

## **Corporate social responsibility report**

The Company recognizes the importance of complying with good corporate governance in line with the Principles of Good Corporate Governance for Listed Companies of the Stock Exchange of Thailand. It involves rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency, and responsibilities of the Board (more detail in “Corporate Governance”). In conducting its business, the Company also places importance on communities, society and the environment. The Board of Directors is always well aware that good corporate governance and social responsibility sustainably improves its operating results and is the key to its success. The Board of Directors therefore laid down a policy on good corporate governance and business ethics in writing. In designing its core work process, the Company takes into account and pays attention to stakeholders, communities, society and the environment while strictly complying with the laws and regulations related to its business.

### **1. Fair business operations**

The Company emphasizes operating business by promoting free and fair competition within the framework of the law and its business ethics. It avoids activities which may constitute conflicts of interests, has measures to supervise the use of insider information for personal gains or others' and respects the rights and equality of all groups of stakeholders – from shareholders, customers, employees, trade partners, competitors, creditors, as well as communities, society and the environment. Guidelines on the rights and benefits that the stakeholders should be entitled to are included in the Company's Code of Conduct and business ethics so that owners, executives and employees can adhere to. They are also posted on the Company's website and central database. More information can be found in “Roles of Stakeholders” under “Corporate governance”.

### **2. Anti-corruption and bribery**

The Company has an anti-corruption policy and prohibits bribery. Under its Code of Conduct, an employee must not solicit benefits and avoid accepting any asset which may illegitimately persuade him to perform or refrain from performing any duty, or cause the Company to lose its legitimate benefits. All employees must not commit any act which may constitute conflicts of interest against the Company. They must not use the Company's assets to seek commercial gains for themselves or others, refrain from doing anything illegitimately, or abuse their positions. The Company disseminates its Code of Conduct to all employees so they are aware of the importance of performing their duties with integrity. It also aims to enhance morality and ethics among its employees by holding meditation training and sermons.

#### Guidelines on managing and evaluating corruption risk

-Preventive measures include restructuring the organization to make it suitable for management and control. The structure enhances transparency and efficiencies and is in line

with goals, business nature through separation of duties and balance of power. Work process and command line are clear for each unit. Corporate culture also focuses on morality and ethics, with checks and balances and regular operation evaluation. Adequate and suitable communication and training are provided, with guidelines disseminated through the Company's intranet and website.

- Code of Conduct for executives and employees is in writing. The Company also promotes compliance with it and arrange for communication channels such as the intranet and website. It also plans a follow-up to appropriately evaluate compliance with the Code of Conduct.

- A procedure was set to evaluate internal corruption risk and policy compliance evaluated through the Committee of Sponsoring Organizations of the Treadway Commission (COSO)'s model at the director level. Evaluation of internal control at the department level, work mechanisms of the Risk Management Committee and the Internal Control Department is also in place.

- Supervision is also done at the department level, with the head of each unit supervising his unit by assessing internal control and corruption risk at the unit level. An efficient and effective internal control was laid down to plug any corruption loophole. The adequacy of internal control in preventing, monitoring and detecting corruption risk is reviewed and upgraded regularly. Each department head monitors, reviews and follows up on the operation of his unit and assigns his subordinates to do the same.

- The internal control unit checks compliance with regulations and work procedures and ethics. It also evaluates corruption risks, early-warning warnings, adequacy of the internal control system in preventing, monitoring and detecting corruption risk. It reports the audit review at least once every quarter.

- The Risk Management Committee also tests and evaluates corruption risk regularly and reports the results to the Board of Directors.

- Channels are provided to report wrongdoing or corrupt practices as are measures to protect and mitigate negative impacts on whistleblowers, complainers or collaborators under the whistleblower policy. Details are in "Measures of reporting wrongdoing and mechanisms to protect informers".

- In the event a wrongdoing is found based on evidence, fact-finding and complaints, an ad-hoc committee will be set up to provide justice for the accused and protect the whistleblower appropriately.

- Each case will be used as a case study to find preventive and investigative measures and to educate unit heads on how to prevent internal corruption.

New employees are informed of the standards on good behaviors and ethics on their first days at work and through employee orientations. In 2015, the Company held an in-house

training for directors, executives and all unit heads on risk management, conducted by EY Corporate Services Co., Ltd. Two independent directors also attended the annual seminar of EY Office Co., Ltd. of which corruption (types, motives, case study and preventive/mitigating measures) was one of the areas covered.

