



# ANNUAL REPORT 2016

Corporate Social Responsibility (CSR) Report

## ประเทศไทยกับเศรษฐกิจพอเพียง

เศรษฐกิจพอเพียง มุ่งเน้นให้ผู้ผลิต หรือผู้บริโภค พยายามเริ่มต้นผลิต หรือบริโภค ภายใต้ขอบเขตข้อจำกัดของรายได้ หรือทรัพยากรที่มีอยู่ไปก่อน ซึ่งก็คือ หลักในการลดการพึ่งพา เพิ่มขีดความสามารถในการควบคุมการผลิตได้ด้วยตนเอง และลดความเสี่ยงจากการไม่สามารถควบคุมระบบตลาดได้อย่างมีประสิทธิภาพ

จากการเผยแพร่ “เศรษฐกิจพอเพียง และทฤษฎีใหม่”

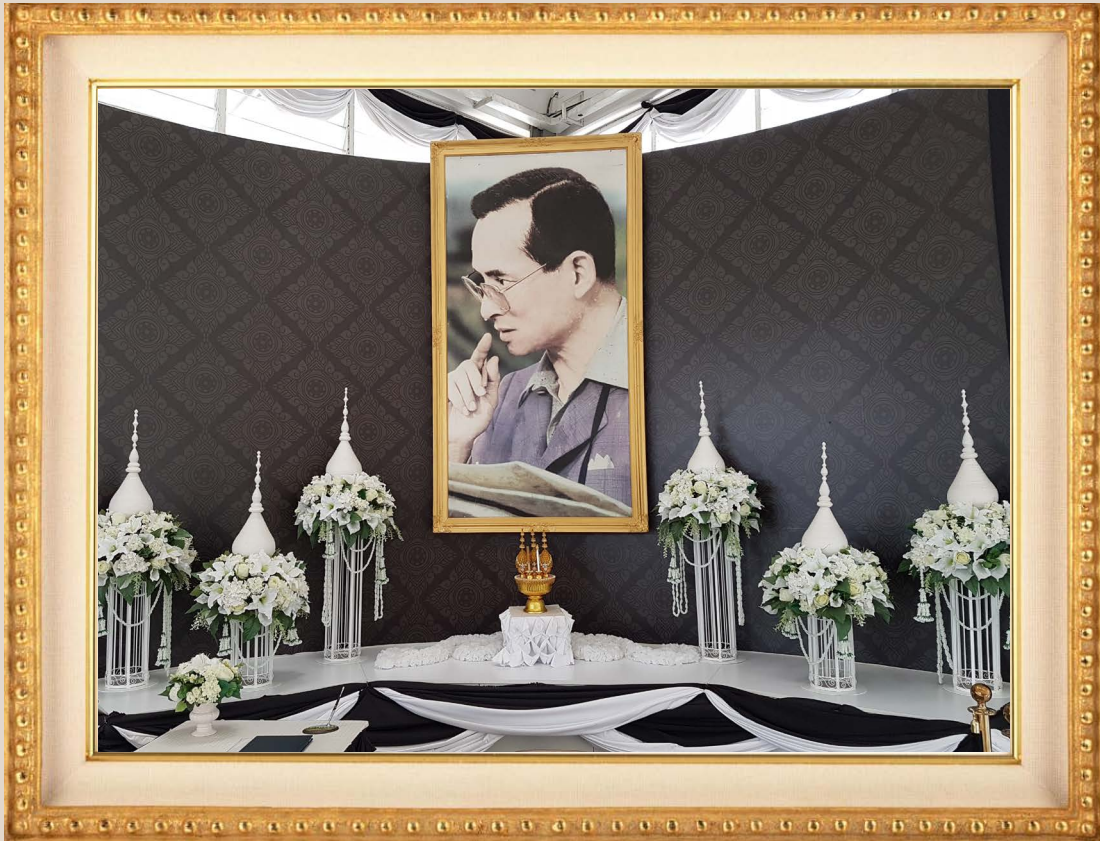
สำนักงานมูลนิธิชัยพัฒนา

## Thailand and Sufficiency Economy

Sufficiency Economy emphasizes that the producers or consumers try to produce or consume within the limit or limitation of existing income or resources first. This is the principle in decreasing the dependence and increasing the ability to control the production themselves, thus decreasing the risk from not being able to efficiently control the market system.

An extract from a publication entitles  
“Sufficiency Economy and New Theories”,  
Office of the Chaipattana Foundation.





*We pay the homage and humbly commemorate to Royal grace of  
His Majesty the King Bhumibol Adulyadej.*

On behalf of The Board of Directors, Management, Employees and Shareholders of  
the People's Garment Public Company Limited and Lion Company (Thailand) Limited

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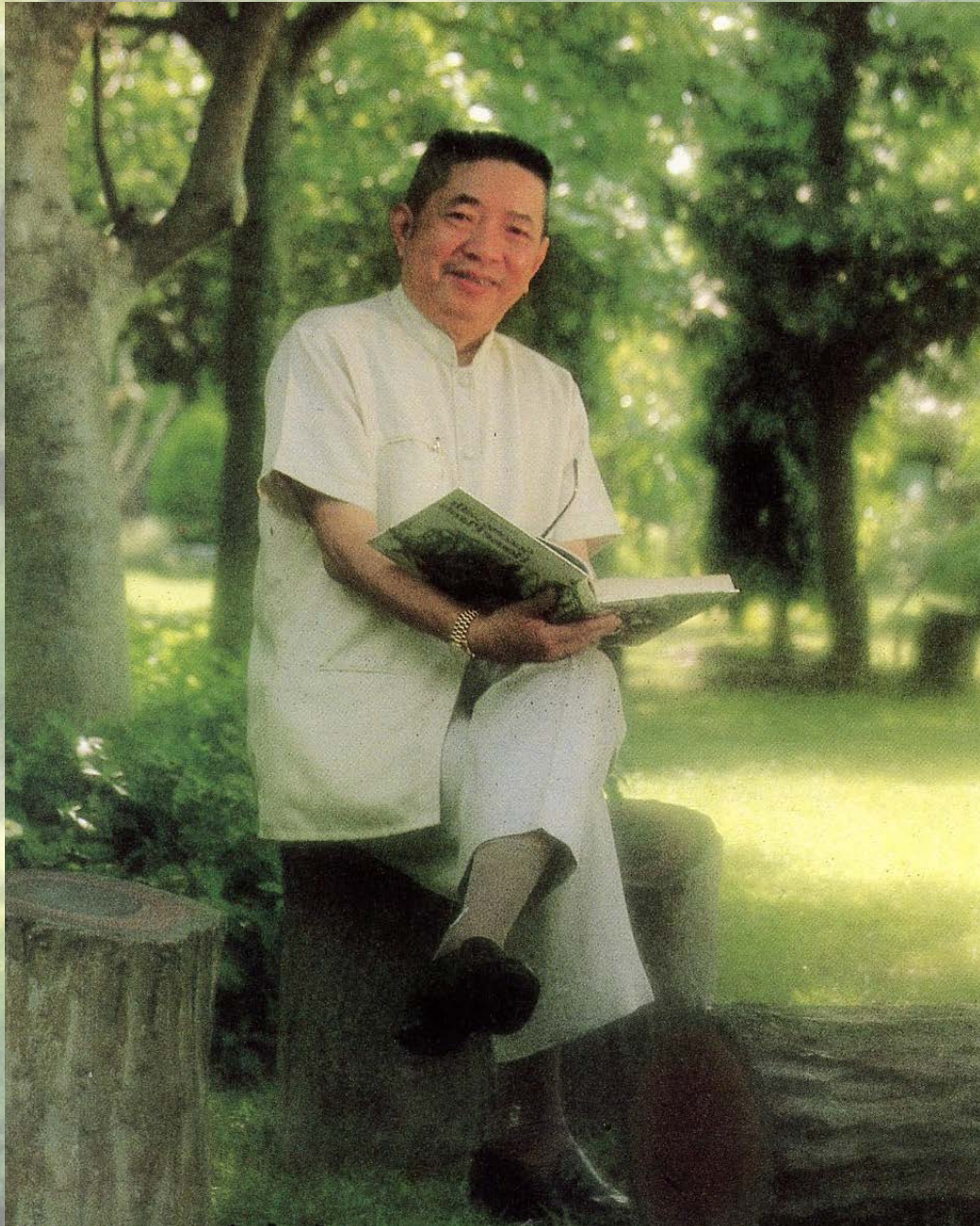


# Financial Overview

DATA	2016	2015	2014
<b>Financial Position and Operating Result (Millions Baht)</b>			
Total Assets	1,837.24	1,694.75	1,874.27
Total Liabilities	345.56	224.29	319.42
Shareholders' Equity	1,491.68	1,470.46	1,554.85
Net Sales	1,068.29	966.84	1,185.20
Profit before income tax	(79.26)	13.24	60.06
Net Profit	(75.05)	13.54	59.16
<b>Per Share Data (Baht)</b>			
Par Value	1.00	1.00	1.00
Book Value	15.54	15.32	16.20
Earning	(0.78)	0.14	0.62
Dividend	-	0.70	0.37
Market Price	7.90	8.55	11.10
<b>Liquidity Ratio (Times)</b>			
Current Ratio	4.98	8.09	4.84
Quick Ratio	2.97	5.15	2.91
<b>Profitability Ratio</b>			
Return on Sales	(7.03)	1.40	4.99
Return on Equity	(5.07)	0.92	3.81
<b>Efficiency Ratio (%)</b>			
Return on Total Assets	(4.49)	0.74	3.25
Return on Fixed Assets	(27.20)	28.16	47.19
<b>Financial Policy Ratio (Times)</b>			
Debts to Equity Ratio	0.23	0.15	0.21
Dividend Payout (%)	-	496.44	60.04
<b>Growth Rate (%)</b>			
Total Assets	8.41	(9.58)	3.00
Total Equity	1.44	(5.43)	3.67
Net Sales	10.49	(18.42)	12.06
Profit before income tax	(698.84)	(77.96)	(31.24)
Net Profit	(654.56)	(77.12)	(29.59)



# Remember 100 years



## **Dr. Thiam Chokwatana**

Who lives with Simple living, Sufficiency, Docility, Humility,  
Strength, Patience, and Diligence

Who lives like a big tree to share happiness  
and success to everyone which can be an original  
way of life for others to follow.

June 2016



# Board of Directors Report

The textile and garment sector in 2016 ended with a decline in exports by 3.09 percent and 9.09 percent respectively when compared to the previous year. This decline was attributable to sluggish global economy and competition from competitor nations which enjoyed lower production costs, such as China, Indonesia, Vietnam, Cambodia and Bangladesh. It is therefore of utmost importance that Thailand should appreciate the significance of product quality development and value creation by developing product designs in line with market demand, in conjunction with an aggressive marketing campaign. Moreover, domestic consumption of colourful fashion clothing slowed down as people in almost all sectors continue to wear black clothing to express their mourning.



As for operating results in 2016, the Company generated sales revenue in the amount of 1,068.29 million baht and a net loss of 75.05 million baht due to lower gross earnings from sales and increased administrative costs. From the operating results and financial standing, as well as the overall economic condition, the Board of Directors adopted a resolution to propose to the 38th Annual General Meeting of Shareholders on 25th April 2017 to withhold dividend payouts.

In any event, the Company Executives are not discouraged and remain optimistic and committed to modifying working strategies by introducing a variety of goods and innovations as demanded by customers and consumers. New customers would also be added to increase sales and operational procedures will be revised to control overall costs, including lower costs for raw materials, production, administrative expenses and financial costs. These improvements would enhance domestic and foreign competitiveness in terms of product costs and expenses.

The Board of Directors and Executive Officers continue to adhere to the principle of sufficiency economy as a guide to the organisation's administration and remain committed to compliance with good governance principles. Appropriate systems are in place for internal control and risk management. Company Directors, Executive Officers and employees continue to strictly devote themselves to performing duties diligently, faithfully and justly in pursuance of the working principles of Sahapat Group's founder, Dr. ThiemChokwatana, and have entered their signatures in a declaration to participate in the Coalition Against Corruption in 2014.

In 2016, the Company pass a self-evaluation and received accreditation in the Collective Action Coalition Against Corruption, number 185, on 14th October 2016, as well as for equal treatment of all stakeholders. As a consequence, the Company received the Investors' Choice Award for holding AGM of Shareholders with a success rate of 100% for 8 consecutive years (from 2009 – 2016) from the Thai Investors Association. The Company was also evaluated as "very good" in a corporate governance survey of listed companies conducted by the Thai Institute of Directors.

On behalf of the Board of Directors, I would like to express my sincerest gratitude to all shareholders, customers, trading partners, communities in the Company's vicinity, stakeholders, all public and private agencies, including the Executive Officers and employees for their long-lasting cooperation and support for the Company's operations.

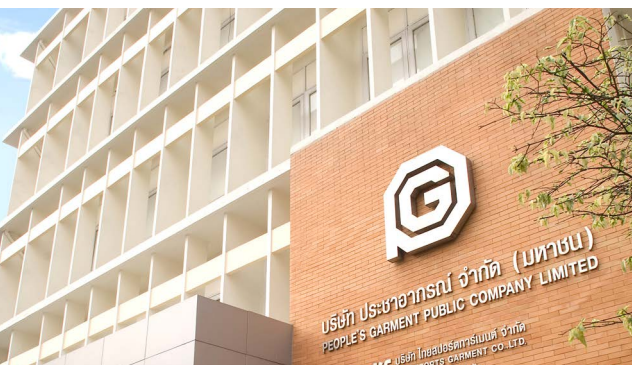
A handwritten signature in black ink, appearing to read 'Boonkiet Chokwatana'.

**Mr. Boonkiet Chokwatana**

**President to Board of Directors**



# Important History and Development



PG established on  
January 30, 1980

Became holder of  
Arrow manufacturer  
license

1980



Registered capital  
has been increased  
to 12MB

Became holder of  
Arena swimwear &  
Le coq Sportif  
sportswear  
manufacturer  
license

1985



Registered capital  
has been increased  
to 24MB

Became Holder of  
Lacoste  
manufacturer  
license

1987



Convert the par  
value of shares  
from 100 THB  
to 10 THB per  
share.

Became holder  
of Fusen, Usagi,  
and NewMan  
manufacturer  
license

Joint venture with  
Muzuno  
Cooperation Japan

1989

Opened  
the factory  
at Welgrow  
Industrial Estate,  
Chachoengsao  
province

1995

1983

Registered  
capital has been  
increased to 6MB

Became holder of  
Catalina swimwear  
manufacturer license



1986

Became holder of  
Mizuno sportswear  
manufacturer  
license



1988

Registered in the  
Stock Exchange of  
Thailand

Opened the  
factory in  
Lamphun province

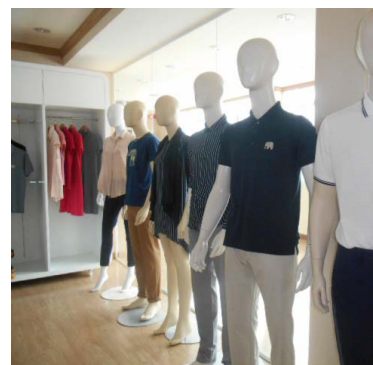
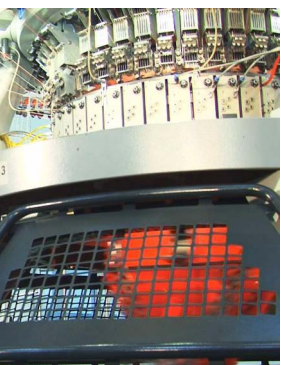
1994

Became a listed  
public company  
on the Stock  
Exchange of  
Thailand

Opened the  
factory in  
Kabinburi  
province

1996

Registered capital  
has been  
increased  
to 72 MB



ELLE

SAP

PRIMO LINEA

PROUD

felix bühler  
swiss design

Became holder of  
Elle swimwear  
manufacturer  
license

SAP  
implementation

Launched PG's  
house brand  
"Primo Linea"

Launched PG's  
house brand  
"360" & "PROUD"

Became holder  
of Felix Buhler  
manufacturer  
License

1998

2001

2005

2009

2014

1999

2003

2006

2010

2016

Became holder of  
BSC & Streamline  
swimwear  
manufacturer  
license  
(Local Brand)

Convert the par  
value of shares  
from 10 THB to  
1 THB per share.

Registered capital  
has been  
increased  
to 96MB

Expanded  
Krabinburi factory  
with knitting  
line-up

Launched PG's  
house brand  
"SWOOP"  
(House Brand)

Launched PG's  
house brand  
(House Brand)

bsc  
SWIMWEAR

Streamline®  
Swimwear for all occasions

SWOOP  
CONVERGENCE OF FASHION AND FUNCTION

SARINI  
Italian style

BERGANDY  
www.bergandy.net

Became holder of Le  
coq sportif and  
Mizuno manufacturer  
License

le coq sportif

MIZUNO

# International Organization for Standardization



- 1998 : Started the project of ISO 9001
- 1999 : Received ISO 9001 certification. The company is the first designer and manufacturer of ready to wear cloth in Thailand which was certificated from BUREAU VERITAS QUALITY (BVQI) on February 3rd, 1999.
- 2003 : Improved ISO 9001 : 1994 to ISO 9001: 2000 which was approved by United Registrar of System (Thailand) on February 24, 2003
- 2009 : Improved ISO 9001 : 2000 to ISO 9001: 2008 which was approved by United Registrar of System (Thailand) on May 1, 2009



- 2013 : Received the certificate of ISO 14001:2004 in recognition as the organization has its scope of design and manufacturing of men's wear, ladies' wear, swimwear, children's wear and knitting, which complies with the Environmental Management System, by the United Registrar of Systems (URS) on October 30, 2013



- 2013 : Participated with the Thailand Textile Institute in the "Clean Technology for the Middle and Small Textile Industry in the Central and Provincial Part" project in order to develop environmental friendly products, on March 27, 2013.



- 2012 : Declared the policy and engaged business according to the Worldwide Responsible Apparel Production Standard or "WRAP" which was approved, in the Gold Certificate of Compliance, by the Worldwide Responsible Accredited Production on October 19, 2012.
- 2013 : Declared the policy and engaged business according to the Worldwide Responsible Apparel Production Standard or "WRAP" which was approved, in the Gold Certificate of Compliance, by the Worldwide Responsible Accredited Production at Kabinburi branch on January 22, 2013.



- 2009 : The company is certified to "Cool Mode" for fabric and Polo shirt. It is accredited By Thailand Greenhouse Gas Management Organization Public Organization (TGO) and Thailand Textile Institute (THTI)



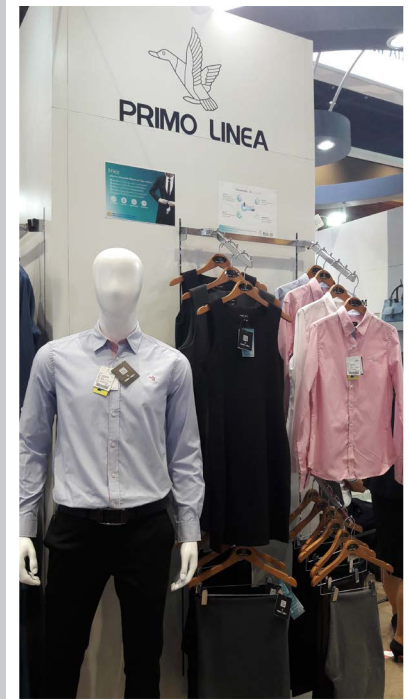
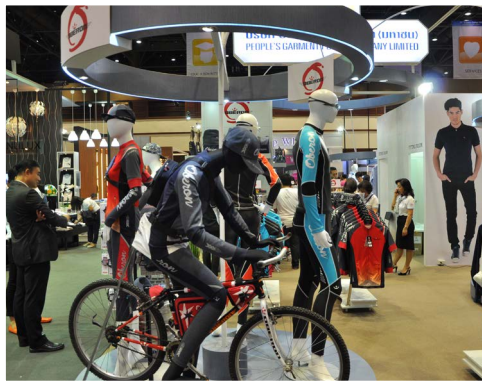
- 2010 : The white polo shirt of "Arrow" made by 100% Cotton size M,L,XL,XXL, are certified to "Carbon footprint lbel' it is acereited by TGO through coordination of THTI



- 2016 : The company has been cooperating with our customers to operate business in comply with code of conduct such as Code of conduct of PVH (Phillip Van Husen) and code of Conduct of Airwair International – Dr. Martens brand. The business principles set out the moral and ethical principles especially Human right, Health & safety, and Environment management that we apply to our business and stakeholders.



