals that are harmful to the environment.
- ❖ The products' packages are recyclable.
- ❖ The research and product development team comprises experts in interdisciplinary fields from the universities around Thailand and abroad.



- ❖ 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.
- ❖ The company has its own TV programs to provide academic information on the effectiveness of the products 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.
- ❖ The instruction on product usage is thoroughly explained for the utmost benefit of the consumers.



- ❖ Highly qualified academicians are stationed at the regional office branches to give advices and answer questions.
- ❖ Permission must be granted by the interviewees prior to every interviews and data collection. Consumers' information will be kept confidential.
- ❖ The return policy and product recall policy are prescribed as guidelines in case there are problems relating with the products.
- ❖ Services are sincerely provided to the consumers under the white business policy.
- ❖ The production factory is of high standard so it has received Good Manufacturing Practice (GMP) certification.



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:

- ❖ Granting monetary support for scientific researches of several academic institutions, for examples, Mahidol University, Chiang Mai University, etc.
- ❖ Granting a fund for Chiang Mai University (CMU) to appoint Prof.Dr. Watchara Kasinrerak as APCO Chair Professor, also the first CMU Chair Professor



- ❖ Disseminating the information on how to develop scientific research results into business through publications and lectures at academic institutions
- ❖ Donating the company's products to 70 AIDS orphans at Baan Gerda, in order to enhance the patients' quality of lives
- ❖ Providing the information on alternative treatments for illness to the hospitals' personnel
- ❖ Establishing tax plan and paying taxes correctly
- ❖ Joining the coalition against bribery and corruption



- ❖ Creating jobs and supplementary incomes to the villagers from the collected and sliced *Garcinia atroviridis*, This also helps raising the price of the fruits
- ❖ 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 which are resulted from high-quality researches



SMART Healthcare
transforming how we manage health

HIMSS AsiaPac15
DIGITAL HEALTHCARE WEEK

6 Sep: CPHIMS Exam • 7-9 Sep: Conference & Exhibition •
10 Sep: Masterclass Workshops (HL7, ICNP) & Hospital Tour
Marina Bay Sands, Singapore

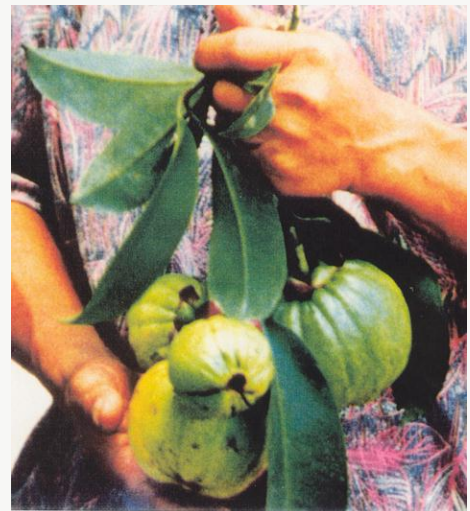
**"HIV depletes
T-helper17,
we simply
stimulate it"**

By Prof. Dr.Pichaet Wiriyaichitra Ph.D.,
F.R.A.C.I.

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 leftover materials, such as mangosteen peel, that causes problems to the environment
- ❖ Using water to trap and prevent dust from the production process from flowing outside the factory
- ❖ Hiring a private agency accredited by the Department of Industrial Works to monitor the quality of wastewater on a monthly basis



- ❖ 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
- ❖ Regularly and strictly controlling the problem of drug abuse among the employees
- ❖ Locating in an industrial estate with high restrictions concerning the environmental issues



8. Innovations and its Dissemination

- ❖ APCOcap products which are developed from the additive effect of the mangosteen extract, guava extract, sesame extract, soy extract, sesame extract are certified by The National Innovation Agency (NIA) as an innovative product of Thailand to increase the quality of life of people infected with HIV.



Statement of Recognition

The National Innovation Agency (Public Organization) ("NIA") is a Thai government entity that promotes and supports innovation development in Thailand. NIA issues this statement in due regard to innovative products by Asian Phytochemicals Public Company ("APCO"), led by its CEO, Prof. Dr. Pichaet Wiriyaichitra, as follows:

1. NIA acknowledges the achievement of APCO in successfully researching and developing "APCO cap", an innovative product which is aimed to improve the quality of life of HIV infected people globally.
2. NIA has learned that APCO recently completed the development of "APCO cap" and has marketed it globally under various brands. The product has been registered with the Thai FDA as a dietary supplement. APCO asserts that the product is manufactured from a synergistic mixture of extracts from mangosteen, sesame, soy, guava and Centella.
3. NIA has been informed that APCO, a company listed on the mai Stock Exchange of Thailand, was also the recipient of the mai Best Company Performance Award 2014, Most Improved CSR Award 2014 and was voted by Forbes Magazine as one of the Asian 200 Best Under a Billion with the market cap of \$2.1 billion as of June 2015. NIA acknowledges that APCO is a technologically advanced company that specializes in the research, development, manufacture and promotion of health and cosmetic products made from natural plant extracts.
4. NIA also recognizes the achievements of the multidisciplinary research team led by Prof. Dr. Pichaet Wiriyaichitra, the company's CEO who recently received the mai Best CEO Award 2014, CST Award for Distinguished Contribution to Economic Advancement 2014 from Thai Chemical Society and Australian Alumni of the Year Award 2015.

www.livcapsules.com (English), www.livcapsule.com (Thai)

According to the foregoing, NIA recognizes "APCO cap" as a Thai innovative product.

[Signature]
Associate Professor Dr. Somchit Thinapong
Chairman of the National Innovation Board

4/9/15
Date

[Signature]
Dr. Pun-Arj Chairatana
Director

4/09/15
Date

DISCLAIMER: NIA accepts no liability whatsoever for any direct or consequential damage or loss arising from any use of this document or further communication given in relation to this document.

- ❖ APCO capsule and APCO essence is an innovative eye care products to balance the immune system.





About this Report

This Corporate Social Responsibility (CSR) Report 2015 of Asian Phytoceuticals Public Company Limited is compiled and published according to the Sustainability Reporting Guidelines distributed by the Securities and Exchange Commission (SEC) of Thailand and the Manual on “Business Compass”. 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 1 January to 31 December 2015. 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