### **3. Human rights observation**

The Company complies with human rights principles. Its directors, executives and all employees follow these principles closely and regard them as core values. They take it to heart equality, freedom, dignity and rights of other people. Discrimination is not tolerated, whether it involves race, nationality, languages, religions, sex, age and education. The Company does not support any act deemed in violation of universal human rights.

#### Guidelines

- 1) Tighten supervision to ensure the Company's business does not involve human rights violations such as child labor or sexual harassment.
- 2) Take care of employees and their well-being by giving them fair compensation, provide welfare, promote education and training continually both in the short and long term, take good care of health and sanitation, provide them with asset and work security and watch out for unfair treatments
- 3) Respect the privacy of customers, trade partners and employees by not transferring or disseminating personal information to unrelated parties and agencies. Disclosures or transfers of private data can only be done with prior consent of their owners.
- 4) Terms and conditions in employment contracts are appropriate and fair.
- 5) Treat employees and all stakeholders equally, indiscriminately and respectfully. Respect other people's opinions.
- 6) Stipulate in the Code of Conduct of employees that they must behave in a manner suitable for their duties and positions and refrain from speaking ill of other people or organizations without grounds.

### **4. Fair treatment of labor**

The Company believes that employees are the most important element of its success. It therefore takes care of and fairly treats them in various areas such as:

- (1) Respect the rights of employees based on human rights principles.  
More details are under "Human rights observation".
- (2) Determine compensation that matches their duties, responsibilities and price mechanisms in the labor market by taking into consideration incentives so that employees are motivated to perform their duties to their full capacity. Performances are evaluated by supervisors and part of the compensation is allocated as their reward based on the Company's operating results.

- (3) Various forms of welfare are provided. The Company has the policy on safety and sanitation and promote good work environment. More information is in “Rights of Stakeholders and Employees” under “Corporate Governance”.
- (4) Promote the development of employees’ potential by organizing training and educating employees at all levels.
- (5) The Company set up a welfare committee to represent employees in talks with the Company so that the Company knows what the employees really want. It also supervises the distribution and access to such welfare.

### 5. Responsibility to consumers

The Company is determined to improve the quality of its products and services to meet standards including setting up a contact center to listen to consumers’ suggestions and opinions. Armed with such knowledge, the Company can improve their products and services to meet customers’ satisfaction and bolster their confidence. The efforts paid off when Land and Houses Plc. won the Trusted Brand award for eight consecutive years based on a consumer survey by *Reader’s Digest* magazine. The award measures consumers’ satisfaction in both Thailand and Asia in six areas: (1) creditability and trust (2) quality (3) value (4) insights into consumers’ demand (5) creativity (6) social responsibility. Land & Houses is the only property development brand that won the Platinum Award.

#### Guidelines

- (1) Manufacture products with the “Baan Sabai” concept, which focuses on coolness, comfort, energy efficiency, space usage maximization, convenience and safety

#### 1.1 Cool and energy-efficient

##### Baan Sabai walls

House walls are divided into two categories: those made of Q-CON’s autoclaved aerated concrete and those made of reinforced concrete. The choice depends on house plans. Both types are strong and long-lasting, with heat-blocking properties.

##### Baan Sabai roofs

Roofs are designed and constructed carefully using high-quality tiles. Every roof passes quality control so leaking is very rare. Besides, heat-reflective sheets are installed under them to reflect sunlight.

##### Under-roof laths

Under-roof laths are narrow strips of materials installed with small space in between below roof tiles around the structure to allow hot air under the roofs to ventilate. The Company uses ready-made laths made of long-lasting materials, eliminating the

termite problem. They are also non-decaying, non-swelling, robust, unbending, non-fading, long-lasting and easy to clean.

### Ceilings

Ceilings are panels put under the roofs or upper floors to conceal untidy view of the structure. The Company uses high-quality, lightweight and fire-resistant gypsum sheets as ceilings to ventilate heat, block noises upstairs and decorate rooms.

### Light-blocking green glass

The Company uses light-blocking green glass that prevents UV ray and absorbs 35-50% of sun heat. It helps reduce the workload of air-conditioners and conserve energy.

### Special aluminum and vinyl door/window frames

Door and window frames are made of special aluminum and vinyl, which help prevent termites and are long-lasting. They withstand sunlight, wind and rain. They do not bend, twist, swell or contract from humidity or water leaks and are easy to clean.

## 1.2 Versatile usable space

### Bathrooms of Baan Sabai

Baan Sabai's bathrooms are designed for sanitation, with separate wet and dry sections, good ventilation and skylights to help kill germs and reduce pollution.