# Saha Group 20<sup>th</sup> Fair Trade Export Exhibition



## Board of Directors



**Mr.Boonkiet Chokwatana**  
Chairman



**Mr.Chailert Manoonpol**  
Vice Chairman



**Mr.Charoen Charoenwatanasuksom**  
Chief Executive Officer/Managing Director



**Mrs.Sunan Niyomnaitham**  
Deputy Managing Director/  
Chief Financial Officer



**Mrs.Somporn Tiyaviboonsiri**  
Director



**Mrs.Teerada Ambhanwong**  
Director



**Mr.Viripol Chaithavornsathien**  
Director

## Independent Director

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**Mr.Amorn Asvanunt**  
Independent Director / Chairman of Audit Committee



**GEN Konecharnart Chunnabhata**  
Independent Director /  
Chairman of Risk Management Committee



**Mr.Santi Bangor**  
Independent Director / Chairman of  
Corporate Governance Committee /  
Audit Committee

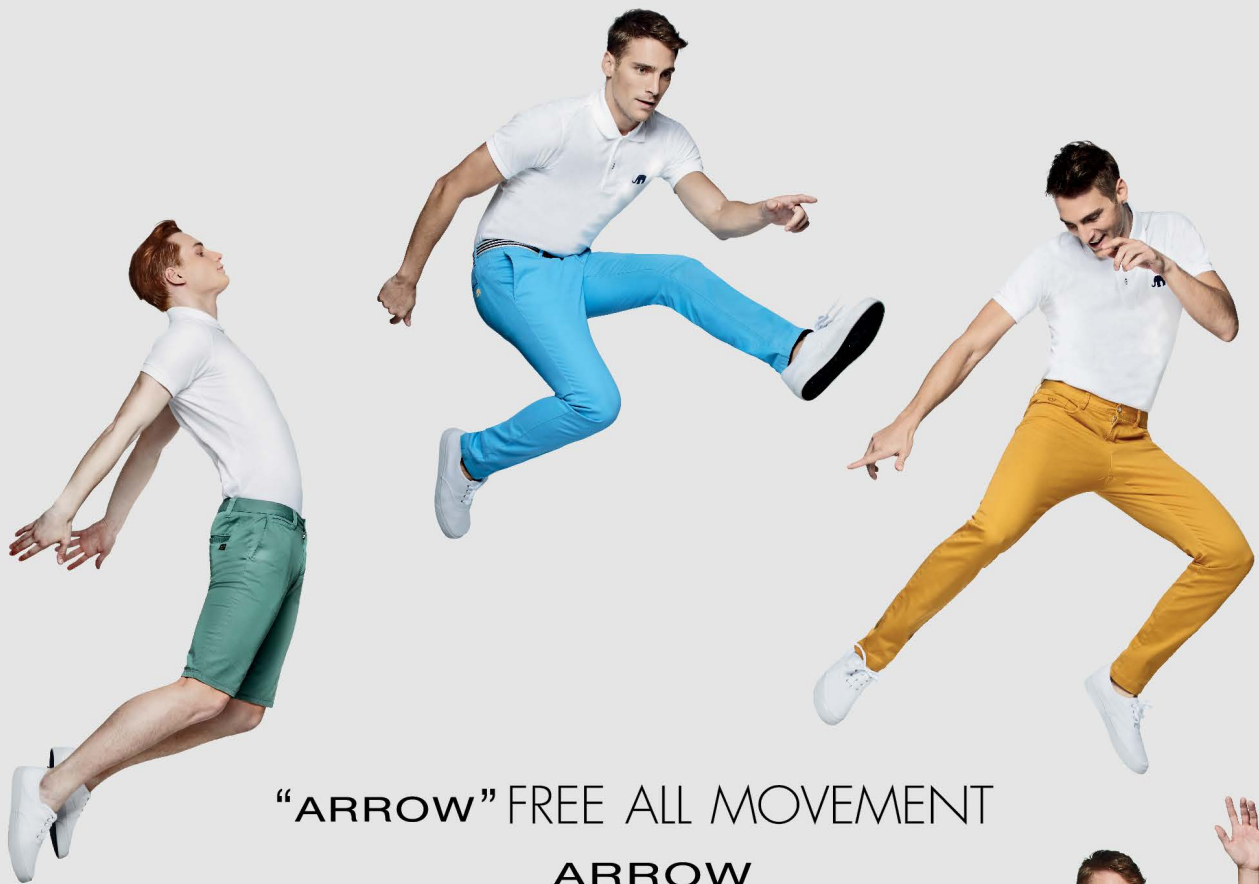


**Mrs.Nuchanart Thammanomai**  
Independent Director / Audit Committee



**Mrs.Chortip Pramroj Na Ayudhya**  
Independent Director / Nomination  
Committee / Remuneration Committee





“ARROW” FREE ALL MOVEMENT







# SWIMWEAR





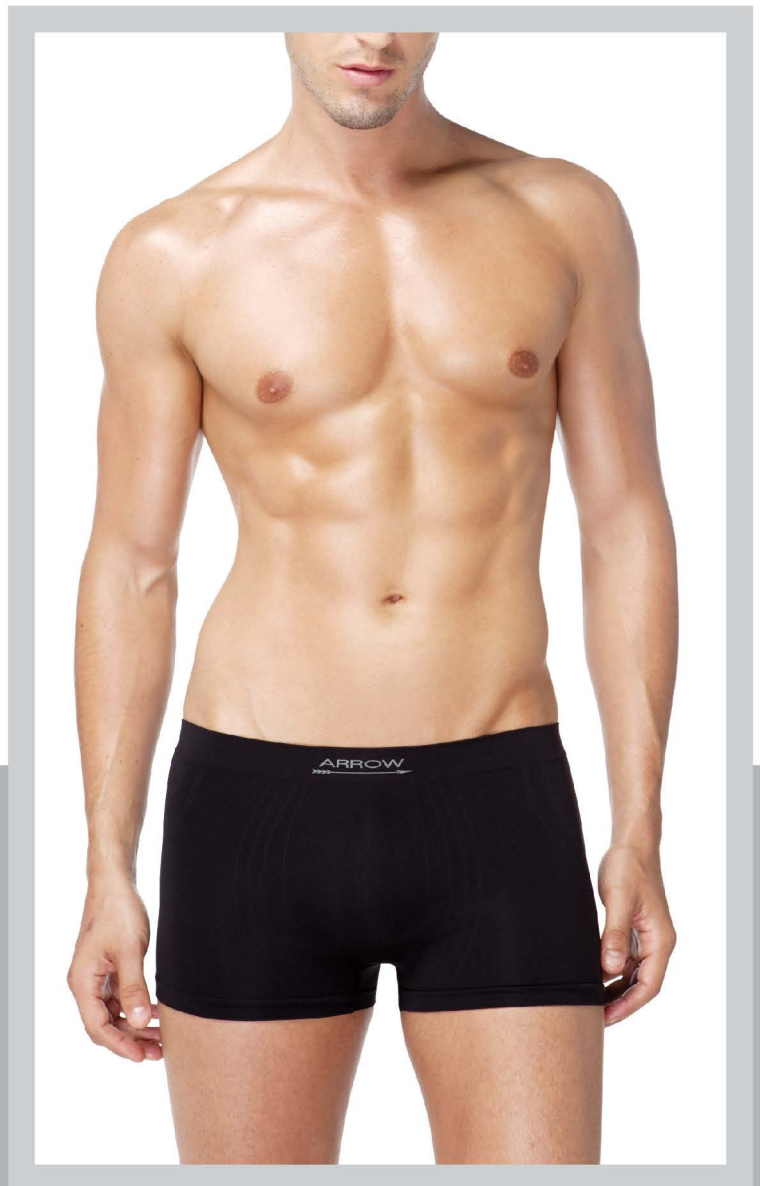
# UNDERWEAR



ARROW  
USA • 1851

BSC  
INNERWEAR

Innerwear : Arrow , BSC Innerwear











BERGANDY  
BRAND OF PEOPLE



Clothes : Bergandy  
Leathers Bag : Sarini





LION

WORK WEARS

Photos courtesy of "http://www.lion.co.th/uploads/banner\_header/20528.png"

OFFICE WEARS



UNI  
FORM  
DESIGN







## **Situation in 2016 and Trend in 2017 for the Textile and Garment Industry**





The situation of the textile and garment industry in 2016 when compared to the previous year saw an increase in production of synthetic fibers and threads attributable to growing domestic demands. Fabric production, however, declined due to a sizeable inventory accumulated from imports since mid-year, at which time imports were cheaper than domestic production. Production of finished garments, including both knitted and woven garments, declined despite the increase in domestic demand of black coloured clothing.

### **Textile Cluster**

The production of synthetic thread products and the preparation and spinning of threads, as well as textile weaving in 2016, when compared to the previous year, rose by 6.47 and 2.06 percent respectively. As a result, product deliveries increased by 11.95 percent and 6.79 percent respectively. This was attributable to steady growth of most domestic industries, e.g. housing textiles and fabric, giving rise to increased domestic deliveries. Exports declined by 3.90 percent when compared to the previous year due to global economic slowdown. As a consequence, importers lowered imports of products in the textile cluster, comprising 62.58 percent of all textile and garment exports. This was partly due to lower imports by Vietnam and China, where Vietnam has developed production in the upstream industry, such as thread spinning, as a result of investments from China and Taiwan. Key export markets include Vietnam, China, Myanmar, Japan and Bangladesh.

### **Garments**

Production of finished garments from knitted fabric and finished garments from woven fabric reduced by 4.73 percent and 18.70 percent respectively. When compared to the previous year, deliveries of finished garments from knitted fabric was lower by 4.71 percent in accordance with slower economies of trading partners. Finished garments from woven fabric, however, increased by 3.42 percent as a result of consumer demands for black clothing from all mourning citizens. Many organisations and factories continue to mourn over a period of time. Production has accelerated to meet customer demands. Most sales were made from inventories and some of the existing clothing were dyed. Imports from China, Vietnam, Cambodia and Bangladesh also increased as prices were not too high, in response

to the emergency supply shortage. As a consequence, there was also a decline in domestic production.

Exports to key trading partners declined by 9.09 percent when compared to the previous year, namely the European Union, United States of America and ASEAN. This decline was attributable to global economic slowdown in key trading markets and the termination of the general system of preferences (GSP) in the previous year. Also, some garment business operators have increasingly expanded their production base to ASEAN countries.

### **Relevant State Policies**

The Council of Ministers adopted a resolution approving special economic zones for BOI cluster industries. This development will enhance connectivity in the supply chain from upstream to downstream, which will also benefit from the infrastructure developments to assist investments by the Ministry of Industry in collaboration with the Office of the Board of Investments. Laws and regulations which impose impediments will be revised and the following actions taken:

- 1) Promotion of environmentally friendly dyes applying high-end technology which is important for national development, with minimal production base.
- 2) Promotion of Thailand in to a center for fashion and attraction of global fashion institutes to establish branches and offer bachelor degree courses in Thailand. The Ministry of Industry, by the Department of Industrial Promotion, has established the Thailand Industry Design Center (TIDC) as a center for development of design and knowledge to aid the development of Thai brands in the global market.

### **Trends**

In the overview, domestic production and distribution in the textile cluster in 2017 is expected to grow due to demands from ASEAN markets for imports from Thailand as most of these countries do not have upstream textiles. As for garments, especially black clothing, there is still domestic demand from almost all regions. Many organisations continue to mourn and many factories have to accelerate production in order to meet customer demands. As for exports of textiles and garments in general, only slight growth is expected due to continued economic slowdown in trading partner economies from the previous year.

*Source: Office of Industrial Economics*

# Nature of Business

People's Garment Public Company Limited started business as a garment manufacturer in 1980, before subsequently expanding into the manufacturing of knitted fabrics. The company operates its business with the alliances in order to be integrated business from upstream to downstream. It focuses on adding value to products and creating the innovation on textiles and garments together with quality and environmental friendly concerned. Company's core products can be divided as following:

In 2016, the company was engrossed in development the competitive strategy for creating new products covering textiles and garments business by launching men underwear, sport wear, cycle clothing, and leather products under international brand and house brand distributed to domestic and overseas for raising company revenue.

## 1. Ready to wear garments

The company's core business is manufacturing ready-to-wear garments; menswear, lady wear, children's clothing and swimwear

- International Brand which the company has a licenses to produce are Arrow, Elle, Arena, Felix Buhler, Mizuno and Le coq sportif
- Local Brand composes of Streamline and BSC
- House Brand is company's trademark composed of Primo Linea ,Proud, 360 (Three -Six -O) , Swoop, and Oberon
- Uniform

In 2016, the company has productive strategy for developing new products aims to cover all products line of textiles and ready to wear business which included men underwear, sport wear and leather under international brand, local brand and house brand. Those products are available for sales both international and domestic area. This strategy can increase company revenue.

## 2. Textiles

In order to be a leader in garment business, company invests in knitted factory in Kabinburi which has a modern machine and technology for increasing efficiency on production process.

## 3. Leather products

Leathers for Lady and Gentleman comprised of clutch, wallet and belt under trademark "Sarini" which is house brand with unique products of genuine leather with quality raw materials and sewing skills and also being a manufacturer and exporter to the international brand license owner.

## Location of offices and plants details as following;

Location		
Headquarters	Bangkok	Management center
Lamphun plant	Lamphun	Ready-to-wear garments made from woven fabrics
Kabin Buri plant	Prachin Buri	Knitted fabrics and ready-to-wear garments made from knitted fabrics

## Income structure

(Unit : Million baht)

Sale revenue	2016	%	2015	%	2014	%
Domestic :	<b>839.11</b>	<b>78.55</b>	674.99	69.81	883.36	74.53
Garments	755.77	70.75	614.77	63.58	796.53	67.21
Knitted fabrics	65.48	6.13	60.22	6.23	86.83	7.32
Leather goods	17.86	1.67	-	-	-	-
Overseas :	<b>229.18</b>	<b>21.45</b>	291.85	30.19	301.84	25.47
Garments	187.40	17.54	291.85	30.19	300.63	25.37
Knitted fabrics	-	-	-	-	1.21	0.10
Leather goods	41.78	3.91	-	-	-	-
Total	<b>1068.20</b>	<b>100.00</b>	966.84	100.00	1,185.20	100.00



## Operating results

In 2016, the company had total sales of 1068.29 million baht, higher about 10.49 percent from the previous year which was classified as following; domestic sale amounted 839.11 million baht, increased 24.30 percent and overseas revenue was 229.18 million baht, decreased 21.45 percent from the previous year.

## The Development of quality and standard

The company had developing on innovative material in order to reach its worthy and customer satisfaction by adhering the concept “safe for customers and be environmental friendly”

The company operated all activities to maintain quality of products, reach the safety standard of color and chemical, and pay attention to reduce the impact on environment such as;

- : Certified Quality System ISO 9001: 2008
- : Environmental Management System Certification ISO14001 : 2004
- : Products that released less carbon footprint
- : Cool mode symbol

The above are as guidelines for sustainable reducing the impact on environment.

Moreover, the company had continuously doing research and development on trend fashion such as developing fabrics follows fashion, and taking customer’s want as information for developing. The development by trend following can be divided in to season; Spring/Summer and Autumn/Winter, those seasons implicit the source of material, color, and design which was conformed together. Customers can choose raw material or products that meet their need. However, the company always concern on environment friendly which shown into product as following;

### Functional textiles

#### “Cool Mode” the symbol of environmental friendly garments”

People’s Garment Public Company Limited has developed fabric and garment focusing on design of fiber along with weaving and knitting construction, and pattern to be suitable for garment of global warming reduction for being certified to CoolMode symbol that has qualification of Cool-Comfort feeling, perspiration absorbency, and safety transferring body heat to outside; moreover, it also save electrical energy for environmental safe. In addition, People’s Garment Public Company Limited is the first company in Thailand that is certified to quality and test standard of Thailand Greenhouse Gas Management Organization (TGO) and Thailand Textile Institute (THTI).

The company has been developing core material which is woven fabric. The company has 5 compositions of woven fabric; slack and suit fabric, shirt fabric and knitted fabric detailed below;

#### Woven fabric composition;

1. 60% COTTON / 40% POLYESTER PLAIN FOR SHIRT
2. 67% COTTON / 33% POLYESTER TWILL FOR SHIRT
3. 70% COTTON / 30% POLYESTER PLAIN FOR SHIRT
4. 100% COTON PLAIN FOR SHIRT
5. 80% POLYESTER / 20% VISCOSE TWILL FOR SLACKS

#### Knitted fabric composition;

1. PIQUE 60% COTTON / 40% POLYESTER
2. PIQUE 50% COTTON / 50% POLYESTER
3. PIQUE 100% COTTON

Those can be alternative materials which will be produced into workwear, slacks, shirts, polo, and sportwears under brand name Swoop and Uniform for niche customers who pay more attention on quality than prices together with participation in reducing global warming and creating good image to the organization.

Moreover, the company developed new fabric construction of Twill fabric with composition of Cotton/Polyester/Elastane for making POLO shirt and exported to Vietnam Market and also being an alternative of Cool Mode fabric together with creating value added on exported products.

### **I-Flex Fabric**

The company has innovation on fabric under trading name “I-Flex”. Its qualification is can be stretched 360 degree (more flexibility) which keeps comfortable and flexible body movement to wearer. Its fabric is easy care, easy ironing, and not crease easily. The company participates in reducing global warming by producing various environmental friendly products such as Suit, Dress, Skirt, and Slacks.

: under brand Arrow, Swoop, Proud, and Primo Linea

: Uniforms and Knitted fabrics

The company had been continuously developing on fabrics both touching and weighing of fabric, especially in cutting the suit which need more comfortable when wearing. The products made from I-Flex fabric are special products for traveller. They will be famous products and have more sales volume in the future.

## **Market conditions and competitions**

### **Oversea markets**

As slowed down of global economy, exporting textiles and garments production are down from the year 2016 especially in core customer countries such as EU, USA, Japan and Asian.

In 2016, the company exported products to USA, EU, Vietnam, Japan, Korea and AEC. The overall export sales volume was decreased from the year 2015 but the sales volume to USA market was increased as those customers have confidence in quality of company’s products including modern and various designs. Although, there is a price competition between neighboring countries such as Vietnam, Indonesia, Cambodia, and Myanmar which have lower labor cost than Thailand.

The company has also met overseas agents in countries including Korea, Vietnam, and Japan, to strengthen relationships and to offer innovations in design, production, pattern making and original design manufacture(ODM), all of which help to enhance competency.

### **Overseas distribution channels**

The company distributes knitted fabric and ready-to-wear garments both through trading firms and also by selling directly to customers in the US, Europe, and Asian community.

For 2017, People’s Garment PCL remains committed to expanding into USA, Europe, Vietnam, Korea, Japan, and AEC which concerned on code of conduct of customers and WRAP including PVH code of conduct for international brand products. The company expects that growth ratio will be higher than the previous year. Outer wear, Sportswear, and swimwear in particular, has good prospects for growth grow.

### **Domestic Markets**

Domestic market competition in the garment is deteriorating since the marketing strategy of domestic manufacturers to maintain market share. In the same time, international brands are coming to domestic market which they had advantage on good production management, lower cost both labor and raw material as they had big lots of orders leading to have more power of negotiation with supplier including good distribution channel which they have branches around the world and have been expanding more branches.

The domestic distribution of ready-to-wear garments applied more marketing strategy of private sector in part of sale promotion to stimulate the market for brand name products for example, price discount in department store and other commercial places including import more ready to wear garments from China, Vietnam, Turkey, and Korea.



The imported products were fashion mostly with a moderate to low prices. At present, new international brands are more importing to domestic market leading to high competition for market shares.

The company is aware of the importance of implementing vigorous marketing strategies in conjunction with ICC International Public Company Limited a key customer and distributor for the company. Both companies regularly carry out surveys of customers' needs and satisfaction to ensure they are best able to respond to the customers' requirements. The two companies also work hard to create activities to appeal to target markets and brand image and the creating of shared value is always taken into account in their marketing promotions.

As always, trademarks remain a key factor in business competition; customers are still fond of brand name products, but the company is confident that its products are well-known and are recognized as meeting international standards.

### **Uniforms**

The Company has efficiency in designing, raw materials selection, and producing good products, delivering on time, having after sales services, and reasonable prices. As a results, the company is a manufacturer of Uniforms for many well-known organizations also financial institutions, governance sectors, state enterprises, private sectors and educational institutions.

### **Knitted Fabrics**

The Company is determined to expand its markets for knitted fabrics, both domestically and internationally by developing new innovation and sourcing good quality of upstream raw materials which are safety to consumers and also environmental friendly. Quality Knitted fabric counted as company core raw material and always produce good quality garments.

### **House Brand**

In 2016, the company had 2 new house brands as following;

#### **“ SARINI ” Leather goods**

SARINI, leather goods brand ( Italian Style) selects only quality leather cow smooth leather backing as full grain. The use of natural leather to customize the color as desired, through a special dyeing process and coated with a water base. It's a waterproof and scratch resistant. The using of lead-free chemicals and carbon which make sure that it is safe to the consumer and the environment.

#### **“ OBRON ” Swimwear, Sportwear (Cycling Clothing)**

Swimwear, Cycling Clothing and Sportwear under OBRON brand are outstanding design and fitting with the body, suitable for both water and land exercise.

### **Distribution channels**

1 . The company has assigned ICC International PLC, a significant company in the Saha Group and a key customer of the company, to be a distributor. ICC has expertise in domestic marketing; its main distribution channel comprises department stores, discount stores, and shops in leading shopping centers nationwide.

2. The company's shops are under its own management. These include corners and counters in leading department stores in Bangkok and its suburbs which sell house brand products and this ensures efficient coverage of the target market in all areas. Sales channels for the products have now been expanded to include community malls and factory outlets of the Saha Group and other trade partners. In previous years, the company has arranged sales promotion activities and has exhibited products at many trade fairs, thus increasing brand exposure.

3. The company also distributes corporate uniforms and Workwear pants directly to leading government and private organizations.

4. The company has increased E-Marketing channel to sale house brand.

## Marketing Management

In order to provide more distribution channel to customers and consumers, the company applied the following strategies:

1. Create “Trend Fashion” in advance by doing story board concept such as color concept, mix & match all products group, together with doing pre-collection. These strategies help making purchasing decision easier as one stop shopping. The customers satisfy with these operations and respond by purchasing more. Since, they have clearly visual merchandise and can do marketing plan in advance.

2. Cooperation with customers in cost management in case of high volume orders in order to increase competition opportunity and gain more sale revenue both parties.

3. Adding distribution channel partners by selling products via ZALORA / LAZADA website and Thailand Best for house brand and O shopping for brand name. The company set customers service team to continuously provide all information such as promotions and activities for expanding customer’s base and brand recognition. The distribution channels cover all area and direct to the target and also respond smartphone life style.

The market of ready to wear garment is high competition in a wider range of distribution channels such as department store, modern trade and convenience store included new distribution channel like E-Commerce, M-Commerce and modern trade. The competitive trend are continue to grow every year. As those channel are easily reached by consumers and faster response the customer need. Moreover, TV shopping channel provides manufacturers to show and communicate on products innovation. The companies had been applying some strategy and still carry on for the continuous year.

The company has changed its strategy by offering a wide range of products and innovations that customers and consumers want together with seeking new customers to increase sales volume. The company also modifies working process to control overall costs including the reduction of raw material costs, production costs, administration costs and financial costs In order to have competitive cost and expenses leading to competition ability both domestic and international market.

## Raw materials procurement

The company principally uses locally-sourced raw materials as it believes in the quality of local products. Moreover, the company and its partners have continuously developed their products in order to promote local trade. For knitted fabrics, the company uses raw materials from its own plant and by integrating T-shirt manufacturer, from designing, knitting, to producing ready-to-wear garments, the company gains significant competitive advantages. The company uses highly developed production processes to produce environmental friendly products. In the production process, the chemicals used meet international requirements for customer safety and the products are well-accepted by both local and international customers and the company cooperates closely with its partners to keep chemicals within REACH standards and also meet international environmental standard ISO14001. For locally-made knitted yarn, the company chooses upstream raw materials which come largely from Australia and the US, an internationally accepted source of raw materials.

Main raw materials for knitted fabric and apparels are natural yarns which are from supplier who certified OEKO-TEX standard 100. The company carefully selects chemical for dying yarn. The company avoids of using formaldehyde and carcinogenic. For leather goods, the company only uses leather raw materials both Genuine leather or leatherette which passed quality certification in the production in order to provide safety products to customers. Moreover, packing materials are mostly recycling material.

## Ratio of raw materials purchasing both domestic and international

In 2016, the company bought core material and auxiliary material for production from trading partners both domestic and international counted 70 percent from local sources and 30 percent from overseas. The company currently has suppliers both domestic and international. There is a criteria of suppliers evaluation as ISO : 9001 standard in matching partners to reach the international standard.

The company also acquires substitute raw materials of compatible quality from local and overseas sources in order to protect the environment by ISO : 14001 standard and to remain consistent with the company’s policies on sustainable development.



# Risks Factors

## Risks from the less numbers of key customers or distributors

### DOMESTIC

The Company produces textiles and garments according to customers' specifications by having ICC International Public Company Limited (ICC) as its domestic distributor. The sale orders accounted for 60.04 percent of total domestic sales, and for 47.16 percent of total sales.

The company strongly believes that this customer will continue to place orders in the long run. From the preceding, both partners have had an excellent relationship and collaborated on developing business with approach strategy and launching new products to meet demand and providing greater satisfaction to customers.

### OVERSEAS

Distributions to overseas, company has been distributing its products to all continents such as Asia, America and Europeans Union for building selling base and dispersing risks of small numbers of customers. The company maintains the ability to produce efficiency products which reaching customer's satisfaction by its quality and delivery. However, the company has been seeking new customers in order to have more sales volume.

## Risks from brand loyalty

Local customers are still fond of brand name products and customer behavior changes rapidly according to fashion trends. This contributes to more aggressive competition in the ready-to-wear garment industry. More liberalized trade is another factor that has increased competition from popular international brand products.

The Company is, however, confident in the quality of its products, both of the international brands and of the house brand. The products have been developed to ensure customer satisfaction, particularly with regard to quality and value and as such they create a good impression on customers, which in turn contributes to increased brand loyalty. The company, in cooperation with ICC International PCL. continues to generate proactive strategies to retain the existing customer base and also to attract new customers.

## Risks of trade liberalization to the ASEAN Economic Community (AEC)

Ready to wear garments are highly competitive by using a pricing strategy, design and promotion to compete and expand the market. As a result of joining the upcoming ASEAN Economic Community (AEC), the liberalization of trade in goods, services, investment, capital, skilled labor and all products in ASEAN can come into Thailand freely. They all use pricing strategy to compete by providing the advantage of lower production costs. This makes intensify of price competition both domestic and foreign market.

However, the company as a garment manufacturer has been being alerts to such situation. For example, the company continuously innovates and develops materials and products, also enhance quality of services to customers. The company has joint venture to build a comprehensive network of industry. Moreover, people in organization are trained and strengthen their skill and knowledge. The company acknowledges the advantage of import raw materials from ASEAN countries at a lower cost.

## Risks from exchange rate fluctuations

The Company exports its products and imports raw materials and equipment in foreign currency, which might be affected by fluctuations in exchange rates. In order to minimize risk, the company closely manages and monitors the movement of exchange rate, by balancing revenues and expenses denominated in foreign currencies (Natural Hedge). The company manages the money in the foreign currency deposit account and also uses financial instruments for preventing risks including making forward contracts.

## **Risks from investments**

The Company investment activity is under the supervision of a working committee on investment, which is itself under the executive board, who decide the investment and portfolio management guidelines. The company produces a quarterly review of the investment and portfolio management policy and uses diversification strategies by investing in a variety of financial institutions.

Additionally, ceilings are placed on each investment to limit the scope of possible damage. As regards debt instruments, the company invests in bonds, saving deposits, mutual funds, and private debt securities assigned a rating of at least A-or equivalent.

The company continuously tracks the level of risk to investments to ensure that the value at risk is within the determined level and the investment ceiling and portfolio investments are constantly reviewed in light of the current situation and possible risks

## **Risks from credit loans**

Risks from credit loans may occur when debtors fail to abide by the terms of their agreement with the company and this may affect the level of working capital and company liquidity.

The company has managements and policies to prevent such risks by considering and analyzing the liquidity of customers and debtors carefully, closely monitoring the debtors and regularly reviewing quality analysis information. The company follows the repayment periodically in order to identify the quality of the debtors and can track the repayment effectively. In addition the process of unpaid debt, the company contact directly to debtors for the outstanding debt. The management and legal department audit and monitor the process closely.

In addition from the above, The company has a policy of provisioning accounts receivable stated at net realizable value received by basing on experience in debt collection, the ability to repay loans and duration of outstanding debt for doubtful accounts consideration.

## **Risks of Old-Fashioned products**

The company produces and distributes ready wear garments, leathers, and knitted fabrics which are fashioned products and rapidly changed. In 2016, company had inventory 432.02 million baht or 53.33 percentages of current assets and 24.15 percentages of total assets. Products turnover is 155 days. More inventories lead to old-fashioned as they are not sold out in fashion time lead to high maintenance cost. The company need to set allowance obsolescence or impairment make net profit and liquidity of the company declined. However, the company has managed inventory not to hold them long. The slow moved products will be on sales promotion activities. Besides, information system will be applied for analyzing the data in order to have efficiency of inventory management.



# Operational Assets

As of December 31, 2016, the operating assets employed by PG value (after accumulated depreciation and allowance for impairment) of Baht 151.89 million, with Baht 7.16 million in net intangible assets. For details, please see the notes to the financial statements of PG ended December 31, 2016: item 14 (property, plant, and equipment-net) and item 15 (intangible assets-net).

# Shareholding structure

## Company Security

People's Garment Public Company Limited is listed company in the Stock Exchange of Thailand; the abbreviation is "PG". The registered capital is 96 million baht which paid up all amount and divided into ordinary shares 96 million shares at valued 1 baht per share.

The company has never issued other securities except ordinary share.

## Shareholders

### 1. Majors shareholders at closing date on March 18, 2016

Shareholders	Number of shares	%
1. Thanulux Public Company Limited	13,484,000	14.046
2. Sahapathana Inter-holding Public Company Limited	13,228,666	13.780
3. Sahapathanapibul Public Company Limited	8,450,000	8.802
4 I.D.F. Co.,Ltd.	7,290,000	7.594
5. Mr.Boonsithi Chokwatana	5,256,666	5.476
6. ICC International Public Company Limited	5,040,000	5.250
7. Mr.Samreng Manoonpol	4,800,066	5.000
8. Naraporn Co.,Ltd.	4,430,533	4.615
9. Mr.Boonkiet Chokwatana	2,562,933	2.670
10. Doctor Vichratch Chavanaumporn	1,599,988	1.667

**Note :** Shareholders can update their number of shares at [www.pg.co.th](http://www.pg.co.th) before commencement of 37 th annual general meeting of shareholders.

### 2. Minor ordinary shareholders as of march 18, 2016

The numbers of minor shareholders (Free Float) are 908 listed accounted for 32.29 percent of issued and paid up stock which is over than 25 percent.

### 3. Restriction of foreign shareholders

Foreigners can be shareholders but the total should not over than 49 percent of issued and paid up stock. As of March 18, 2016, the company stock was hold by foreigner accounted for 0.76 percent.

**Divided by Shareholder's Nationality** As at the close of share register on March 18, 2016

				Juristic Persons			Private Individuals		
	Persons	Shares	%	Persons	Shares	%	Persons	Shares	%
Thai	1,039	95,275,000	99.24	30	57,465,110	59.86	1,009	37,809,890	39.38
Foreign	2	725,000	0.76	1	720,000	0.75	1	5,000	0.01
<b>Total</b>	<b>1,041</b>	<b>96,000,000</b>	<b>100.00</b>	<b>31</b>	<b>58,185,110</b>	<b>60.61</b>	<b>1,010</b>	<b>37,814,890</b>	<b>39.39</b>

**Divided by Shareholding Ratio** As of share registration book closing date on March 18, 2016

				Juristic Persons			Private Individuals		
Shareholders	Persons	Shares	%	Persons	Shares	%	Persons	Shares	%
- Holding share over 0.5%	22	79,911,983	80.12	9	56,496,532	58.85	13	20,415,451	21.27
- Holding share not over 0.5% but not less than 1 selling unit	918	19,086,969	19.88	20	1,688,558	1.76	898	17,398,411	18.12
- Holding share less than 1 selling unit	101	1,048	0.00	2	20	0.00	99	1,028	0.00
<b>Total</b>	<b>1,041</b>	<b>96,000,000</b>	<b>100.00</b>	<b>31</b>	<b>58,185,110</b>	<b>60.61</b>	<b>1,010</b>	<b>37,814,890</b>	<b>39.39</b>

#### 4. The proportion of shares held by institutional investors.

As at March 18, 2016, the proportion of shares held by institutional investors was accounted as 0.003 of total issued and paid up stock. This number is less than the criterion regulated in the Corporate Governance of Thailand Listed Companies. It determines that the proportion of institutional investors should be over 5 percent.

### Other securities issued

- None -

### Dividend Payment Policy

The Company has a policy to pay dividends at a rate which is not over than 50 percent of net profit, and it depends on the company's operation and economic trend. After the board of directors approved the policy, it has to be proposed to ordinary shareholder's meeting for getting approval excepting the interim dividend payment. The board of directors has the right to approve interim dividend payment and the board of directors must report the payment to shareholders in the next meeting.

**Dividend Payment details for the past periods are as follows;**

	2016	2015	2014	2013	2012
Earnings per share	( 0.78)	0.14	0.62	0.88	1.25
Rate of Dividend per share (Baht)	-	0.70	0.37	0.45	0.60
Rate of Dividend from Net Profit (%)	-	496.44	60.04	51.41	49.93

**Remark :** \*\* The Board of Directors' meeting no.1/2017 held on February 23, 2017 has resolved to be presented to Ordinary General Meeting of Shareholders no. 38 which will be held on April 26, 2016 for approval the suspension of dividend payment for the year 2016 due to the loss of company's operating in the year 2016.

### Cross-Shareholding

While the company allows the structure for cross-shareholding, nevertheless, such cross-shareholding is not of the nature conflicting with nor contradicting to the announcement by The Capital Market Supervisory Board no. Thor Chor 28/2008 regarding "the permission request and the permission to offer newly-issued shares" no. 14

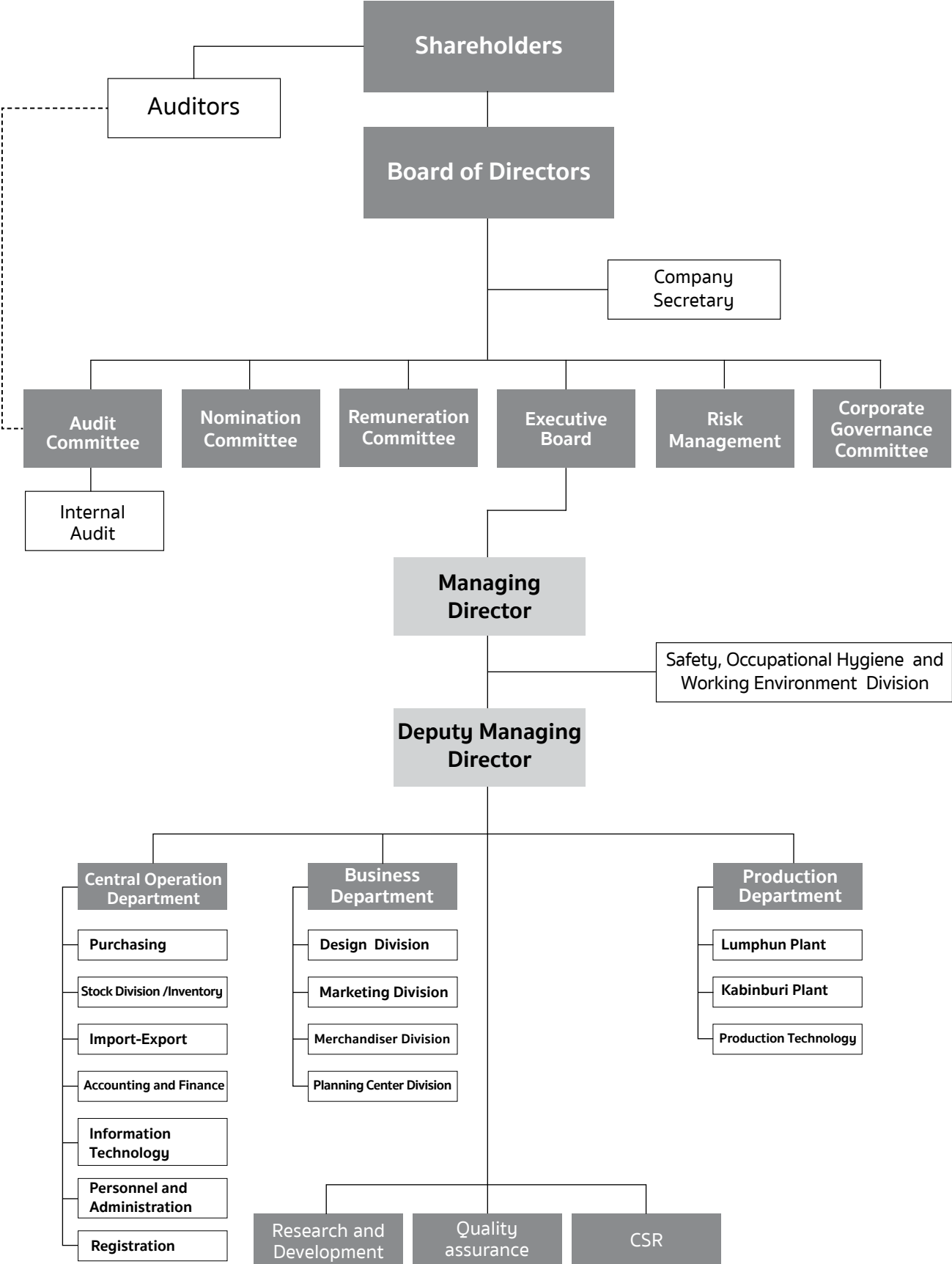
**Cross-shareholding details as of December 31, 2016**

Company name	Shareholding Percentage (%)	
	Shareholding by the company	Shareholding in the company
<b>1. In the case of over 50% shareholding</b>		
(A) Other companies holding over 50% shares in the company Cross-shareholding by the company in other companies is not allowed.	-	-
(B) The company holding over 50% shares in other companies Cross-shareholding by other companies in the company is not allowed.	-	-
(C) The company holding over 50% shares in 2 other companies and over Cross-shareholding between other such companies is not allowed	-	-
<b>2. In the case of over 25% shareholding, but not exceeding 50% shareholding</b>		
(A) Other companies holding over 25% but not exceeding 50% shares in the company Over 10% cross-shareholding by the company in other companies is not allowed.	-	-
(B) The company holding over 25% but not exceeding 50% shares in other companies . Over 10% cross-shareholding by other companies in the company is not allowed.	-	-
<b>3. In the case of not exceeding 25% shareholding*</b>		
(A) Other companies holding not exceeding 25% shares in the company Over 25% shareholding by the company in other companies is not allowed.	-	-
(B) The company holding not exceeding 25% shares in other companies Over 25% shareholding by other companies in the company is not allowed.	-	-
1. Saha Pathana Inter-holding Public Company Limited (SPI)	0.44	13.78
2. Saha Pathanapibol Public Company Limited (SPC)	0.07	8.80
3. I.C.C. International Public Company Limited (ICC)	0.60	5.25

**Remark :** \*Only items showing cross-shareholding by the companies are displayed.



# Management structure



## Management Structure

Company's management structure is obvious, balance and verifiable. There is a delegation of authority between the directors, subcommittee and management team consisting of board of directors and 5 subcommittees helping scrutinize important tasks. 5 subcommittees comprised of Audit Committee, Remuneration Committee, Nomination Committee, Risk Management committee, Corporate Governance Committee, and Executives Committee which manages the affairs of the company. Subcommittee responsibility and also Managing director were written in the charter and the responsibility of Managing Director charter which approved from the board's meeting. Company secretary performs as required by law and the board of directors' assignment.

### Company's Director

There are 12 members of the board of directors who named in the certificate letter of Ministry of Commerce as follows;

- Non-Executive Directors      Total    4    members
- Independent Directors        Total    5    members
- Executive Directors            Total    3    members

Names	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	Corporate Governance Committee	Boards of Executive Directors
1. Mr.Boonkiet Chokwatana	President	-	President	President	-	-	-
2. Mr.Charoen Charoenwatanasuksom	Director	-	-	-	Director	Director	President / Managing Director
3. Mrs. Sunan Niyomnaitam	Director	-	-	Director	-	Director	Deputy Managing Director
4. Mrs. Somporn Tiyaiboonsiri	Director	-	Director	-	-	-	-
5. Mr. Chailert Manoonpol	Director	-	-	-	Director	Director	-
6. Mr. Viritpol Chaithavornsathien	Director	-	-	-	-	-	Executive Director
7. Mrs.Teerada Ambhanwong	Director	-	-	-	-	-	-
8. Mrs.Nuchanart Thammanomai	Independent Director	Director	-	-	-	-	-
9. Mr.Amorn Asvanunt	Independent Director	President	-	-	-	-	-
10. Mrs.Chortip Pramroj Na Ayudhya	Independent Director	-	Director	Director	-	Director	-
11. Gen.Konechamart Chunnabhata	Independent Director	-	-	-	President	-	-
12. Mr.Santi Bangor	Independent Director	Director	-	-	-	President	-

**Remark :** the board of directors has been appointed new director to replace director whose term has ended as following  
Number 6 Mr. Viritpol Chaithavornsathien was appointed to be company director replacing Ms. Pisamai Chunmanu who has ended her term which was effective since April 26, 2016. The qualifications of independent director and audit committee complied as required by regulation.

## Authorized Directors

An authorized act having a binding effect on the Company is requires the signatures of 2 directors out of the following 7 directors as well as the Company seal, namely.

1. Mr.Boonkiet Chokwatana
2. Mr.Charoen Charoenwatanasuksom
3. Mrs.Sunan Niyomnaitham
4. Mrs.Somporn Tiyaiboonsiri
5. Mr.Chailert Manoonpol
6. Mr. Viritpol Chaithavornsathien
7. Mrs.Teerada Ambhanwong

## Authority of the Board of Directors

The details are disclosed in corporate governance article no.5 “the responsibility of company directors”

## Summarization of number of meeting in 2016

Name		Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Risk management Committee	Corporate Governance Committee	Board of Executive Directors	Ordinary Shareholder Meeting No. 36 28 /4/2015
1. Mr. Boonkiet	Chokwatana	5/5	-	1/1	2/2	-	-	-	1
2. Mr. Charoen	Charoenwatanasuksom	4/5	-	-	-	3/4	1/2	11/12	1
3. Mrs. Sunan	Niyomnaitham	5/5	-	1/1	-	-	2/2	12/12	1
4. Mrs. Somporn	Tiyaiboonsiri	5/5	-	-	2/2	-	-	-	1
5. Mr.Chailert	Manoonpol	5/5	-	-	-	2/2	1/1	-	1
(Member of Risk Management committee and Corporate Governance Committee activated since May 12, 2016)									
6. Mr. Viritpol	Chaithavornsathien	3/4	-	-	-	-	-	4/7	-
(Member of the board of directors in replacement of Ms. Pisamai Chunmanu activated since May 12, 2016)									
7. Mrs. Teerada	Ambhanwong	5/5	-	-	-	-	-	-	1
8. Mrs. Chortip	Pramoj na Ayudhya	5/5	-	1/1	2/2	-	1/1	-	1
9. Mr. Amorn	Asvanunt	5/5	4/4	-	-	-	-	-	1
10. Mrs.Nuchanart	Thammanomai	5/5	4/4	-	-	-	-	-	1
11. Gen.Konechamart	Chunnabhata	5/5	-	-	-	4/4	-	-	1
12. Mr.Santi	Bangor	5/5	4/4	-	-	-	2/2	-	1
13. Ms. Pisamai	Chunmanu	1/1	-	-	-	-	-	-	1
(Ended term of Director since May 12, 2016)									
14. Ms.Nopparat	Asawasiripong	-	-	-	-	4/4	-	12/12	1
15. Mrs.Sasivimol	Kluyasritrakul	-	-	-	-	-	-	11/12	1
16. Mrs.Nutchapunporn	Sunthornwiset	-	-	-	-	-	-	12/12	1
17. Mr.Suwat	Panichlers	-	-	-	-	-	-	12/12	1
18. Mr.Thamrong	Phoonyawatana	-	-	-	-	-	-	11/12	1
19. Mrs.Kalayanee	Chantarapikul	-	-	-	-	-	-	11/12	1
20. Mrs.Photchamarn	Engkanisarn	-	-	-	-	-	-	11/12	1



Name	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Risk management Committee	Corporate Governance Committee	Board of Executive Directors	Ordinary Shareholder Meeting No. 36 28 /4/2015
21. Mr. Anupong Watcharapinnachai (Member of Executive Boards activated since February 18, 2016)	-	-	-	-	-	-	10/10	1
22. Mr.Sangsawang Chongprasopchokchai (Member of Executive Boards activated since February 18, 2016)	-	-	-	-	-	-	9/10	1
23. Mrs. Pornpip Tangphottaweeporn (Member of Executive Boards activated since February 18, 2016)	-	-	-	-	-	-	10/10	1
24. Mrs.Suvimol Charoensrichai	-	-	-	-	4/4	-	12/12	1
25. Ms. Orawan Thammarakkhit (Ended term of Director since May 12, 2016)	-	-	-	-	-	-	4/5	1

**Remarks :** Absence the board meeting

- No. 2 , 6 , 26 Absence due to going abroad for business purpose
- No. 23 Absence due to business purpose at company branch

## Executive Boards

Executive Committee acts as a management unit established to manage the business of the company as assigned by the Board of Directors with responsibility, caution, honesty like a businessman will do under the same circumstances, with no bargaining power. The Board of Directors Meeting No. 2/2016 held on May 12, 2016, approved the appointment of 14 Executive Committee members

During 2016, the board of executive directors has the meeting 12 times. The meeting schedule is set yearly in advance.