### Side garden doors

Baan Sabai provides easy access to beautiful gardens around the house with additional doors to verandas along the sides, giving an airy, unobstructed view.

### Glass lofts in sitting room and/or bathrooms, master bedroom

The airy view is enhanced by glass lofts to help reduce energy use

### Special fiber mosquito nets

Mosquito nets are rust-proof, long-lasting and beautiful. They do not absorb heat and are black in color to prevent reflection and are easy to clean.

### Praying rooms or separate praying shelves

A praying room or praying shelf is included in the design, in keeping with the commonly believed auspicious corner.

## 1.3 Security, convenience and safety

### Emergency light and circuit breaker system

An emergency light and circuit breaker system includes down lights in key areas such as master bedrooms and staircases during blackouts or overloads.

### Underground water tank and pumping system

The underground water tank and pumping system is securely built with piling to support weight. Quality tanks, connections, taps, valves are used with pipes connecting to pumps, which dispenses water automatically. A system is in place to prevent motors from overheating and pressure diaphragm tanks help extend motor life.

### Termite control system

The Company prepares an underground termite control system by laying PE pipes around ground beams, eliminating the need to make holes on floors for chemical injections. This means there is no chemical residue in the house.

### Garbage cans near fences and specially designed mailboxes

Space is provided for garbage cans, as well as mailboxes with well-designed slots.

### Garden decoration

Gardens are prepared and groomed by landscape architects, ready for home owners to move in.

### House plans

To accommodate extensions, the Company digitizes house plans and put the data on CD-ROM for ease of use.

### Pre-built houses

Baan Sabai is pre-built before they are sold to customers, allowing customers to set their house-moving schedules conveniently.

- (2) Sells quality products and services to customers at fair prices
- (3) Creates a green environment for each project, with large common gardens for cool atmosphere for residents
- (4) Provides data on projects and products, gives advice to residents and contact customers with courtesy and no exaggerated claims.
- (5) Guarantees products and has an after-sale service to serve residents and provides house checks during warranty periods.
- (6) Sets up a customer relation system to directly communicate with residents at the Company's website or at the 1198 call center. It accepts complaints about houses and condominiums and provides home tips. The computer system was upgraded to accommodate online booking for repairs and checking service for houses under warranty where customers can submit their requests around the clock. Project

residents can follow up on the status of their repairs requests and find information on their houses by themselves.

- (7) Respect customer privacy and does not reveal their data or exploit them illegitimately
- (8) Holds activities to strengthen ties among project residents, as well as their relationship with the Company in the long run

### **6. Environment conservation**

The Company recognizes the importance of impacts on the environment. It therefore designs and makes quality, energy-friendly products. This is the concept behind designs and the choice of quality, energy-efficient and environmentally friendly materials. It has a system to control construction standards. Gardens are prepared around each house and the appropriate environment is arranged as detailed under “Responsibilities to Consumers”.

Its strenuous environment and energy conservation efforts in every production stage paid off in 2015 when the Company won the Energy Conservation Award in the housing estate category as detailed under “Innovation and Innovative CSR propagation.”

The Company conducts environmental impact assessments (EIAs) as required by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment, and complied with the guidelines on mitigating the impacts stipulated in the EIAs. It also takes action and ensures compliance with all related laws.

The Company places importance on energy conservation and conserve the environment. Executive cars are the hybrid type, and electric golf cars, which are energy-efficient and help reduce air pollution, are used in projects. Energy-efficient light bulbs are also used at its offices.

#### Promotion of efficient resource use and environment education for employees

The Company is determined to use resources efficiently by taking into consideration social and environmental impacts. It encourages and educates employees to create a good environment at work by using resources effectively and efficiently and to take into account their responsibility to the environment while performing their duties. The conscience is instilled through the activities and trainings in which they constantly participate, starting from basic, everyday activity such as the reduction of paper use, more use of recycled paper, re-use of document files and regular maintenance of equipment, campaigns to conserve water and electricity, etc. Moreover, the Company arranges for training both internally and externally to propagate knowledge on energy conservation and the environment such as energy-efficient home designs, energy-saving technology, AirPlus technology and energy conservation including clean-energy alternatives to mitigate the impacts on the environment. Activities were also held so staff could take part in environment conservation. Details are in “Participation in social and community development”.

### 7. Participation in social and community development

The Company is aware of its responsibilities toward the environment and communities and routinely holds projects and activities for communities and society. In 2015, it organized the following activities:

- Giving second-hand computers to Ban Nong Wah Ain School

On January 4, 2014, the Company gave second-hand computer PCs to Ban Nong Wah Ain School under zone 6 of Nakhon Ratchasima educational area, which had asked for them in writing as the school was in need of them.