Name	Position
1. Mr.Charoen Charoenwatanasukom	Chief Executive Officer/Managing Director
2. Mrs. Sunan Niyomnaitham	Deputy Managing Director/Chief Financial Officer
3. Mr.Viritpol Chaithavornsathien	Executive Director
4. Ms.Nopparat Asawasiripong	Executive Director
5. Mrs.Sasivimol Kluyasritrakul	Executive Director
6. Mrs.Nutchapunporn Sunthornwiset	Executive Director
7. Mr.Suwat Panichlers	Executive Director
8. Mrs.Kalayanee Chantarapikul	Executive Director
9. Mrs.Photchamarn Engkanisarn	Executive Director
10. Mr.Thumrong Punyavattana	Executive Director
11. Mr. Anupong Watcharapinnachai	Executive Director
12. Mr.Sangsawang Chongprasopchokchai	Executive Director
13. Mrs. Pornpip Tangphottaweeporn	Executive Director
14. Mrs.Suvimol Charoensrichai	Executive Director /Secretary to the Executive Board

**Remark :** the board of executive directors has 1 year term counting from May 12, 2016.

All members of Board of directors have no forbidden qualifications as following;

1. No record of committing criminal offenses against property, which was done in bad faith.
2. No record of a potential conflict of interest with the Company during the past year.

#### **Functions and Responsibility of Executive Committee**

The details are disclosed in corporate governance article no.5 “the responsibility of company directors”

## Details of Executives and Authorized Persons

Name	PG	Related Companies														
		SPI	ICC	Far east DDB	BRC	SCG	TSG	CA	Treasure Hill	Pan Land	SSDC	Thai Bunka	S&J	OCC	Itokin	PAF
1. Mr.Boonkiet Chokwatana	X	/	//			X	X	X	/	/			X		/	X
2. Mr.Chailert Manoonpol	/						//	/						/		
3. Mr.Charoen Charoenwatanasuksom	//										/					
4. Mrs.Sunan Niyomnatham	//						//									
5. Mrs.Somporn Tiyaiboonsiri	//						//	/				/			/	
6. Mr. Vritpol Chaiithavornsathien	//															
7. Mrs.Teerada Ambhanwong	/												/	//		
8. Mrs.Chortip Pramoj Na Ayudhya	/															
9. Mr.Amorn Asvanunt	**		**	**		**										
10. Mrs.Nuchanart Thammanonai	**				/											
11. Gen.Konechamart Chumnabhata	/															
12. Mr.Santi Bangor	**															
13. Ms.Nopparat Asawasirpong	//															
14. Mrs.Sasivimol Kluyasittrakul	//															
15. Mrs.Nutchapunporn Sunthornwiset	//															
16. Mr.Suwat Panichlers	//															
17. Mrs.Kalayanee Chantarapikul	//															
18. Mrs.Photchamarn Engkanisarn	//															
19. Mrs.Suvinol Charoensrichai	//															
20. Mr.Thumrong Punyavattana	//															
21. Mr. Anupong Watcharapinnachai	//							/								
22. Mr.Sangsawang Chongprasopchokchai	//							/								
23. Mrs. Pornpip Tangphottaweeporn	//							/								

**Remark :**

X = President                      / = Director                      // = Executive Director                      \*\* = Audit Committee

1. PG : People's Garment Plc.                      7. TSG :Thai Sports Garment Co., Ltd.                      13. S&J International Enterprise Plc.

2. SPI : Saha Patana Inter-Holding Plc.                      8. CA : Champ Ace Co., Ltd.                      14. OCC : OCC Plc.

3. ICC : ICC Internation Plc.                      9. Treasure Hill Co., Ltd.                      15. Itokin : Thai Itokin Co., Ltd.

4. Far East DDB : Far East DDB Plc.                      10. Pan Land Co., Ltd.                      16. PAF : Pan Asia Footwear Co., Ltd.

5. BRC : Bangkok Rubber Plc.                      11. SSDC : SSDC (Tigertext) Co., Ltd.

6. SCG : Sahacogen (Chonburi) Plc.                      12. Thai Bunka Fashion Co., Ltd.

### Remark :

- X = President / = Director // = Executive Director \*\* = Audit Committee
1. PG : People's Garment Plc. 7. TSG :Thai Sports Garment Co., Ltd. 13. S&J International Enterprise Plc.  
2. SPI : Saha Patana Inter-Holding Plc. 8. CA : Champ Ace Co., Ltd. 14. OCC : OCC Plc.  
3. ICC : ICC International Plc. 9. Treasure Hill Co., Ltd. 15. Itokin : Thai Itokin Co., Ltd.  
4. Far East DDB : Far East DDB Plc. 10. Pan Land Co., Ltd. 16. PAF : Pan Asia Footwear Co., Ltd.  
5. BRC : Bangkok Rubber Plc. 11. SSDC : SSDC (Tigertext) Co., Ltd.  
6. SCG : Sahacogen (Chonburi) Plc. 12. Thai Bunka Fashion Co., Ltd.



## Details of Board of Directors and Executives

Name	Age	Education	Shares holding *	Family Relationship between directors	Experiences		
					Period	Position	Company
1. Mr.Boonkiet Chokwatana  Position : <ul style="list-style-type: none"><li>• President</li><li>• Chairman of Remuneration Committee</li><li>• Chairman of Nomination Committee</li><li>• Authorized Director</li></ul> Term of Office : 27 Years 8 Months	69	<ul style="list-style-type: none"><li>• <b>Bachelor Degree in Engineering</b> Worcester Polytechnic Institute, Massachusetts, USA.</li><li>• <b>Honorary Doctorate Degree in Business</b> Administration (Management) from Sripatum University</li><li>• Honorary Doctorate Degree in Business Administration College of Commerce from Burapa University</li><li>• <b>Honorary Doctorate Degree in Business</b> Administration from Naresuan University</li></ul> <b>Training of Thai Institute of Directors</b> <ul style="list-style-type: none"><li>• Director Accreditation Program (DAP) 3/2003</li><li>• Director Certification Program (DCP) 41/2004</li></ul>	2,652,933 or 2.76%	Uncle Mrs.Teerada Ambhanwong	<b>Listed company :</b>	<b>6 Companies</b>	
					1980 - Present	President / Chairman of Executives	I.C.C. INTERNATIONAL PLC.
					1986 - Present	Director	Saha Pathana Inter-Holding PLC
					1993 - Present	President	S&J International Enterprises PLC
					1989 - 1993	Director	People's Garment PLC.
					1994 - Present	President	People's Garment PLC.
					2008 - Present	President	Sahacogen PLC.
					2011 - Present	President	Pan Asia Footware PLC.
					<b>Non listed company :</b>		<b>60 Companies</b>
					<b>Holding a position of Director in related company :</b>		<b>5 Companies</b>
2. Mr. Chailert Manoonpol  Position : <ul style="list-style-type: none"><li>• Company Director</li><li>• Member of Risk Management Committee</li><li>• Member of Corporate Governance Committee</li><li>• Authorized Director</li></ul> Term of Office : 31 Years 5 Months	57	<ul style="list-style-type: none"><li>• Master Degree in Management Abilene Christian University Texas, U.S.A.</li></ul> <b>Training of Thai Institute of Directors</b> <ul style="list-style-type: none"><li>• Director Accreditation Program (DAP) 3/2003</li></ul>	322,500 or 0.34%	-None-	<b>Listed company :</b>	<b>3 Companies</b>	
					2001 - 2011	Deputy Managing Director	People's Garment PLC.
					2011 - Present	Director	People's Garment PLC.
					1987 - Present	Director	OCC PLC.
					2000 - 2010	Vice President, Division I	I.C.C. INTERNATIONAL PLC.
					2011 - Present	President, Division S	I.C.C. INTERNATIONAL PLC.
					<b>Non listed company :</b>		<b>8 Companies</b>
					<b>Holding a position of Director in related company :</b>		<b>3 Companies</b>
						Managing Director	Champace Co.,Ltd.
						Managing Director	Thai Sports Garment Co.,Ltd.
3. Mr.Charoen Charoenwatanasuksom  Position : <ul style="list-style-type: none"><li>• Company Director</li><li>• Managing Director</li><li>• Member of Risk Management Committee</li><li>• Member of Corporate Governance Committee</li><li>• Authorized Director</li></ul> Term of Office : 24 Years 8 Months	56	<ul style="list-style-type: none"><li>• <b>BS. Economics in Finance</b> Ramkhamhaeng University</li></ul> <b>Training of Thai Institute of Directors</b> <ul style="list-style-type: none"><li>• Director Certification Program (DCP) 32/2003</li></ul>	39,000 or 0.04%	-None-	<b>Listed company :</b>	<b>1 Company</b>	
					1992 - Present	Director	People's Garment PLC.
					<b>Non listed company :</b>		<b>1 Companies</b>
					<b>Holding a position of Director in related company :</b>		<b>-None-</b>

Name	Age	Education	Shares holding *	Family Relationship between directors	Experiences		
					Period	Position	Company
4. Mrs. Sunan Niyomnaitham Position : • Company Director • Deputy Managing Director • Chief Financial Officer • Member of Remuneration Committee • Member of Corporate Governance Committee • Authorized Director  Term of Office : 30 Years 5 Months	58	<ul style="list-style-type: none"> <li>• Bachelor Degree in Public Finance Chulalongkorn University</li> <li>• Master of Public and Private Management, NIDA</li> </ul> <b>Training of Thai Institute of Directors</b> <ul style="list-style-type: none"> <li>• Director Certification Program (DCP) 27/2003</li> <li>• Roles of Compensation Committee 1/2006</li> </ul> <b>Training of Internal Audit and Control</b> <ul style="list-style-type: none"> <li>• Chief Finance Officer (CFO) 3/2005</li> </ul>	190,000 or 0.20%	-None-	Listed company : 1886 - Present	Director	1 Companies People's Garment PLC.
					Non listed company :		1 Company
					Holding a position of Director in related company :		
					Director		
					Thai Sports Garment Co.,Ltd.		
5. Mrs. Somporn Tiyaiviboonsiri Position : • Company Director • Member of Nomination Committee • Authorized Director  Term of Office : 34 Years 5 Months	68	<ul style="list-style-type: none"> <li>• Master Degree in Education Emporia State University Kansas U.S.A</li> </ul> <b>Training of Thai Institute of Directors</b> <ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) 3/2003</li> <li>• Director Certification Program (DCP) 68/2005</li> <li>• Roles of Compensation Committee 3/2007</li> </ul>	855,300 or 0.89%	-None-	Listed company : 1982 - Present	Director	1 Company People's Garment PLC.
					Non listed company :		5 Companies
					Holding a position of Director in related company :		
					Director		
					Thai Sports Garment Co.,Ltd. Champace Co.,Ltd. Thai Itokin Co.,Ltd.		
6. Mrs. Teerada Ambhanwong Position : • Company Director • Authorized Director  Term of Office : 17 Years 8 Months	46	<ul style="list-style-type: none"> <li>• Master Degree in Business Administration (Marketing) SASIN</li> </ul> <b>Training of Thai Institute of Directors</b> <ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) 3/2003</li> <li>• Director Certification Program (DCP) 51/2004</li> </ul>	224,550 or 0.23%	niece Mr. Boonkiet Chokwatana	Listed company : 2006 - Present 2008 - Present	Director Managing Director	3 Companies People's Garment PLC. OCC PLC.
					1999 - Present	Director	S&J International Enterprises PLC
					Non listed company :		16 Companies
					Holding a position of Director in related company :		
					- None -		
7. Mr. Amorn Asvanunt Position : • Independent Director • Chairman of Audit Committee  Term of Office : 14 Years 8 Months	68	<ul style="list-style-type: none"> <li>• M.B.A. Bowling Green State University, Ohio, U.S.A.</li> <li>• Bachelor of Accountancy Chulalongkorn University</li> <li>• Stanford-NUS Executive Program, Stanford University with National University of Singapore</li> <li>• Changing Organizational Behavior Program, Wharton School, University of Pennsylvania, USA</li> <li>• Director Accreditation Program 4/2003</li> </ul> <b>Training of Thai Institute of Directors</b> <ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) 4/2003</li> </ul>	-None-	-None-	Listed company : 1999 - Present 2006 - Present 2002 - Present 2002 - Present 2002 - Present 2003 - 2014 2005 - Present	Audit Committee Risk Management Committee Chairman of Audit Committee Audit Committee Audit Committee Executive Director Director Risk Management Committee Chairman of the Nomination and Remuneration Committee Independent Director	6 Companies I.C.C. INTERNATIONAL PLC. I.C.C. INTERNATIONAL PLC. People's Garment PLC. Sahacogen PLC. Far East DDB PLC. Thai Military Bank PLC. Krungthep Sophon PLC.
					2015		MFC ASSET MANAGEMENT PUBLIC COMPANY LIMITED
					Holding a position of Director in related company :		
					- None -		
					6 Companies		





Name	Age	Education	Shares holding *	Family Relationship between directors	Experiences		
					Period	Position	Company
		<ul style="list-style-type: none"> <li>Monitoring Fraud Risk Management (MFM) 9/2013</li> <li>Monitoring the System of Internal Control and Risk Management (MIR) 14/2013</li> <li>Monitoring the Internal Audit Function (MIA) 14/2013</li> <li>Monitoring the Quality of Financial Reporting (MFR) 17/2013</li> </ul>					
12. Mr. Viritpol Chaitthavomsathien Position : • Executive Director • Authorized Director	46	<ul style="list-style-type: none"> <li>Master Degree Business Administration, Cleveland State University</li> <li>Bachelor Degree Business Administration, University of Kentucky</li> </ul>	240,000 or 0.25 %	Son in law Mr. Boonkiet Chokwatana	<b>Listed Company :</b>	<b>1 Company</b>	
					2016 - Present	Director	People's Garment PLC.
					<b>Non listed company :</b>		
					<b>19 Company</b>		
13. Ms. Nopparat Asawasiripong Position : • Executive Director • Member of Risk Management Committee • Assistant Manager, Personnel Department	55	<ul style="list-style-type: none"> <li>Master of Art in Counselling Psychology, Chulalongkorn University</li> </ul> <b>Training of Thai Institute of Directors</b> <ul style="list-style-type: none"> <li>Finance for Non – Finance Director 36/2007</li> </ul>	36,000 or 0.04%	-None-	<b>Holding a position of Director in related company :</b>	<b>-None-</b>	
					<b>Listed Company :</b>	<b>1 Company</b>	
					2003 - 2012	Division Manager	People's Garment PLC.
					2012 - Present	Assistant Department Manager	People's Garment PLC.
14. Mrs. Sasivimol Kluyasritrakul Position : • Executive Director • Assistant Manager, Account/ Finance Department	56	<ul style="list-style-type: none"> <li>Bachelor of Accountancy Ramkhamhaeng University</li> <li>Tax Controller Major in General Business from School of Tax</li> </ul> <b>Training of Internal Audit and Control</b> <ul style="list-style-type: none"> <li>Chief Finance Officer (CFO) 12/2009</li> </ul>	33,000 or 0.03%	-None-	<b>Non listed company :</b>	<b>-None-</b>	
					<b>Holding a position of Director in related company :</b>	<b>-None-</b>	
					<b>Listed Company :</b>	<b>1 Company</b>	
					1995 - 2012	Division Manager	People's Garment PLC.
15. Mrs. Nutchapumpom Sunthomwiset Position : • Executive Director • Manager, Business Division	51	<ul style="list-style-type: none"> <li>Bachelor of Business Administration (Marketing), Bangkok University</li> </ul>	14,000 or 0.015%	-None-	2012 - Present	Assistant Department Manager	People's Garment PLC.
					<b>Non listed company :</b>	<b>-None-</b>	
					<b>Holding a position of Director in related company :</b>	<b>-None-</b>	
					<b>Listed Company :</b>	<b>1 Company</b>	
16. Mr. Suwat Panichlers Position : • Executive Director • Manager, Production Division	52	<ul style="list-style-type: none"> <li>Bachelor of Industrial Engineering, Rajamangala University of Technology Thanyaburi</li> </ul>	-None-	-None-	2003 - 2006	Assistant Division Manager	People's Garment PLC.
					2006 - Present	Division Manager	People's Garment PLC.
					<b>Non listed company :</b>	<b>-None-</b>	
					<b>Holding a position of Director in related company :</b>	<b>-None-</b>	
17. Mrs. Kalayanee Chantarapikul Position : • Executive Director • Manager, Purchasing Division	52	<ul style="list-style-type: none"> <li>Master of Business Administration (Marketing), Chulalongkorn University</li> </ul>	11,000 or 0.01%	-None-	<b>Listed Company :</b>	<b>1 Company</b>	
					2003 - 2011	Assistant Division Manager	People's Garment PLC.
					2011 - Present	Division Manager	People's Garment PLC.
					<b>Non listed company :</b>	<b>-None-</b>	
					<b>Holding a position of Director in related company :</b>	<b>-None-</b>	
					<b>Listed Company :</b>	<b>1 Company</b>	
					2006 - 2011	Assistant Division Manager	People's Garment PLC.
					2011 - Present	Division Manager	People's Garment PLC.
					<b>Non listed company :</b>	<b>-None-</b>	
					<b>Holding a position of Director in related company :</b>	<b>-None-</b>	

Name	Age	Education	Shares holding *	Family Relationship between directors	Experiences		
					Period	Position	Company
18. Mrs. Photchamam Engkanisam Position : • Executive Director • Manager, Business Division	50	<ul style="list-style-type: none"> <li>Master of Business Administration (Marketing), Chulalongkorn University</li> </ul>	51,000 or 0.05%	-None-	Listed Company :	1 Company	
					2006 - 2011	Assistant Division Manager	People's Garment PLC.
					2011 - Present	Division Manager	People's Garment PLC.
					Non listed company :	-None-	-None-
19. Mrs. Suvimol Charoensrichai Position : • Company Secretary • Executive Director • Member of Risk Management Committee • Member of Corporate Governance Committee • Manager, Registration Division	53	<ul style="list-style-type: none"> <li>Bachelor of General Management, Bansomdejchaopraya Rajabhat University</li> <li>Mini MBA Chulalongkorn University</li> </ul> <b>Training of Internal Audit and Control</b> - Company Secretary Program (CSP) 7/2004	101,633 or 0.11%	-None-	Holding a position of Director in related company :	-None-	-None-
					Listed Company :	1 Company	
					2008 - Present	Company Secretary	People's Garment PLC.
					2004 - 2011	Department Manager	People's Garment PLC.
20. Mr. Thamrong punyavattana Position : • Executive Director • Manager, Production Division	56	<ul style="list-style-type: none"> <li>Bachelor of Industrial Engineer King Mongkut's University of Technology North Bangkok</li> </ul>	-None-	-None-	2011 - Present	Division Manager	People's Garment PLC.
					Non listed company :	-None-	-None-
					Holding a position of Director in related company :	-None-	-None-
					Holding a position of Director in related company :	-None-	-None-
21. Mr. Anupong Watcharapinnachai Position : • Executive Director • Manager, Production Division	60	<ul style="list-style-type: none"> <li>Bachelor's degree in Industrial Engineer, Faculty of Engineer King Mongkut's University of Technology Thonburi</li> </ul> <b>Training of Thai Institute of Directors</b> • Director Accreditation Program (DAP) 11/2004	-None-	-None-	Listed Company :	1 Company	
					2016	Manager, Production Division	People's Garment PLC.
					Non listed company :	2 Company	
					Holding a position of Director in related company :	-None-	-None-
22. Mr. Sangsawang Chongprasopchokchai Position : • Executive Director • Division Manager	61	<ul style="list-style-type: none"> <li>Master's degree in Business Administration National Institute of Development Administration</li> <li>Bachelor's degree in Industrial Engineer Rajamangala University of Technology Krungthep</li> </ul>	-None-	-None-	Listed Company :	1 Company	
					2016	Manager, Production Division	People's Garment PLC.
					Non listed company :	2 Company	
					Holding a position of Director in related company :	-None-	-None-
23. Mrs. Pornpip Tangphottaweeporn Position : • Executive Director • Division Manager	59	<ul style="list-style-type: none"> <li>Master's degree in Economics, Ramkhamhaeng University</li> </ul>	-None-	-None-	Listed Company :	1 Company	
					2016	Manager, Production Division	People's Garment PLC.
					Non listed company :	1 Company	
					Holding a position of Director in related company :	-None-	-None-

**Note : Included spouse but not included children due to becoming maturity and not a shareholder.**

**Forbidden Qualifications**

1. No record of lawbreaking about wealth which is dishonest.
2. No record of being in conflict provided an interest of the company in the year 2016.

**Offenses Record of the Directors, Managements and Controlling Parties**

There is no offenses record of the directors, managements and controlling parties during the past 5 years regarding the violation of the Securities Exchange Act B.E. 2535 (1992) or the Derivatives Act B.E. 2546 (2003), only in the following offenses:

1. To act in bad faith or gross negligence;
2. To disclose or publish information or false statements which may mislead any person or concealing material facts which may affect the investment-making decisions of the shareholders, investors or other related persons.
3. Unfair practices or exploitation in connection with securities trading or derivatives transactions, or have ever been involved in or supported such actions.



## Report on the change in shareholding of the Directors and Executives as of 31 December 2016

Name	2015		Increase/ Decrease During year		2016			%
	Director	Spouse	Director	Spouse	Director	Spouse	total	
1. Mr. Boonkiet Chokwatana	2,562,933	90,000	-	-	2,562,933	90,000	2,652,933	2.76
2. Mr. Charoen Charoenwatanasuksom	39,000	-	-	-	39,000	-	39,000	0.04
3. Mrs. Sunan Niyomnaitham	150,000	40,000	-	-	150,000	40,000	190,000	0.20
4. Mrs. Somporn Tiyaiboonsiri	795,000	65,300	-	5,000	795,000	60,300	855,300	0.89
5. Mr. Chailert Manoonpol	280,000	42,500	-	-	280,000	42,500	322,500	0.34
6. Mr. Viritpol Chaithavornsathien	-	-	-	-	-	240,000	240,000	0.25
7. Mrs. Teerada Ambhanwong	224,550	-	-	-	224,550	-	224,550	0.23
8. Mrs. Chortip Pramroj na Ayudhya	10,000	-	-	-	10,000	-	10,000	0.01
9. Mr. Amorn Asvanunt	-	-	-	-	-	-	-	-
10. Mrs. Nuchanart Thammanomai	-	-	-	-	-	-	-	-
11. Gen. Konecharnart Chunnabhata	-	-	-	-	-	-	-	-
12. Mr. Santi Bangor	-	-	-	-	-	-	-	-
13. Ms. Nopparat Asawasiripong	36,000	-	-	-	36,000	-	36,000	0.04
14. Mrs. Sasivimol Kluyasritrakul	33,000	-	-	-	33,000	-	33,000	0.03

**Note :** - Included spouse but not included children due to becoming maturity and not a shareholder.  
- Number 6 Mr. Viritpol Chaithavornsathien was appointed to be company director replacing Ms. Pisamai Chunmanu whose term has ended.

## Company Secretary

Company Secretary must perform duties in compliance with the determine in section 89/15 and 89/16 under the Securities and Exchange Act (No.4) B.E. 2551 (2008), by carefully and honesty including perform its function in compliance with Laws, Objectives, Company regulation, Board resolution and shareholder meeting resolution.

The Board of Directors has been appointing Mrs. Suvimol Charoensrichai to be a company secretary since 2008. She has knowledge and ability. She also passed the Company Secretary Program (CSP)7/2004 which was trained company secretary to perform her duties in compliance with the Securities and Exchange Act.

The company enhances company secretary to be trained and developed the knowledge about laws and its function. The qualification and experience of company secretary are disclosed in "Details of Directors and Executives"

The Company prescribed the following scope of functions and responsibilities.

1. To give advice on laws, regulations and rules that must be known and complied by the Board of Directors.
2. To prepare and archive important documents:
  - Directors Register
  - Board of Directors meeting notices/minutes
  - Shareholders' meeting notices/minutes
  - Informational reports in accordance with the relevant laws and regulations.
  - Annual Report and Form 56-1
3. Keep a report that a director or an executive files with the company on his interest or a related person's interest in relation to management of the company according to Article 89/14; also make copy of such report and submit the copy to the Chairman and Chairman of the Audit Committee within 7 days after receiving such report.

4. To coordinate between the Directors and the executives and to support the implementation of good governance principles as well as compliance with the Regulations and Notifications of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission and Capital Markets Supervisory Board.
5. To ensure the proper and prudent discharge of functions by the Directors and executive officers, taking into account the rights of shareholders and fair treatment of shareholders.
6. To contact the relevant supervisory authorities.
7. Perform other tasks as stipulated by the Capital Market Supervisory Board.

In addition, the corporate secretary also has other duties as assigned by the Board of Directors as follows.

- Organize the Board of Directors' meeting and shareholders' meeting
- Coordinate with internal agencies to comply with the resolutions of the Board of Directors and the shareholders.
- Ensure that the Board of Directors and executives work properly and cautiously.
- Taking into account the rights of shareholders and fair treatment to shareholders.
- Arrange orientation for newly-appointed members of the Board of Directors Other duties as assigned by the company

Moreover, the Department of Secretary consists of: law officers, and accountants who passed the training regarding function of company secretary from the Thailand Association of Listed Companies.

## **The Remuneration of Directors and Executives.**

### **Policies and guidelines for the directors' remuneration**

The board of directors has appointed the remuneration committee to determine the remuneration of Company Directors, taking into consideration other companies in the same industry, the growth and performance of the Company and the remuneration limit approved by the meeting of shareholders and remunerations paid in the preceding year, in order to make a proposal to the Board of Directors for consideration and submission to the meeting of shareholders for approval.

### **Policies and guidelines for the executive directors' remuneration**

The remuneration committee considered the remuneration of managing director and deputy managing director. The compensation is determined appropriately in accordance with company's remuneration structure, by considering other companies in same business, company operation, and performance.

Managing director considers the appropriateness of compensation and annual wage of executives who have level under deputy managing director by considering the performance and company operation together with the ability to achieve goal.

The amount of remuneration are agreed from the compensation committee and are approved from the board of directors and ordinary shareholders meeting in the amount of not exceeding 10 million baht

## 1. Monetary remuneration

### 1.1 Remuneration for directors

- Annual Remuneration (All company Directors)
- Meeting Allowance (Attendance only)
- The remuneration of sub-committee which organized by the board of directors is under board of directors' discretion by considering appropriateness of functions, duties, and responsibilities.

The details of meeting allowance payment as following;

	2016 (Baht/Time)	2015 (Baht/Time)
<b>The board of directors</b>		
- President	12,000	12,000
- Directors	9,000	9,000
<b>Audit Committee</b>		
- President	12,000	12,000
- Directors	9,000	9,000
<b>Remuneration committee</b>		
<b>Nomination committee</b>		
<b>Risk Management committee</b>		
<b>Corporate Governance Committee</b>		
- President	10,000	10,000
- Directors	8,000	8,000

The remuneration paid to directors is meeting allowance and annual compensation as following details;

Name	Remuneration : 2016			Remuneration : 2015		
	Meeting allowance	Remuneration	Total	Meeting allowance	Remuneration	Total
1. Mr. Boonkiet Chokwatana	90,000	-	90,000	112,000	100,000	212,000
2. Mr.Charoen Charoenwatanasuksom	60,000	-	60,000	83,000	200,000	283,000
3. Mrs. Sunan Niyomnaitham	69,000	-	69,000	58,000	150,000	208,000
4. Mrs. Somporn Tiyaviboonsiri	61,000	-	61,000	60,000	100,000	160,000
5. Mr. Chailert Manoonpol	69,000	-	69,000	45,000	100,000	145,000
6. Mr.Viritpol Chaithavornsathien	27,000	-	27,000	-	-	-
7. Mrs. Teerada Ambhanwong	45,000	100,000	145,000	45,000	100,000	145,000
8. Mrs. Chortip Pramroj na Ayudhya	77,000	100,000	177,000	80,000	100,000	180,000
9. Mr. Amorn Asvanunt	93,000	200,000	293,000	93,000	200,000	293,000
10. Mrs.Nuchanart Thammanomai	81,000	150,000	231,000	90,000	150,000	240,000
11. Gen.Konecharnart Chunnabhata	85,000	150,000	235,000	94,000	150,000	244,000
12. Mr.Santi Bangor	101,000	150,000	251,000	90,000	150,000	240,000
13. Ms. Pisamai Chunmanu (Ended term of Director since May 12, 2016)	9,000	-	9,000	45,000	100,000	145,000
	<b>867,000</b>	<b>850,000</b>	<b>1,717,000</b>	<b>895,000</b>	<b>1,600,000</b>	<b>2,495,000</b>



The details of remuneration paid to company directors and sub-committee are as following;

	2016		2015	
	Meeting allowance	Remuneration	Meeting allowance	Remuneration
The Board of Directors	537,000	850,000	621,000	1,600,000
Audit Committee	120,000	-	120,000	-
Remuneration committee	26,000	-	46,000	-
Nomination committee	52,000	-	46,000	-
Risk Management committee*	136,000	-	120,000	-
Corporate Governance Committee**	76,000	-	59,000	-
<b>Total</b>	<b>947,000</b>	<b>850,000</b>	<b>1,012,000</b>	<b>1,600,000</b>

**Remark :** \* risk management committee has 2 members who were board of director.

Total meeting allowance was 64,000 baht and 53,000 baht as consecutively

\*\* Corporate Governance Committee has 1 member who was board of director

Total meeting allowance was 16,000 baht and 13,000 baht as consecutively

## 1.2 Remuneration for executive directors

The remuneration of executive director means the remuneration for the executive directors and the forth 4 directors of the executive board ranking from manager and the equal ranks to the 4th executive, totaling 5 persons.

The remuneration is paid in salary, bonus, daily allowance, and meeting allowance. The executive directors are paid as an employee.

The Remuneration	2016		2015	
	Number of Executive Directors	Amount (Baht)	Number of Executive Directors	Amount (Baht)
Salary and Bonus	5	8,277,746.67	5	11,325,750
Meeting allowance	5	346,000.00	5	432,000
<b>Total</b>		<b>8,623,746.67</b>		<b>11,757,750</b>

## 2. Others Remuneration

The company has no policy to pay others remuneration except the remuneration of directors or employee. There are no shares, debentures or other securities are given to executive directors.

(1) Others remuneration of company directors

- None -

(2) Others remuneration of executive directors

The forth 4 directors of the executive board ranking from manager and the equal ranks to the 4th executive, total 5 persons will receive other remuneration in term of provident fund.

People's Garment Public Company Limited has established a provident fund. Executives who have joined the provident fund receive a monthly contribution to the fund in the amount of 3 - 5 percent of wages. Members of the fund must also contribute to the fund at the same rate. If in any month a member fails to remit his/her contribution to the fund, the employer is not obliged to remit its contribution for such member in the same month. Upon the expiration of membership, the member would receive the contributions as well as a share of net benefits pursuant to the conditions of the fund.

#### The details of others remuneration of executive directors

Remuneration	2016		2015	
	Number of Executive Directors	Amount (Baht)	Number of Executive Directors	Amount (Baht)
Provident fund	5	339,007.33	5	437,700
<b>Total</b>		<b>339,007.33</b>		<b>437,700</b>

## Employees

As at December 31, 2016, the Company had 1,018 employees;

	Administration		Factory		Total		Monthly Employees		Daily Employees		Total	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Head office: Bangkok	139	243	15	105	<b>154</b>	<b>348</b>	146	271	8	77	<b>154</b>	<b>348</b>
Lumphun Branch	14	13	55	254	<b>69</b>	<b>267</b>	26	32	43	235	<b>69</b>	<b>267</b>
Kabinburi Branch	16	9	28	127	<b>44</b>	<b>136</b>	15	9	29	127	<b>44</b>	<b>136</b>
<b>Total</b>	<b>169</b>	<b>265</b>	<b>98</b>	<b>486</b>	<b>267</b>	<b>751</b>	<b>187</b>	<b>312</b>	<b>80</b>	<b>439</b>	<b>267</b>	<b>751</b>

#### Significant labor disputes during the last 3 years.

- NONE -

#### Remuneration of Employees

The company has 1,018 employees. Year 2016, company paid remuneration to all employees in the amount of 207.48 million baht, consisted of salary, bonus, daily allowance, overtime pay, wages, goal achieve pay, and skilled labor pay as following ;

Remuneration	2016	2015
Salary and wages	195,701,843.14	195,327,703.58
Bonus and others	11,774,283.22	43,337,449.29
<b>Total</b>	<b>207,476,126.36</b>	<b>238,665,152.87</b>

#### Salary and wages

The remuneration paid to employee was considered by employees' performance, duties, and responsibility.

**Bonus**

Special remuneration paid to employees is considered by company's operation result. Such remuneration is not a specific rate and must be approved by the board of director annually.

**Provident fund**

People's Garment Public Company Limited has established a provident fund for employee welfare and promoting saving including motivating employees to work with company for long term. Employees who have joined the provident fund receive a monthly contribution to the fund in the amount of 3 - 5 percent of wages. Members of the fund must also contribute to the fund at the same rate. Upon the expiration of membership, the member would receive the contributions as well as a share of net benefits pursuant to the conditions of the fund.

**Employee Development**

- Develop the system of human resources in order to support business expansion and to increase the competitiveness. The company aims to implant ethic in business operation together with develop quality of working life and strengthen good relationship among organization and employees continuously.

- Reinforce employees to be developed and learned in order to promote their career path in consistent with the growth of business.

Moreover, the company emphasizes its directors and staffs in all positions to be participated in setting operation plans in accordance with company's direction and goal. This will make overall operations to be in the same goal.

# Internal Controls in 2016

The Board of Directors adopted a resolution in Board of Directors Meeting No. 1/2560 on 23<sup>rd</sup> February 2017 approving the evaluation of internal control sufficiency in 2016.

The Board of Directors, by resolution, formally adopted an anti-corruption policy in Meeting No. 2/2558 on 26th February 2015. The Company thereafter prepared a self-evaluation form relating to anti-corruption measures. The Chairman of the Audit Committee endorsed the suitability of Company practices and made a submission to the Coalition Against Corruption Committee for certification. In any case, Company was already accredited by the Thai Institute of Directors (IOD) on 14th October 2016. The Company appreciates the importance of compliance with anti-corruption policies in support of government policies in order to build proper confidence in the Company operations, as well as to ensure transparent and reliable operations, with the confidence of stakeholders, including the promotion of the Company's working system developments to raise standards of business operations.

The evaluation of sufficiency of the Company's internal controls applied the COSO principle, which consists of 5 components, namely control environment, risk assessment, control activities, information and communication and monitoring activities. Internal management follows procedures and protocols designed by the Executive Committee, management and other persons with the objective of securing reasonable confidence that the Company's operations would achieve its objectives. Information are communicated and results on sufficiency are continually monitored. The Internal Audit Unit performs evaluations and monitors independently and reports directly to the Audit Committee.

In the evaluation of sufficiency of internal controls in 2016, the Board of Directors considered the sufficiency of internal controls in the organisation in all aspects. The Audit Committee submitted additional opinions and suggestions pertaining to significant transactions to the management for review, modification and development to ensure proper functioning of the Company. Each aspect may be summarized as follows.

**1. Control Environment** The Company prescribes control measures and procedures to ensure adherence to the value of integrity and ethics. The organizational structure is clear, with separation of duties as well as checks and balances. The Board of Directors exercises oversight of the business administration in pursuance of targets, and maintain responsibility and transparency. The Executive Committee exercises oversight of operations by employees to achieve Company policy objectives. Evaluation of work values are based on **Key Performance Indicators** (KPI) to enable precise, accurate and transparent evaluations that promote continual development of operations within the framework of a proper and sufficient internal controls.

**2. Risk Assessment** The Risk Management Committee exercises oversight of the Company's formulation of sufficient risk management measures to prevent losses or errors which could have a significant impact on the organisation. Appropriate guidelines and objectives for risk management on various aspects have been set to ensure the management of risks within acceptable levels. Financial statements showing significant changes have been considered and the causes and analyses of various risk factors have been reviewed to enable the Company to continually and expeditiously revise risk management measures.



**3. Control Activities** The management exercises oversight of operations to ensure compliance with the Company's policy framework, regulations and directives. Practices for various processes in the organisation, in particular procurements, finance and accounting and administration of major tasks, are continually reviewed to ensure the conformity of operations to the organizational structure and transparent mutual accountability, as well as an appropriate monitoring process. The Audit Committee has proposed that the Company prepare an operational procedure, manual, regulations and directives to supplement all systems comprehensively, consistent with the Company's business activities.

**4. Information & Communication** Communications are undertaken through an information system which enables clear and quick communications. The Company has a budget plan to continually upgrade technology systems to meet the needs of users and improve the efficiency of communications. Significant information used in administration are reported via the Intranet system, which is safe and ensures accuracy, precision and speed. This benefits efficient decision-making. The Audit Committee has reviewed external communications pertaining to issues which could affect internal controls and proposed that the Company open up a new channel of communication through the internet so as to be able to receive information from third parties that could be beneficial to the Company.

**5. Monitoring Activities** Monitoring and evaluation of internal controls are carried out by the Internal Audit Unit, which acts independently. The Internal Audit Unit reports significant defects concerning internal audit directly to the Audit Committee. This provides for a process for making suitable revisions for comprehensiveness and consistency with the Company policies.

The Board of Directors has given approval to the sufficiency and suitability of internal control systems for 2016. The Company has revised and improved operational structures and enhanced internal controls in line with the Company's business activities. These developments have supported business administration, risk management, good governance, including financial reporting. Performance can be precisely monitored. Operations are transparent and in compliance with regulations of the Stock Exchange of Thailand and relevant laws, with proper guidelines.

## Connected Transaction (Related Transaction)

At the meeting No. 6/2015 on December 18, 2015, the board of directors has approved the entered material assets or services into a related person for the year 2016 which the related directors do not attend and vote. The details of connected transaction are following (7 transactions);

Connected Company	No. of Shares	Relationship / Connected Person		Description of Transaction	Value of the Approved	Reality Valued
		Co-Directors	Co-The majority shareholder			
1. Thai Sports Garment Co., Ltd. (TSG)	19.00 %	Mr.Boonkiet Chokwatana Mrs.Somporn Tiyaiboonsiri Mr.Chailert Manoonpol Mrs.Sunan Niyomnattham	Saha Phatana Inter-Holding PLC (hold PG shares 13.78 %) (hold TSG shares 15.00 %)	<b>Material Assets and Services Transaction</b> - Rental Income - Advisory Income	4.5 Million 1.5 Million (Baht)	3,898,080.00 Baht 1,200,000.00 Baht <b>5,098,080.00 Baht</b>
2. ICC International PLC. (ICC) ICC hold PG's shares 5.25%	0.60 %	Mr.Boonkiet Chokwatana Mr.Amorn Asvanunt	Saha Phatana Inter-Holding PLC (hold PG Shares 13.78 %) (hold ICC Shares 22.10%)	<b>Business Transaction</b> - Royalty Expenses	1 Million (Baht)	127,324.74 Baht
3. Saha Phatana Inter-Holding PLC. (SPI) SPI hold PG's Shares 13.78%	0.44 %	Mr.Boonkiet Chokwatana	PG's Majority shareholder	<b>Material Assets and Services Transaction</b> - Consultancy fee expense	400,000 (Baht)	360,000.00 Baht
4. Sahapatthanapibul PLC. (SPC) SPC hold PG shares 8.80%	0.07 %	-	Saha Phatana Inter-Holding PLC (hold PG Shares 13.78 %) (hold SPC Shares 20.63%)	<b>Material Assets and Services Transaction</b> - Rental Expenses	9.0 Million (Baht)	6,868,800.00 Baht

## Related party transaction

Regarding related party transaction, the company operated the transaction with ethical practice and fairness that comply with trading rules and conditions likewise determination to other person or business which is unrelated to each other.

## Remuneration Policy

Rental Income	- The price is set by market price which depends on the location and the use of assets.
Consultancy Fee Income	- The compensation is set by difficulty and scope of service
Royalty Expenses	- The rate is percentage of the net ex-factory price.
Consultancy Fee Expense	- The compensation is set by difficulty and scope of service
Rental Expenses	- The price is set by market price which depends on the location and the use of assets.

## The Volume of the Transaction

These transactions are the transactions between the Company and Related Company, which considered to be transactions prescribed in the notification of the Stock Exchange of Thailand.

Category 2: Supporting normal business transaction.

Category 4: Assets or services transaction.

The notification of the Stock Exchange of Thailand on Disclosure of the Information and Operation of the Listed Company B.E. 2546 as of the Category 2 and 4 states that the transactions is more than Baht 1 million but less than Baht 20 million or the transactions is more than 0.03% but less than 3% of Net Tangible Assets (NTA), whichever is higher. The Company's NTA as of September 31, 2015 was 1,533.03 million baht.

## Opinion of the Board of Director and Audit Committee

Category 1 - 4 were approved because of the reasonable prices and other conditions. Transactions are about assets or services. Its size is more Baht 1 million but less than Baht 20 million or more than 0.03% but less than 3% of Net Tangible Asset (NTA) whichever is higher. That transaction must be approved from the Board of Director and disclosed the information to Stock Exchange of Thailand without approval from Shareholder.

## Related Transaction 5 Transaction on Assets and Services

The meeting of the board of directors of People's Garment Public Company Limited No. 2/2016 held on May 12, 2016 passed the following resolutions:

Approving the category for assets or services transaction as following details:

1. Transaction Date : Within the Q2/ 2016
2. Parties involved : Buyer : People's Garment PLC. (PG)  
Seller : Champ Ace Co., Ltd. (CAC)
3. Transaction details
  - Transaction nature : Procurement of asset: Machinery / Equipment and Vehicle
  - Total assets value : Baht 5,659,000.
  - Assets evaluation criteria : Evaluated by Siamcityappraisal Co., Ltd.
  - Source of fund : Working capital of the Company.
4. Objective of transaction : For business operation of the company

5. Details on the relationship nature with the connected party: Co - The majority shareholder

	PG (%)	CAC (%)
1. Saha Pathanapibul PLC.	13.78	22.50
2. Thanulux PLC.	14.05	15.00
3. ICC International PLC.	5.25	12.50

6. General description of connected transaction

Category of transaction : Transaction to acquire assets from a connected party

The Volume of Transaction : Above transaction came under the scope of connected transaction for listed companies as specified in The Notification of The Capital Market Supervisory Board No. Tor Chor.21/2551, regarding rules on connected transactions provided as transaction volume of over Baht 1 million but less than Baht 20 million, or more than 0.03% but less than 3% of net tangible assets (NTA), whichever may be greater. Such 0.03% of NTA value by the company as of December 31,2015, stood at Baht 0.44 million, as against 3% of said NTA of Baht 43.79 million.