- “Releasing Aquatic Animal Breeds for the Ecosystem” social activity

On August 5, 2015, the Company held the “Releasing Aquatic Animals Breeds for the Ecosystem” activity at the Sirindhorn International Environment Park, Phetchaburi province, to restore abundance and rehabilitate the coastal ecosystem, an essential natural resource for men. As part of the activity, speakers from the Office of Tourism Activities gave a talk on the coastal ecosystem to instil nature preservation conscience.

- Scholarships for children and rewards for good workers

Scholarships are given every year to help support education for the children of construction workers in all projects and to reward hard-working workers. In 2015, 236 scholarships were given.

### 8. Innovation and innovative CSR propagation

The Company intends to improve houses and upgrade the quality of life of their residents under “LH SMART: A Concept for Better Life”. The concept is reflected by the adoption of concepts involving conveniences, safety and reduction of maintenance burden. These concepts have been integrated into the “Baan Sabai” standards since 1999. Houses under these standards are pre-built, easy to maintain, beautiful and modern. The Company continues to develop quality houses by conducting research, and collecting data on usage behaviors and problems and feedback of residents on new items. Based on the data on modern lifestyles and behaviors, one interesting finding stands out. People spend less time at home on weekdays. This means conveniences and good quality of life are what everybody needs and this led to the development of the AirPlus technology, which was registered as the No.0601006065 patent.

“AirPlus, an air-ventilating system that enables a house to breathe,” took more than 5 years to develop and has since been used in the Company’s projects. The technology applied the knowledge of traditional Thai house design to modern home technologies. Clean energy is used as the system relies on solar cells for electricity. The “AirPlus” system is based on the following concepts:

1. Smart and convenient (automation)
2. Continuous ventilation (non-stop air circulation)
3. Easy maintenance and long lifetime (easy to maintain and durable)

4. Solar energy (main source of power)
5. Adaptive to modern lifestyle (matching the needs of the new generation)
6. Live-in with good nature (good environment)

AirPlus is designed to work automatically 24 hours a day by allowing air to circulate continually. The use of solar cells means the system is energy-efficient and environmentally friendly. While the system works automatically, users can turn it on or off through a controller unit.

The AirPlus technology can manage energy in three manners:

1. Solar power, which is clean energy
2. Hybrid, a mix of electricity and solar energy
3. Sufficient, efficient use of electricity

AirPlus can ventilate a house efficiently through the installed ventilation tube, which draws inside air out along the eaves, causing air to move all the time and reducing heat and humidity.

On March 2, 2015, the Company won the Outstanding Energy Efficiency Award for Housing Estates in the category of large single houses with more than 300 square meters for its Marigold (231GO) design of the Ban Mantana Project Lake Watcharapol at the Outstanding Energy Efficiency Award 2014 held by the Department of Alternative Energy Development and Efficiency, Ministry of Energy. Its Modern Skyhall design of the Landmark Project Ekamai-Ram Intra also won the Outstanding Energy-Efficiency Award for Housing Estates in the category of townhouses with more than 120 square meters.

The Marigold (231GO) design at the Ban Mantana project Lake Watcharapol won the Outstanding Energy-Efficiency Award for Housing Estates on innovation. In terms of architecture, the design uses green light-blocking glass exclusively and features extended eaves to block sunlight. In terms of landscape, the house is built in the North-South orientation, surrounded by large trees to provide cool shades. Most of the space is open, covered by shrubs and groundcover, which helps lower temperature around the house. For engineering work, energy-efficient LED light bulbs, No. 5 air-conditioners and an in-house ventilation system are used. An easy-to-use automated solar-powered ventilation system moves air thoroughly, reducing accumulated heat and air-conditioning workload. It also clears damp air, leaving only healthy clean air.

The Modern Skyhall design at the Landmark project Ekamai-Ram Intra also won the Outstanding Energy-Efficiency Award for Housing Estates. Architecturally, it mainly uses light-blocking green glass and fiber-optic thermal insulators were installed above the ceiling. Environmentally, large trees are grown to provide cool shades. Most of the space is open, covered by shrubs and groundcover, which help reduce temperature around the house. In terms of engineering, LED light bulbs and No. 5 air-conditioners are used. A lighting control system is also installed in halls and hallways. An easy-to-use automated solar-powered ventilation system moves air thoroughly, reducing accumulated heat and air-conditioner workload. It also clear damp air, leaving only healthy clean air.