Accordingly, said transaction volume warranted the company to seek approval from The Board of Directors and to report said information to the SET, without having to seek further approval from the shareholders' meeting.

7. Acquisition and disposition of assets Transaction volume : Does not come under the scope for the acquisition or disposition of assets having significant value for listed companies.

8. Interested directors not attend the meeting and not vote : Mr. Boonkiet Chokwatana  
Mr.Chailert Manoonpol and Mrs.Somporn Tiyaiboonsiri

9. Opinion of the Board of Director and Audit Committee

The Board of Directors and Audit Committee approved such connected transaction concerning assets or services due to their favorable prices and other related conditions.

## Related Transaction 6 Transactions on Real Estate rental, duration is not over 3 years.

The meeting of the board of directors of People's Garment Public Company Limited No. 3/2016 held on August 11, 2016 passed the following resolutions:

- Approving the category for assets or services transaction as following details:

Transaction 1

1. Transaction Date : September 1, 2016
2. Parties involved : Payer : People's Garment PLC. (PG) – CAC 15%  
Payee : Champ Ace Co., Ltd. (CAC)
3. Transaction details
  - Transaction nature : Rental Expense / The area of 960 square meters.  
58 Soi Charoenraj 7, Yaek 29-1 (Right Side) Bangkok  
Bangkholaem Bangkok 10120.
  - Assets evaluation criteria : Compensation Rate is depended on the market price and considered by location, condition and usage of asset.
  - Total assets value : The total amount is not over than Baht 1million.  
(starting on September 1,2016 to December 31,2017)
  - Source of fund : Working capital of the Company.
4. Objective of transaction : For business operation of the company



5. Details on the relationship nature with the connected party : Co - The majority shareholder

	PG (%)	CAC (%)
1. Saha Pathanapibul PLC.	13.78	22.50
2. Thanulux PLC.	14.05	15.00
3. ICC International PLC.	5.25	12.50

6. General description of connected transaction

Category of transaction : The transaction of a property rental not more than 3 years.

The Volume of Transaction : Above transaction came under the scope of connected transaction for listed companies as specified in The Notification of The Capital Market Supervisory Board No. Tor Chor.21/2551, regarding rules on connected transactions provided as transaction volume of over Baht 1 million but less than Baht 20 million, or more than 0.03% but less than 3% of net tangible assets (NTA), whichever may be greater. Such 0.03% of NTA value by the company as of June 30,2016, stood at Baht 0.45 million, as against 3% of said NTA of Baht 45.15 million.

In quarter 2/2016, the Company entered the connected transaction valued 5,659,000 Bath with Champ Ace Co., Ltd. As a result, the Company has to gather all the transactions of the same person in which occur during 6-month period.

Accordingly, said transaction volume warranted the company to seek approval from The Board of Directors and to report said information to the SET, without having to seek further approval from the shareholders' meeting.

7. Acquisition and disposition of assets Transaction volume : Does not come under the scope for the acquisition or disposition of assets having significant value for listed companies.

8. Interested directors not attend the meeting and not vote :Mr. Boonkiet Chokwatana

Mr.Chailert Manoonpol and Mrs.Somporn Tiyaviboonsiri

9. Opinion of the Board of Director and Audit Committee

The Board of Directors and Audit Committee approved such connected transaction concerning assets or services due to their favorable prices and other related conditions.

## Related Transaction 7.Transaction on Financial assistance in proportion of shareholding

The meeting of the board of directors of People's Garment Public Company Limited No. 5/2016 held on December 20, 2016 Said resolution authorized the company to provide credit guarantee to Sahapat Real Estate Co., Ltd. on shareholding proportion in an amount of Baht 7,600,000.- to Bank of Ayudhya Plc., according to transaction details as follows:

1. Transaction date : Within January, 2017

2. Transaction parties involved

Guarantee providing party : People's Garment Public Company Limited

Guarantee requesting party : Sahapat Real Estate Co., Ltd.,  
a connected party to the company

3. Details on the relationship nature with the connected party: Co - The majority shareholder

The majority shareholder	Percentage of shares held	
	People's Garment PLC. (%)	Sahapat Real Estate Co., Ltd. (%)
1. Saha Pathanapibul PLC.	13.78	40.00
2. Thanulux PLC.	14.05	2.40
3. ICC International PLC.	5.25	19.90

4. Transaction nature : To provide the financial assistance by loan guarantee to connected persons based on 2.00 percent investment proportion.
5. Objective of transaction : To support the business operations of company in which investment on shareholding proportion
6. Transaction details
  - Company requesting guarantee : Sahapat Real Estate Co., Ltd.
  - Type of business : Property developer
  - Registered capital : Baht 250,000,000.- classified into 10,000,000 ordinary shares, with par value of Baht 25 per share
  - Guarantee amount provided by the company : Baht 7,600,000.00 based on shareholding proportion in Sahapat Real Estate Co., Ltd. to Bank of Ayudhya Plc.
7. General description of connected transaction
  - Type of transaction : Transaction regarding grant of financial assistance
  - Transaction volume : Guarantee amount of Baht 7,600,000 Above transaction came under the scope of connected transactions for listed companies as specified in The Notification of The Capital Market Supervisory Board No. Tor Chor. 21/2551, regarding rules on connected transactions provided as transactions regarding grant of financial assistance by providing the credit guarantee based on shareholding proportion. The transaction volume was less than Baht 100 million, or less than 3% of net tangible assets (NTA), whichever may be lower. Such 3% of NTA value by the company as of September 30, 2016, stood at Baht 44.34 million. Accordingly, said transaction volume warranted the company to seek approval from The Board of Directors and to report said information to the SET, without having to seek further approval from the shareholders' meeting.
8. Interested directors not attend the meeting and not vote : - None -
9. Opinion of the Board of Director and Audit Committee The Board of Directors supported the resolution authorizing the company to enter said transactions to provide credit guarantee to Sahapat Real Estate Co., Ltd. on shareholding proportion in an amount of Baht 7,600,000 to Bank of Ayudhya Plc. in order to support the business operations of company in which investment on shareholding proportion.

Upon completion of the meeting, The Company has notified the resolution complied with the Notification of the Capital Market Supervisory Board and the Stock Exchange of Thailand before making any transaction. All transaction are disclosed into Thai and English version to the Stock Exchange of Thailand, also published on the company's website [www.pg.co.th](http://www.pg.co.th).

### **Necessity and reasonableness of transactions with persons who may have conflicts.**

Doing business under intense competition, The company should rely on partnerships or business networks, both upstream and downstream to increase the strength and business potential. This will lead to development and sustainable growth.

Partners or business networks may be a person who may have a conflict. The board of directors should consider the necessity and appropriateness of entering into such transaction, by taking advantage of the company's importance. The trading price is normal. It does not act to distribute the Company's interests to persons who may have a conflict of interest.

The Board of Directors follows the Securities and Exchange Act (No. 4) BE 2551, Section 89/12, after the annual general meeting of shareholders, the Board of Directors has approved the principle that the management can approve the normal business transactions and support items with commercial agreement in the same way that a normal person would treat a counterparty in the same situation with the bargaining power without the influence of being a director, company, executive or related person. The transaction shall be reported to the Board of Directors on a quarterly basis.

## **Related Transaction in Future**

Transactions with related parties will prevail but the volume depends on the economic situation as those with possible conflict of interests are the company's supply chain. The flexibility and adaptability of the supply chain will eventually facilitate the business competition and thus benefit the shareholders.

In future, related transaction will be transactions of normal business operating and without transferring interest between company and related person. The company holds regulations of Capital Market Supervisory Board, or other regulations strictly and concerns on reasonable in price and significant conditions in order to sustain benefits to shareholders and stakeholders equally and fairly.

# Report of the Risk Management Committee


The Risk Management Committee in 2016 consisted of:

1. General Konecharnart Chunnabhata	Chairman of the Risk Management Committee
2. Mr. Chailert Manupol	Director
3. Mr. Charoen Charoenwatanasuksom	Director
4. Miss Nopparat Asawasiripong	Director
5. Mrs. Suvimol Charoensrichai	Director and Secretary

From the year 2016 in quarters 1 – 4, the global economy stabilized in a trend resembling the preceding year. The textile and garment industry in general performed similarly to other industries. Even though the state sector aided the private sector by providing stimulus measures to improve liquidity in many areas of the economy, the textile and garment industry continued to face unavoidable risks. A significant impact to the business was experienced in the earnings per share in each quarter which were respectively lower. The Board of Directors has had to continually integrate policies for all departments in the administration of the business as well as modify operational plans to adapt to the slowing economy.

The Risk Management Committee has attached significance to the effective and speedy elimination of risks in collaboration with Executive Directors and Corporate Governance Committee Members. Measures have been set for all risk working groups comprising the executive to ensure processing of facts, evaluations and analyses of obstacles in the systems for production, procurement, marketing, information, resources, including fluctuations of currencies, etc. These exercises provided guidelines for the elimination of risks and the prevention of undesirable consequences in each quarter. Concepts were also introduced to increase the value of businesses. There is confidence that sufficient security has been provided against a potential economic crisis that may occur at any time during this period.

Performance of risk management in the past has been generally satisfactory. The organisation has been able to maintain operations under an economic crisis which persisted. In any event, the state sector predicted that the economy would gradually improve in the forthcoming period. Purchase orders would increase. Business operations would be able to support growing domestic demand. Also, industrial exports in general could grow at a rate of 3 – 5 percent in line with the global economy, in particular the United States which increased interest rates in 3 consecutive quarters despite the EU and ASEAN member states maintaining the same rate. The Risk Management Committee will continue to closely monitor relevant opportunities and impacts in order to collate information for making new proposals in conjunction with planning of risk management for the organisation in every quarter, with a view to achieving results in regard to the setting of business goals that would be most beneficial for shareholders.

Gen.   
(Konecharnart Chunnabhata)

# Performance Analyses and the Explanation of Management Department

## Synopsis

In 2016, the global economy were expanded even if the economy of many countries were slowed down from 2015. US economy were still expanding, unemployment problems were declining. EU economy also still expanding but unemployment problems were high level. Japan economy were expanded a little level. China economy were still slowing down. Thailand economy were still also slowing down due to declining of international market's demand and also domestic consumptions. The productions of ready to wear garments were declined even if black garments were needed more in Thailand.

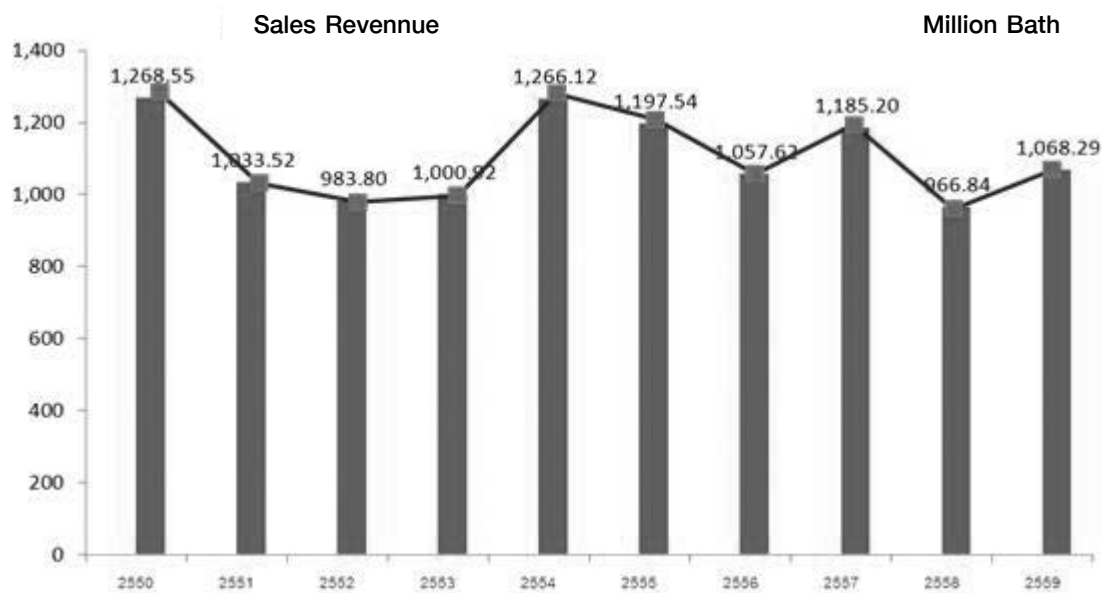
## Synopsis of Performance

In 2016, the Company reached total sales of 1,068.29 million baht, increased by 10.49 percent, with total loss amounted 75.05 million baht. Total assets of the Company amounted 1,837.24 million baht, increased by 8.41 percent. The details of which are explained as follows.

## 1. Analysis of Performances

### Sales Revenue

In 2016, the Company had sales revenue amounted 1,068.29 million baht, increased by 101.45 million baht or 10.49 percent from 966.84 million baht in 2015. Due to higher of domestic sales amounted 164.12 million baht or 24.31 percent from new products such as underwear, sport wear and lather. Overseas sales decreased amounted 62.67 million baht or 21.47 percent.





### **Other Revenues**

In 2016, The Company had other revenues of 47.44 million baht whereas 49.22 million baht in 2015 which decreased 1.78 million baht or 3.62 percent due to declined of interest gain amounted 6.0 million baht. Received dividend amounted 2.54 million baht, and others revenues amounted 1.54 million baht.

Others revenues comprises of received dividend amounted 17.75 million baht, received interest 10.44 million baht, rental fee 5.77 million baht, gain on exchange rate 1.24 million baht, others amounted 12.24 million baht.

### **Cost of Sales**

In 2016, The Company's cost of sales amounted 86.38 percent of sales revenue which increased by 8.02 percent compared to 78.36 percent in the previous year as a result of higher competition in production and prices, the company need efficiency in production cost management.

### **Sale Expenses**

In 2016, the Company had sale expenses amounted 22.64 million baht, decreased 11.48 million baht or 33.65 percent from 34.12 million baht in 2015. Since, the Lacoste royalty fee paid by company was decreased 9.02 million baht, transportation fee higher amounted 1.66 million baht, exhibition shows expenses higher amounted 4.05 million baht.

### **Administrative Expenses**

In 2016, the Company had administrative expenses amounted 249.65 million baht, increased 38.70 million baht or 18.35 percent from 211.95 million baht in the previous year. Since, higher expenses on employees amounted 26.69 million baht, provision for doubtful receivables from overseas customers amounted 7.80 million baht and others expenses higher 3.97 million baht.

### **Net Profits**

In 2016, the Company had total loss numbered 75.05 million baht, whereas in 2015 had net profits amounted 13.54 million baht decreased 88.59 million baht, net loss per share amounted 0.78 baht. Rate of net loss per total revenue amounted 6.73 percent.

The company had cash flow expensed for its operations amounted 193.55 million baht, from higher trading debt of underwear product and higher inventories.

### **Shareholder Returns**

In 2016, the company had total loss amounted 75.05 million baht, loss per share amounted 0.78 baht. Since, gross profit of product was decreased but higher management expenses. After consideration on company operation and financial standing including overall economy, the board agreed to propose not to pay the dividend to the shareholder meeting no. 38th held on April 25, 2017.

## **2. Financial Standing**

As of 31 December 2016, the Company's total assets were 1,837.24 million baht, increased by 142.48 million baht or 8.41 percent compared from the total balance in 31 December 2015. The Company's current assets increased amounted 49.83 million baht and non-current assets increased 92.65 million baht. Total assets of the Company comprised of cash and cash equivalents 1.13 percent; short-term investment 7.29 percent; trade debtors and others debtors 10.99 percent; inventories 23.51 percent; investments of available-for-sale securities 34.38percent; investments of long-term securities 12.66 percent; land, property and equipment 8.27; and others 1.77 percent.

### **Current Assets**

As of 31 December 2016, current assets of the Company amounted 810.09 million baht, increased from the year 2015 by 49.83 million baht. Since, the inventories increased 155.15 million baht resulting from new products. Trade debtors and others debtors increased amounted 67.45 million baht. Cash and cash equivalent decreased 175.82 million baht.

### **Non-current Assets**

As of 31 December 2016, non-current assets of the Company were 1,027.14 million baht, increased from the year 2015 by 92.65 million baht resulting from value adjustment of available for sale securities.

### **Cash and Cash Equivalents**

As of 31 December 2016, cash and cash equivalents of the Company amounted 20.83 million baht, decreased 175.82 million baht from 196.65 million baht in 2014 due to the investment in bank deposit, with not over 3 months period, for short-term expenditure.

### **Temporary Investment**

As of 31 December 2016, temporary investment of the Company amounted 133.93 million baht, increased 5.75 million baht from 128.18 million baht in 2014. Since, the company needs money for short term spending and to remain liquidity.

### **Trade debtors and Others debtors**

As of 31 December 2016, the Company had trade debtors and others debtors amounted 201.93 million baht, increased by 67.45 million baht from 134.48 million baht in 2015 as a result of higher sales volume. Debtors comprised of trade debtors 199.11 million baht and other debtors amounted 2.82 million baht. Explanation one by one; trade debtors which its debt was not reach due date of payment amounted 126.60 million baht or 62.69 percent, debtors which its debt was over but less than 3 months amounted 53.91 million baht or 26.70 percent resulting from debtors' payment policy was different from the Company's due of payment and debtors which its debt was over 3 months amounted 18.60 million baht. Mostly of the Company's debtors had good quality as settled the debt on time.

### **Inventories**

As of 31 December 2016, inventories of the Company amounted 432.02 million baht, increased 155.15 million baht from 276.87 million baht in 2015 due to the reservation for sales promotion and launch of new products. However, the company must manage inventories with highest efficiency.

### **Land, Property and Equipment**

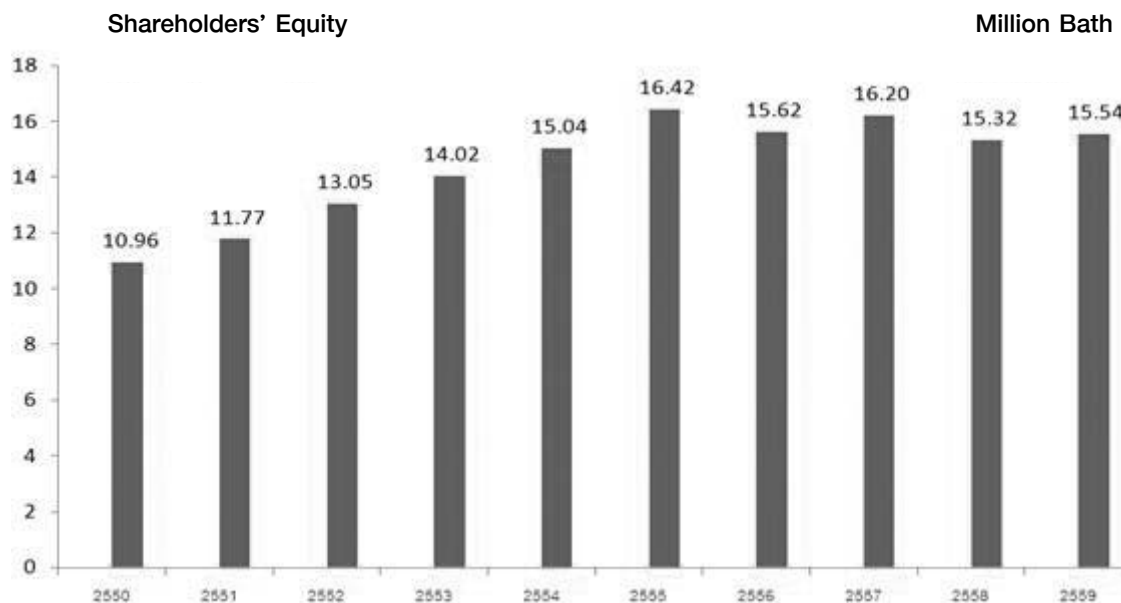
As of 31 December 2016, the Company had land, property and equipment amounted 151.89 million baht, decreased 5.59 million baht from 157.48 million baht of the previous year as a result of the debit of depreciation amounted 27.08 million baht as well as buying more machinery, equipment and other 21.49 million baht.

### **Total Liabilities**

As of 31 December 2016, the Company had total liabilities amounted 345.56 million baht, increased 121.27 million baht or 54.07 percent from the previous year. This resulted from the increase of trade creditors and other creditors amounted 110.75 resulting from buying raw materials for production and sales volume.

### Shareholders' Equity

As ended 2016, shareholders' equity of the Company amounted 1,491.68 million baht increased 21.21 million baht from 1,470.46 million in the previous year. The other components of shareholders' equity increased in the amount of 96.26 million baht. The value of available for sales securities amounted 80.27 million baht, the evaluation of employee benefits followed actuarial science standard amounted 15.99 million baht, and total loss of operation amounted 75.05 million baht. the company had book value per share at the end of 2016 counted as 15.54 baht increased 0.22 baht per share when compared with book value per share of 2015.



## 3. Asset Quality

### Investment in Available for Sale securities

The Company had available for sale securities amounted 631.71 million baht, increased 90.9 million baht from 540.72 million baht in the previous year. The securities comprised of the investment in ordinary shares increased to 4.96 million baht, and unrealized gain of changing in value of available for sale securities raised 100.34 million baht.

The Company complied with the Accounting Standard volume 105 regarding the accounting for the investment in debenture and equity. This was resulting to the Company's unrealized gain from changing of value of net investment in income tax, which is being a part of shareholders' equity amounted 293.87 million baht. Furthermore, there was the proper rate of dividend, which was higher than the interest of bank deposit.

### Other Long-term Investment

The Company had other long-term investment amounted 232.56 million baht, increased 8.97 million baht from 223.59 million baht of the previous year. The company invested more in bonds totaled 10 million baht.

The Company complied with the Accounting Standard volume 36 regarding the impairment of the assets for investment in a business, which is non-listed in the Stock Exchange of Thailand. The review of impairment is to be made over year. In 2015, the company had received money from the repayment of capital amounted one million baht. Moreover, considering the book value of the investment, long-term investment had totally higher than the cost that the Company invested. Also, there was dividend, which was higher than the interest of bank deposit.

### **Land, Property and Equipment**

At present, property, plant and equipment had values in market price more than values shown in the financial statement. The number was shown in the form of the cost deducted by accumulated depreciation. The Company has managed the assets and caused revenues, property and factories. The Company has always bought new machineries using instead of the old one. Some of them are for rent. For the machinery, most of them were modern and had potential for the production.

## **4. Liquidity**

### **Cash Flow**

In 2016, the Company had cash and cash equivalent amounted 20.83 million baht, decreased 175.82 million baht from 196.65 million in the previous year.

The Company had net cash flow for the operation expenses amounted 193.55 million baht, as of 2015 net cash flow from operation amounted 79.80 million baht, decreased 273.35 million baht. Since, the profit before tax was lower 92.49 million baht. However, the company had more cash flow from the trade creditors amounted 110.39 million baht, decreased of cash flow from operation expenses. Trade debtors amounted 76.17 million baht and inventory amounted 168.45 million baht.

The Company also had cash flow for the investment amounted 17.73 million baht as a result of cash from investment in temporary investment 579.34 million baht; dividend income 17.76 million baht; expired bonds 16.0 million baht; selling available for sales securities 14.89 million baht; interest income 11.35 million baht. the company gained long term capital amounted 0.98 million baht and sold of land, building and equipment amounted 0.38 million baht. the company invested in short term investment as open-end fund amounted 584.49 million baht, an invested more in available for sales securities amounted 4.96 million baht, purchase more on fixed income securities amounted 10.0 million baht, expenses on machinery and equipment for the operation amounted 21.49 million baht, and purchase the intangible asset amounted 2.02 million baht.

### **Adequacy of Liquidity**

The Company had proper liquidity. In 2016, the Company's liquidity ratio was 3.99 times and was 8.09 times in 2015. As ended of 2016, quick liquidity ratio equivalents to 1.86 times. Cash and cash equivalent were adequate for dividend payment and future investment. Furthermore, the Company had very low debt to equity ratio. As ended of 2016 was 0.23 times and 0.15 times in 2015 resulting to the Company's wealth and adequacy of liquidity.

### **Sources of Capital**

The Company's capital spending for operation and investment was from gain on operation and investment. For long-term investment, bank deposit, ordinary shares and debenture were considered as gain on interest and dividend. The Company had no interest-bearing liabilities. Most of the Company's liabilities shown in the financial statement were trade creditors, other creditors, income tax and evaluation of employee benefits.

### **Commitments**

The details are provided in the Notes to the Financial Statements clause 27, Commitments and Contingent Liabilities.

### Factors Affecting the Company's Future Operation

The Company cooperate with I.C.C. International Public Company Limited, who own international license brand such as Arrow, Felix Buhler, Le Coq, Mizuno, Elle

### Financial Ratios

		2016	2015	2014
<b>Liquidity Ratios</b>				
Current Ratio	Times	3.99	8.09	4.84
Quick Ratio	Times	1.86	5.15	2.91
<b>Activity Ratios</b>				
Account Receivable Turnover	Times	6.35	5.65	5.76
Average Collection Period	Days	57.47	64.58	63.32
Fixed Asset Turnover	Times	6.85	5.62	5.96
Account Payable Turnover	Times	6.66	5.79	5.24
Average Payment Period	Days	54.82	82.81	106.80
Cash Cycle	Days	95.49	73.12	41.19
Inventory Turnover	Times	3.93	4.00	4.31
Average Sale (Inventory) Period	Days	92.84	91.35	84.67
Total Asset Turnover	Times	0.63	0.57	0.67
<b>Leverage Ratios</b>				
D/E Ratio	Times	0.23	0.15	0.21
Modified Interest Coverage Ratio	Times	(0.31)	0.38	0.36
Dividend Payout Ratio	%	-	496.42	60.04
<b>Profitability Ratios</b>				
Gross Profit Margin	%	13.62	21.64	24.75
Net Profit Margin	%	(7.03)	1.40	4.99
Return on Asset	%	(4.49)	0.74	3.25
Return on Equity	%	(5.07)	0.92	3.81



# Governance Report of the Audit Committee

The Audit Committee of People's Garment Public Company Limited consists of 3 Independent Directors, namely Mr. Amorn Asvanunt, Chairman of the Audit Committee, Mrs. Nuchanart Thammanomai and Mr. Santi Bangor as Members. Members of the Audit Committee possess all the prerequisite qualifications under the Regulation of the Stock Exchange of Thailand, being qualified persons with experience in accounting, finance, law, economics and administration.

Guidelines for the performance of Audit Committee Members have been stipulated in the Charter of the Audit Committee, which is regularly revised. The Audit Committee performs duties and assumes responsibilities independently, with an appreciation for the importance of good governance to ensure continuous and sustained growth. Works are administered to maintain the confidence of shareholders and all stakeholders that the Company's business operations are in accordance with regulations of the Stock Exchange of Thailand and Securities and Exchange Commission. Significant functions performed by the Audit Committee in 2016 may be summarised as follows:

- **Review of Financial Statements**

The Audit Committee has reviewed quarterly financial statements and annual financial statement for 2016. The Company's Financial Statements have been prepared in accordance with generally accepted accounting principles, accounting standards and regulations of the Stock Exchange of Thailand and relevant laws. Accurate and complete information have been disclosed in the notes to the Financial Statements, without any conflicts with essential facts. The Auditor has reported the audit result of accounts and expressed an unqualified opinion. Thus, the Audit Committee gave its approval to the Financial Statements and made a submission to the Board of Directors for endorsement of the Financial Statements for 2016.

- **Review of Connected Transactions**

The Audit Committee has reviewed connected transactions in 2016 and found that they were executed in the ordinary course of trade. The transactions were transparent, fair and in the interest of the Company. There were no conflict of interests. Regulations of the Securities and Exchange Commission have been complied with. Reports on connected transactions are submitted to the Audit Committee for consideration and forwarded to the Board of Directors for acknowledgement every quarter.

- **Review of Internal Control Effectiveness**

The Audit Committee performs the function of supervising the Internal Auditor to ensure independence and allow regular assessments and monitoring of internal controls that incorporate all operational systems to prevent any loss to the Company. The internal control system focuses on the effectiveness of key internal control points. The Company provides a manual, directives and clearly written rules which are comprehensive and assessable with reliability. The Audit Committee finds that the internal control system is sufficient and aims to further upgrade the efficiency of internal control systems in 2017.

- **Review of Compliance with Laws, Regulations and Directives**

The Audit Committee has reviewed compliance with regulations of the Securities and Exchange Commission and laws relevant to the Company and finds that the Company's business operations are in accordance with the business regulations and laws. The Company's responsibilities are also consistently in line with important laws and regulations.

- **Appointment of Auditor for 2017**

The Audit Committee has approved the appointment of the Auditors for 2017. Auditors of EY Office have been nominated for another term as the Company's Auditors. Such Auditors have the qualifications in accordance with the Stock Exchange of Thailand and a record of full compliance with accounting standards. A proposal was therefore made for the appointment of Mr. Chayapol Supsetanont, certified public accountant registration number 3972, and/or Mrs. Keungkan Asawarangsrit, certified public accountant registration number 4496, and/or Miss Rosaporn Dejakhom, certified public accountant registration number 5659, and/or Miss Sumna Panpongsanont, certified public accountant registration number 5872, as Auditors for the financial year ending 31st December 2017. The Audit Committee further approved an audit fee in the amount of 140,000.00 baht, an increase from the year 2016 by 15 percent. The increase in audit fee was based on necessary accounting work to comply with significant new accounting standards. The quarterly accounting review fee would be 130,000.00 baht, with 3 quarters totaling a quarterly accounting review fee of 390,000 baht. The annual financial statement audit fee would be 700,000.00 baht. The total audit expenses proposed is 1,090,000.00 baht, excluding other review services. The matter is hereby submitted to the Annual General Meeting of Shareholders for 2017 for consideration.

### **Summary of Audit Committee Performance**

In 2016, the Audit Committee held a total of 7 meetings. Members of the Audit Committee constituted a quorum at every meeting. Two of the meetings were consultations with the Risk Management Committee and Senior Executive Committee. The important agenda items were reviews of various reports, opinions on the accuracy, completeness and reliability of financial statements, sufficiency of internal controls and internal audit plan. The Audit Committee has performed duties with care, prudence and independence. The assessment result showed a satisfactory rating. Support was given to the Board of Director's compliance with regulations of the Stock Exchange of Thailand, safeguard for the greatest interest of shareholders and stakeholders of the Company on the basis of good corporate governance principles.

The Audit Committee is of the opinion that the Company has sufficiently complied with regulations of the Stock Exchange of Thailand and applicable laws. Internal controls that are efficient and effective are in place. Accounting policies are clear. Financial statements are reliable. Last but not least, the Executive Officers have the competence to perform duties responsibly and honestly.



On behalf of the Audit Committee

Mr. Amorn Asvanunt

Chairman of the Audit Committee

# The Board of Directors' Responsibility Report towards Financial Statements.

The Board of Directors duly recognized their obligations and responsibilities on behalf of the directors of listed company regarding to the compilation of financial statements of People's Garment Public Company Limited. Said financial statements were prepared in accordance with Thai Financial Reporting Standards (TFRS), based on the adoption of appropriate accounting policies on a consistent basis, accompanied by careful consideration and justifiable accounting estimate. Significant information was disclosed adequately in the notes to financial statements. The explanation and analyses of company performance and financial standing were provided for advantage of shareholders and investors. Said financial statements were duly audited and unconditionally verified by independent certified auditors.

Furthermore, the board of directors enhances good governance and promotes to have effectiveness of risk management and internal control system. Accounting information was recorded with correct and complete manner, also sufficient for safeguarding the company's asset and against any significant fraud and abuse.

The Audit Committee consists of independent directors who officiate at reviewing the quality of the financial and internal control report. The audit committee's opinion was stated in audit committee report which shown in Annual Report and Form 56-1.

The board of directors gave its opinion that good corporate governance practice, risk management system and internal control system of company are adequate and appropriate. The financial statements as of December 31, 2016 was prepared correctly and presented significant main point.



Mr. Boonkiet Chokwatana  
President to Board of Directors



Mr. Charoen Charoenwatanasuksom  
Chairman of Executive Directors

# Independent Auditor's Report

To the Shareholders of People's Garment Public Company Limited

## Opinion

I have audited the accompanying financial statements of People's Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2016, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of People's Garment Public Company Limited as at 31 December 2016, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole. Key audit matters and how audit procedures respond for each matter are describe below.

## Revenue recognition

The Company has a large number of commercial transactions with customers and some sales are export sales with delivery conditions that should be considered when recording the transactions, including some consignment sales. As a result, the Company's sales transactions are subject to numerous conditions relevant to revenue recognition. There are therefore risks with respect to the amount and timing of revenue recognition.

## I have examined the revenue recognition of the Company by:

- Assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period to verify the occurrence and accuracy of revenue,

whether revenue recognition was consistent with conditions, and whether it was in compliance with the Company's policy.

- Reviewing credit notes that the Company issued after the period end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

### **Allowance for doubtful accounts for trade receivables**

In determining allowance for doubtful accounts for trade receivables, as disclosed in Note 9 to the financial statements, the management is required to exercise considerable judgment to estimate the allowance for doubtful accounts for trade receivables from credit sales. In addition, the allowance for doubtful accounts is related to the balancer of trade receivables, and since this was significant to total assets the allowance for doubtful accounts for trade receivables was also material. Therefore, there are risks with respect to the amount of the allowance for doubtful accounts for trade receivables.

I assessed and tested the internal controls relevant to the approval, recording and collection of debt and those controls relating to the calculation of allowance for doubtful accounts for trade receivables by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also assessed the key information, assumptions and methods used by the Company in calculating allowance for doubtful accounts of trade receivables applying the following procedures:

- Assessed whether the criteria applied in setting aside allowance for doubtful accounts for trade receivables were in compliance with the Company's policy.
- Applied a sampling method to review the data used to calculate the age of trade receivables.
- On a sampling basis, examined the supporting documents for payment transactions occurring during the year and after the end of the accounting period.
- On a sampling basis, examined the accuracy of the calculation of the allowance for doubtful accounts for trade receivables.

### **Allowance for diminution in value of inventories**

Estimating the net realisable value of inventories, as disclosed in Note 10 to the financial statements, is an area requiring significant management judgment, particularly with regard to the estimation of allowance for diminution in the value of slow-moving and obsolete inventories. This requires detailed analysis of the product life cycle and economic circumstances. There is thus a risk with respect to the amount of allowance set aside for diminution in the value of inventories.

I assessed and tested the internal controls of the Company relevant to the determination of allowance for diminution in the value of inventories by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I also assessed the method and the assumptions applied by management in determining such allowance. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the allowance for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific allowance.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing details of sales transactions occurring after the date of the financial statements with the cost of inventories for each product line.
- Comparing historical data of actual losses on sales and write-offs of inventories during year with the allowance for diminution in value of inventories recorded at the preceding year-end.



## **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fairly presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting

and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

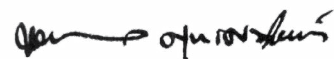
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is  
Mr. Chayapol Suppasdtanon.



Chayapol Suppasdtanon  
Certified Public Accountant (Thailand) No. 3972

EY Office Limited  
Bangkok: 23 February 2017

# Statement of financial position

## People's Garment Public Company Limited

As at 31 December 2016

(Unit: Baht)

	Note	2016	2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	20,828,538	196,648,740
Current investments	8	133,930,412	128,176,440
Current portion of other long-term investments	12	-	16,000,000
Trade and other receivables	6, 9	201,932,255	134,477,580
Inventories	10	432,022,526	276,873,533
Other current assets		21,380,749	8,086,113
<b>Total current assets</b>		<b>810,094,480</b>	<b>760,262,406</b>
<b>Non-current assets</b>			
Investments in available-for-sale securities	11	631,708,428	540,718,794
Other long-term investments	12	232,562,631	223,589,245
Investments property	13	387,013	387,013
Property, plant and equipment	14	151,885,290	157,480,439
Intangible assets	15	7,159,970	8,353,589
Other non-current assets		3,437,440	3,962,924
<b>Total non-current assets</b>		<b>1,027,140,772</b>	<b>934,492,004</b>
<b>Total assets</b>		<b>1,837,235,252</b>	<b>1,694,754,410</b>

The accompanying notes are an integral part of the financial statements.

# Statement of financial position (continued)

## People's Garment Public Company Limited

As at 31 December 2016

		(Unit: Baht)	
	Note	2016	2015
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade and other payables	6, 16	193,969,902	83,217,322
Other current liabilities	6	9,138,261	10,717,557
<b>Total current liabilities</b>		<b>203,108,163</b>	<b>93,934,879</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	21	45,011,688	25,153,068
Provision for long-term employee benefits	17	97,439,840	105,201,947
<b>Total non-current liabilities</b>		<b>142,451,528</b>	<b>130,355,015</b>
<b>Total liabilities</b>		<b>345,559,691</b>	<b>224,289,894</b>
<b>Shareholders' equity</b>			
Share capital			
Registered			
96,000,000 ordinary shares of Baht 1 each		96,000,000	96,000,000
Issued and fully paid			
96,000,000 ordinary shares of Baht 1 each		96,000,000	96,000,000
Premium on share capital		325,200,000	325,200,000
<b>Retained earnings</b>			
Appropriated - statutory reserve	18	9,600,000	9,600,000
Appropriated - general reserve	19	2,500,000	2,500,000
Unappropriated		735,716,077	810,765,750
Other components of shareholders' equity		322,659,484	226,398,766
<b>Total shareholders' equity</b>		<b>1,491,675,561</b>	<b>1,470,464,516</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,837,235,252</b>	<b>1,694,754,410</b>

The accompanying notes are an integral part of the financial statements.

# Statement of comprehensive income

## Statement of comprehensive income For the year ended 31 December 2016

		(Unit: Baht)	
	Note	2016	2015
<b>Profit or loss:</b>			
<b>Revenues</b>			
Sales income		1,068,287,923	966,839,198
Other income		47,437,842	49,221,640
<b>Total revenues</b>		<u>1,115,725,765</u>	<u>1,016,060,838</u>
<b>Expenses</b>			
Cost of sales		922,834,624	757,649,305
Selling expenses		22,639,153	34,123,364
Administrative expenses		249,650,620	210,949,593
Loss on devaluation of other long-term investment (reversal)		(142,400)	103,400
<b>Total expenses</b>		<u>1,194,981,997</u>	<u>1,002,825,662</u>
<b>Profit (loss) before finance costs and income tax</b>		<u>(79,256,232)</u>	<u>13,235,176</u>
Finance costs		-	(326)
<b>Profit (loss) before income tax</b>		<u>(79,256,232)</u>	<u>13,234,850</u>
Tax income	21	4,206,559	301,553
<b>Profit (loss) for the year</b>		<u>(75,049,673)</u>	<u>13,536,403</u>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Gain on changes in value of investments in available-for-sale securities - net of income tax	21	80,273,818	4,788,311
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain - net of income tax	21	15,986,900	-
<b>Total comprehensive income for the year</b>		<u>21,211,045</u>	<u>18,324,714</u>
<b>Earnings per share</b>	23		
<b>Basic earnings (loss) per share</b>			
Profit (loss) for the period		(0.78)	0.14

The accompanying notes are an integral part of the financial statements.

# Statement of changes in shareholders' equity

## People's Garment Public Company Limited

For the year ended 31 December 2016

(Unit: Baht)

	Issued and fully paid share capital	Premium on share capital	Retained earnings				Other component of shareholders' equity				Total						
							Statutory reserve		General reserve			Unappropriated		Other comprehensive income		Total other component of shareholder's equity	
														Surplus on changes in value of investments in available-for-sale securities			Actuarial gain
Balance as at 1 January 2015	96,000,000	325,200,000	9,600,000	2,500,000	899,944,097	208,812,656	12,797,799	221,610,455	1,554,854,552								
Dividends paid (Note 26)	-	-	-	-	(102,714,750)	-	-	-	(102,714,750)								
Profit for the year	-	-	-	-	13,536,403	-	-	-	13,536,403								
Other comprehensive income for the year	-	-	-	-	-	4,788,311	-	4,788,311	4,788,311								
Total comprehensive income for the year	-	-	-	-	13,536,403	4,788,311	-	4,788,311	18,324,714								
Balance as at 31 December 2015	<u>96,000,000</u>	<u>325,200,000</u>	<u>9,600,000</u>	<u>2,500,000</u>	<u>810,765,750</u>	<u>213,600,967</u>	<u>12,797,799</u>	<u>226,398,766</u>	<u>1,470,464,516</u>								
Balance as at 1 January 2016	96,000,000	325,200,000	9,600,000	2,500,000	810,765,750	213,600,967	12,797,799	226,398,766	1,470,464,516								
Loss for the year	-	-	-	-	(75,049,673)	-	-	-	(75,049,673)								
Other comprehensive income for the year	-	-	-	-	-	80,273,818	15,986,900	96,260,718	96,260,718								
Total comprehensive income for the year	-	-	-	-	(75,049,673)	80,273,818	15,986,900	96,260,718	21,211,045								
Balance as at 31 December 2016	<u>96,000,000</u>	<u>325,200,000</u>	<u>9,600,000</u>	<u>2,500,000</u>	<u>735,716,077</u>	<u>293,874,785</u>	<u>28,784,699</u>	<u>322,659,484</u>	<u>1,491,675,561</u>								

The accompanying notes are an integral part of the financial statements.



# Cash flow statement

## People's Garment Public Company Limited

### For the year ended 31 December 2016

(Unit: Baht)

	2016	2015
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	(79,256,232)	13,234,850
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	30,763,841	37,384,442
Doubtful accounts (reversal)	8,169,675	(500,000)
Reversal of provision for goods returned	(4,001,048)	-
Reduction of inventories to net realisable value (reversal)	13,297,594	(1,807,554)
Unrealised gain on current investments	(598,371)	(902,032)
Gain on sale of investments in available-for-sale securities	(518,000)	(521,292)
Loss on sale of other long-term investments	127,191	-
Devaluation (reversal) of other long-term investments	(142,400)	103,400
Interest income	(10,439,463)	(16,435,807)
Dividends income	(17,758,640)	(15,200,232)
Gain on disposal of property, plant and equipment	(369,029)	(904,340)
Loss on write-off equipment	-	520,425
Unrealised loss (gain) on exchange	(1,706)	543,342
Interest expense	-	326
Long-term employee benefits expenses	15,307,510	18,415,931
Income (loss) from operating activities before changes in operating assets and liabilities	(45,419,078)	33,931,459
Operating assets (increase) decrease		
Trade and other receivables	(76,167,857)	72,873,838
Inventories	(168,446,587)	90,531,378
Other current assets	(12,784,739)	(3,012,145)
Other non-current assets	55,542	(305,500)
Operating liabilities increase (decrease)		
Trade and other payables	110,386,666	(95,334,015)
Other current liabilities	2,421,752	1,897,856
Cash received for compensation of provision for employee benefits from transfer in of employees	13,946,887	-
Provision for long-term employee benefits	(17,032,877)	(19,699,453)
Cash flows from operating activities	(193,040,291)	80,883,418
Interest paid	-	(326)
Cash paid for income tax	(509,897)	(1,084,711)
<b>Net cash from (used in) operating activities</b>	<b>(193,550,188)</b>	<b>79,798,381</b>

The accompanying notes are an integral part of the financial statements.

# Cash flow statement (continued)

## People's Garment Public Company Limited

For the year ended 31 December 2016

(Unit: Baht)

	2016	2015
<b>Cash flows from investing activities</b>		
Cash received from sales of current investments	579,337,467	128,549,100
Cash paid for acquisitions of current investments	(584,493,068)	(61,851,426)
Cash paid for acquisitions of investments in available-for-sale securities	(4,962,761)	(28,504,581)
Cash received from sales of investments in available-for-sale securities	14,892,413	-
Cash received from return of capital from other long-term investments	982,809	901,872
Cash paid for investments in held-to-maturity securities	(10,000,000)	(9,937,148)
Cash received for investments in held-to-maturity securities	16,000,000	40,020,000
Dividends income	17,758,640	15,200,232
Interest income	11,350,589	16,731,933
Acquisitions of equipment	(21,492,820)	(4,160,098)
Proceeds from sales of property, plant and equipment	381,692	3,082,949
Acquisitions of intangible assets	(2,024,975)	(1,859,000)
<b>Net cash from investing activities</b>	<b>17,729,986</b>	<b>98,173,833</b>
<b>Cash flows from financing activities</b>		
Decrease in short-term loans from financial institutions	-	(1,344,146)
Dividends paid	-	(102,714,750)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(104,058,896)</b>
Net increase (decrease) in cash and cash equivalents	(175,820,202)	73,913,318
Cash and cash equivalents at beginning of year	196,648,740	122,735,422
<b>Cash and cash equivalents at end of year</b>	<b>20,828,538</b>	<b>196,648,740</b>
	-	-
<b>Supplemental cash flows information::</b>		
Non-cash transactions		
Transfer other non-current assets to building	-	4,388,092
Unrealised gain on changes in value of investments in available-for-sale securities	80,273,818	4,788,311

The accompanying notes are an integral part of the financial statements.

# People's Garment Public Company Limited

## Notes to financial statements

For the year ended 31 December 2016

### 1. General information

People's Garment Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company's principal activities are manufacturing and distributing ready-made cloths. The registered office of the Company and factory is located at No. 666 Rama 3 Road, Bangpongpan, Yannawa, Bangkok.

The Company has three plants as follow:

- No. 77 Moo 6, Lampang-Chiangmai Road, Baanklang, Muang Lamphun, Lamphun,
- No. 114 Moo 5, Wellgrow Industrial Estate, Bangna-Trad Road, Bangsamak, Bangpakong, Chachoengsao,
- No. 216 Moo 5, Suwannasorn Road, Nonthri, Kabinburi, Prachinburi

### 2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### 3. New financial reporting standards

#### (a) Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements

#### (b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

## **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard has no impact on the Company's financial statements.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### ***Sales of goods***

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

#### ***Rental income***

Rental income is recognised on a straight-line basis over the term of the lease.

#### ***Interest income***

Interest income is recognised on an accrual basis based on the effective interest rate.

#### ***Dividends***

Dividends are recognised when the right to receive the dividends is established.

### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

### **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost under the weighted average method and net realisable value and includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

### **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

#### **4.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

#### **4.7 Property, plant and equipment/Depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	-	20 and 50 years
Machinery and equipment	-	5, 10, 15 and 20 years
Furniture, fixtures and office equipment	-	3 and 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

#### **4.8 Intangible assets**

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end.

The amortisation expense is charged to profit or loss.

Intangible assets in respect of computer software is amortised over the useful lives of 5 years.

#### **4.9 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.10 Long-term leases**

Leases of building and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### **4.11 Foreign currencies**

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.12 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of property, building and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

#### **4.13 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

##### ***Defined contribution plans***

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

##### ***Defined benefit plans***

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan. The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

#### **4.14 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



#### **4.15 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.16 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

### **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain.

These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

#### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is

required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Allowance for diminution in value of inventory**

The determination of allowance for diminution in the value of inventory requires the management to exercise judgement in estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business, minus selling expenses and provision for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventories.

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### **Impairment of equity investments**

The Company treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Intangible assets**

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Related party transactions

The relationships between the Company and its related parties are summarised below.

Name of related parties	Relationship
Boutique New City Plc.	Common shareholder
Saha Pathanapibul Plc.	Common shareholder
Thai Wacoal Plc.	Common shareholder
President Bakery Plc.	Common shareholder
S.T.G.C. Co., Ltd.	Common shareholder
Waseda Education (Thailand) Co., Ltd.	Common shareholder
Thai Takaya Co., Ltd.	Common shareholder
Cosmo Express Trading Co., Ltd.	Common shareholder
Sriracha Aviation Co., Ltd.	Common shareholder
Sahapat Properties Co., Ltd.	Common shareholder
Thai Staflex Co., Ltd.	Common shareholder
Sahapat Real Estate Co., Ltd.	Common shareholder
Thai Naxis Co., Ltd.	Common shareholder
Erawan Textile Co., Ltd.	Common shareholder
Bangkok Tokyo Socks Co., Ltd.	Common shareholder
Lion (Thailand) Co., Ltd.	Common shareholder
Thai President Foods Plc.	Common shareholder
Torfun Property Co., Ltd.	Common director
Saha Pathana Inter-Holding Plc.	Common director and shareholder
I.C.C. International Plc.	Common director and shareholder
Far East DDB Plc.	Common director and shareholder
Bangkok Rubber Plc.	Common director and shareholder
Sahacogen (Chonburi) Plc.	Common director and shareholder
Thai Sports Garment Co., Ltd.	Common director and shareholder
Champ Ace Co., Ltd.	Common director and shareholder
SSDC (Tigertext) Co., Ltd.	Common director and shareholder
Treasure Hill Co., Ltd.	Common director and shareholder
Pan Land Co., Ltd.	Common director and shareholder
Five Star Plus Co., Ltd.	Common director and shareholder
Thai Bunka Fashion Co., Ltd.	Common director and shareholder
Champ Kabin Co., Ltd.	Common director and shareholder
Bangkok Athletic Co., Ltd.	Common director and shareholder

During the year, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. The transactions are summarised as follow:

(Unit: Thousand Baht)			
	2016	2015	Pricing policies
<b><u>Transactions with related companies</u></b>			
Sales of goods	634,827	484,902	Cost plus margin
Other income	8,625	5,563	Actual incurred
Dividend income	13,743	11,687	As declared
Rental income	3,898	3,898	Contract price
Hire of work - income	771	459	Contract price
Hire of work - expenses	11,413	7,272	Contract price
Purchase of security	-	10,074	Market price
Purchase of raw materials	14,428	18,858	Cost plus margin
Purchase of goods	301,380	1,484	Cost plus margin
Purchase of machinery and equipment	5,659	-	Price close to market
Purchase of condominium units	5,799	-	Contract price
Installments for condominium acquisition	-	689	Contract price
Rental expenses	7,301	8,361	Contract price
Consultant fee	360	360	Contract price
Royalty fee	1,345	427	Contract price
Other expenses	5,429	1,033	Actual incurred

The balances of the accounts as at 31 December 2016 and 2015 between the Company and those related parties are as follows.

(Unit: Thousand Baht)		
	2016	2015
<b><u>Trade accounts receivable - related parties (Note 9)</u></b>		
Related companies	103,721	60,386
<b><u>Other receivables - related parties (Note 9)</u></b>		
Related companies	311	292
<b><u>Trade accounts payable - related parties (Note 16)</u></b>		
Related companies	50,544	14,325
<b><u>Other payables - related parties (Note 16)</u></b>		
Related companies	188	1,320
<b><u>Provision for goods returned - related parties</u></b>		
Related companies	2,350	6,351

## Directors and management compensation

During years ended 31 December 2016 and 2015, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	2016	2015
Short-term employee benefits	14,194	17,034
Termination benefits	594	790
<b>Total</b>	<b>14,788</b>	<b>17,824</b>

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	2016	2015
Cash	387	512
Bank deposits	20,442	62,137
Bills of exchange	-	134,000
<b>Total</b>	<b>20,829</b>	<b>196,649</b>

As at 31 December 2016, bank deposits in savings accounts and bills of exchange carried interest between 0.375 and 1.500 percent per annum (2015: between 0.375 and 3.750 percent per annum).

## 8. Current investments

(Unit: Thousand Baht)

	2016	2015
<b>Investments in trading securities</b>		
Investments in Open-end Fund	117,329	84,648
Add: Unrealised gain on change in fair value	625	589
Less: Unrealised loss on change in fair value	(27)	63
<b>Total</b>	<b>117,927</b>	<b>85,174</b>
Fixed deposit at financial institutions	3	2
Bills of exchange	16,000	43,000
<b>Total current investments</b>	<b>133,930</b>	<b>128,176</b>

During the year 2016, the Company sold trading securities totaling Baht 579.3 million (2015: Baht 128.5 million) with gains on sales recorded in profit or loss, amounting to Baht 0.5 million (2015: Baht 0.4 million).

As at 31 December 2016, fixed deposit at financial institutions and bills of exchange carried interest between 1.10 and 3.25 percent per annum (2015: between 1.90 and 4.25 percent per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	2016	2015
<b>Trade accounts receivable - unrelated parties</b>		
Not yet due	28,327	24,335
Over due:		
Not over 3 months	48,976	42,020
3 - 6 months	1,660	3,535
Over 6 months	28,586	5,054
Total	107,549	74,944
Less : Allowance for doubtful accounts	(12,160)	(4,358)
Trade accounts receivable - unrelated parties	95,389	70,586
<b>Trade accounts receivable - related parties</b>		
Not yet due	98,272	58,798
Over due:		
Not over 3 months	4,934	1,580
3 - 6 months	447	8
Over 6 months	68	-
Trade accounts receivable - related parties	103,721	60,386
<b>Other receivables</b>		
Other receivables - unrelated parties	2,511	3,214
Other receivables - related party	311	292
Total other receivables	2,822	3,506
Total trade and other receivables	<b>201,932</b>	<b>134,478</b>

## 10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
Finished goods	309,815	187,600	(18,600)	(10,360)	291,215	177,240
Work in process	40,297	27,766	-	-	40,297	27,766
Raw materials	114,311	82,765	(19,738)	(14,680)	94,573	68,085
Factory supplies	3,373	3,783	-	-	3,373	3,783
Raw materials in transit	2,565	-	-	-	2,565	-
<b>Total</b>	<b>470,361</b>	<b>301,914</b>	<b>(38,338)</b>	<b>(25,040)</b>	<b>432,023</b>	<b>276,874</b>

During the current year, the Company reduced cost of inventories by Baht 13.3 million, to reflect the net realisable value. This was included in cost of sales (2015: the Company reversed the write-down of cost of inventories by Baht 1.8 million, and reduced the amount of inventories recognised as expenses during the year).



## 11. Investments in available-for-sale securities

(Unit: Thousand Baht)

	2016	2015
<b>Investments in marketable securities</b>		
Investments in related companies - at cost	115,162	115,162
<b>Changes in value of investments</b>		
Add : Unrealised gain	373,328	285,996
Less : Unrealised loss	(383)	(376)
Total	488,107	400,782
Investments in other companies - at cost	149,203	158,556
<b>Changes in value of investments</b>		
Add: Unrealised gain	12,972	5,819
Less: Unrealised loss	(18,574)	(24,438)
Total	143,601	139,937
Total fair value of investments in available-for-sale securities	631,708	540,719
Cash received from sales of investments in available-for-sale securities for the year	14,892	-

During the years 2016 and 2015, the Company recognised gains or losses arising from revaluation, sale, and reclassification of investment as “Other income” in statement of comprehensive income as follow:

(Unit: Thousand Baht)

	2016	2015
<b>Unrealised gain (loss) from reclassification of investments from trading to available-for-sale securities</b>	-	-
<b>Gain from sale of investments in:</b>		
Trading securities	446	376
Available-for-sale securities	518	521
Unrealised gain on current investments	598	902
Total	1,562	1,799
Dividends income	15,044	13,118

The available-for-sale securities represented investments in 25 companies (2015: 26 companies) with investment holding of 0.01% to 1.00% (2015: from 0.02% to 1.00%) of registered capital of the investee companies.

## 12. Other long-term investments

(Unit: Thousand Baht)

	2016		2015	
	Cost	Fair value	Cost	Fair value
<b>Investments in debt securities</b>				
Mature within 1 year	-	-	16,000	16,297
Mature within 2 to 5 years	180,000	190,918	145,000	154,778
Mature within 6 to 7 years	-	-	25,000	26,952
Total	180,000	190,918	186,000	198,027
Less: Amount mature within 1 year	-	-	(16,000)	(16,297)
Total investments in debt securities	180,000	190,918	170,000	181,730
<b>Investments in equity securities</b>				
Investments in related companies	58,064		59,233	
Less: Allowance for diminution in investment value	(5,501)		(5,644)	
Total	52,563		53,589	
Total other long-term investments	232,563		223,589	
Dividends income	2,715		2,082	

Disclosure of the fair value of investments in equity securities described in the related note.

These represented investments in ordinary shares of 16 related companies (2015 : 17 related companies) in which the Company's holdings range from 0.67% to 19.00% (2015 : from 0.67% to 19.00%) of registered capital of the investee companies. In 2016, the Company received a return of capital by Baht 1.0 million (2015 : Baht 0.9 million) as a result of the capital reduction of an investee related company.

The Company treats investments in related companies (with common directors and/or common shareholders) as other long-term investments, since the Company's benefit is derived in the form of dividends and the Company does not participate in setting policy or exercise influence over those companies.

## 13. Investment properties

(Unit: Thousand Baht)

	Land	Factory buildings	Total
<b>Cost:</b>			
1 January 2015	387	4,835	5,222
31 December 2015	387	4,835	5,222
31 December 2016	387	4,835	5,222
<b>Accumulated depreciation:</b>			
1 January 2015	-	4,835	4,835
31 December 2015	-	4,835	4,835
31 December 2016	-	4,835	4,835
<b>Net book value:</b>			
31 December 2015	387	-	387
31 December 2016	387	-	387

The fair value of these investment properties as at 31 December 2016 and 2015 were stated below:

(Unit: Million Baht)		
	2016	2015
Land	11.8	11.8
Factory building	3.5	3.5
<b>Total</b>	<b>15.3</b>	<b>15.3</b>

In 2016, the rental income arising from investment properties, charged to a related party, was Baht 3.9 million (2015: Baht 3.9 million).

Investment properties represented land and a fully depreciated factory building. The Company rents this plant under an agreement with a related company for a rental charge of Baht 3.9 million per annum. The agreement is automatically renewed unless terminated by either of the counterparties.

Future minimum rental income to be generated under these investment properties is as follows:

(Unit: Million Baht)		
	2016	2015
In up to 1 year	3.9	3.9
<b>In over 1 and up to 5 years</b>	<b>15.6</b>	<b>15.6</b>

The fair value of investment properties assessed by an independent appraiser in 2014, using market price for land and replacement cost for factory building.

## 14. Property, plant and equipment

	(Unit: Thousand Baht)					
	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation
						Total
<b>Cost:</b>						
1 January 2015	43,540	112,816	363,851	247,756	22,438	473
Additions	-	-	1,224	2,936	-	-
Disposals	(1,275)	(725)	(4,847)	(4,193)	(1,830)	-
Transfers in (out)	-	-	-	473	-	(473)
Transfers from other asset	-	4,388	-	-	-	-
31 December 2015	42,265	116,479	360,228	246,972	20,608	-
Additions	-	7,369	2,674	6,452	4,722	276
Disposals	-	-	(446)	(1,127)	(3,191)	-
Transfers in (out)	-	-	-	276	-	(276)
31 December 2016	42,265	123,848	362,456	252,573	22,139	-
<b>Accumulated depreciation:</b>						
1 January 2015	-	-	305,455	212,461	16,578	-
Depreciation for the year	-	3,989	12,945	15,028	2,066	-
Depreciation on disposals	-	(590)	(4,847)	(3,988)	(1,067)	-
31 December 2015	-	74,440	313,553	223,501	17,577	-
Depreciation for the year	-	2,281	10,786	12,230	1,778	-
Depreciation on disposals	-	-	(443)	(1,127)	(3,180)	-
31 December 2016	-	76,721	323,896	234,604	16,175	-
Net book value:						
31 December 2015	42,265	42,039	46,675	23,471	3,031	-
31 December 2016	42,265	47,127	38,560	17,969	5,964	-
<b>Depreciation for the year</b>						
2015 (Baht 19.4 million included in manufacturing cost, and the balance in selling and administrative expenses)						34,028
2016 (Baht 14.6 million included in manufacturing cost, and the balance in selling and administrative expenses)						27,075

As at 31 December 2016, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 548.6 million (2015: Baht 491.8 million).

In 2016, the Company sold machinery, equipment and motor vehicles with a gain of Baht 0.4 million (In 2015, the Company sold land, building and building improvements with a gain of Baht 0.9 million), which is included in "Other income" in statement of comprehensive income.

## 15. Intangible assets

(Unit: Thousand Baht)

	Computer software	Computer software installation	Total
<b>Cost:</b>			
1 January 2015	29,493	393	29,886
Additions	1,539	320	1,859
Write off	-	(320)	(320)
31 December 2015	31,032	393	31,425
Additions	1,308	717	2,025
Transfer in (out)	393	(393)	-
31 December 2016	32,733	717	33,450
<b>Accumulated depreciation:</b>			
1 January 2015	20,185	-	20,185
Amortisation	2,886	-	2,886
31 December 2015	23,071	-	23,071
Amortisation	3,219	-	3,219
31 December 2016	26,290	-	26,290
<b>Net book value:</b>			
31 December 2015	7,961	393	8,354
31 December 2016	6,443	717	7,160

## 16. Trade and other payables

(Unit: Thousand Baht)

	2016	2015
Trade accounts payable - related parties	50,544	14,325
Trade accounts payable - unrelated parties	121,004	44,011
Other payables - related parties	188	1,320
Other payables - unrelated parties	22,234	23,561
Total trade and other payables	193,970	83,217

## 17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)	
	2016	2015
<b>Provision for long-term employee benefits at beginning of year</b>	105,202	106,485
Included in profit or loss:		
Current service cost	10,944	12,359
Interest cost	1,917	3,481
Past service costs and losses on settlement	2,447	2,576
Included in other comprehensive income:		
Actuarial (gain) loss arising from:		
Demographic assumptions changes	(20,814)	-
Financial assumptions changes	(3,891)	-
Experience adjustments	4,721	-
Cash received from compensation of provision from transfer in of employees	13,947	-
Benefits paid during the year	(17,033)	(19,699)
<b>Provision for long-term employee benefits at end of year</b>	97,440	105,202

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	2016	2015
Cost of sales	6,277	6,790
Selling and administrative expenses	9,031	11,626
<b>Total expenses recognised in profit or loss</b>	<b>15,308</b>	<b>18,416</b>

The Company expects to pay Baht 18.9 million of long-term employee benefits during the next year (2015 : Baht 17.4 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 4.8 years (2015 : 6.9 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	2016	2015
Discount rate	2.26	3.33
Salary increase rates	3.0	3.0 - 5.0
Turnover rates for monthly staff	10 - 34	8 - 30
Turnover rates for daily staff	24 - 72	24 - 70



The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

	As at 31 December 2016			
	Increase (%)	Effect to obligation (Thousand Baht)	Decrease (%)	Effect to obligation (Thousand Baht)
Discount rate	1	(3,966)	1	4,343
Salary increase rate	1	4,689	1	4,369
Turnover rate	1	4,244	1	1,948

	As at 31 December 2015			
	Increase (%)	Effect to obligation (Thousand Baht)	Decrease (%)	Effect to obligation (Thousand Baht)
Discount rate	0.5	(2,910)	0.5	3,056
Salary increase rate	0.5	3,213	0.5	(3,088)
Turnover rate	1	4,388	1	1,935

## 18. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 19. General reserve

The Company allocated portion of profit as general reserve without specific objective.

## 20. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	2016	2015
Salaries and wages and other employee benefits	250,118	254,843
Depreciation and amortisation expenses	30,764	37,384
Rental expenses from operating lease agreements	16,224	8,361
Raw materials and consumables used	336,210	629,133
Changes in inventories of finished goods and work in progress	(134,746)	57,298

## 21. Income tax

Tax income for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)	
	2016	2015
<b>Current income tax:</b>		
Current income tax charge	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(4,207)	(302)
<b>Tax income reported in the statement of comprehensive income</b>	<b>(4,207)</b>	<b>(302)</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)	
	2016	2015
Deferred tax on gain from the change in value of investments in available-for-sale securities	20,068	1,197
Deferred tax relating to provision for long-term employee benefits	3,997	-
	<b>24,065</b>	<b>1,197</b>

The reconciliation between accounting profit and tax income is shown below.

	(Unit: Thousand Baht)	
	2016	2015
Accounting profit (loss) before tax	(79,256)	13,235
Applicable tax rates	10%, 20%	0%, 20%
Accounting profit (loss) before tax multiplied by income tax rate	(15,851)	2,647
Effects of :		
Promotional privileges	15,675	(2,203)
Non-deductible expenses	236	3,038
Additional expense deductions allowed	(715)	(767)
Dividends income	(3,552)	(3,017)
Total	11,644	(2,949)
<b>Tax income reported in the statement of comprehensive income</b>	<b>(4,207)</b>	<b>(302)</b>

As at 31 December 2016 and 2015, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	2016	2015
<b>Deferred tax assets</b>		
Provision for goods returned	470	1,270
Allowance for diminution in value of inventories	6,488	5,008
Allowance for investments in related companies	1,100	1,129
Transfer of investments in available-for-sale securities	2,551	2,551
Provision for long-term employee benefits	15,099	21,040
Reversal of gain on consignment goods	2,749	899
Total	28,457	31,897
<b>Deferred tax liabilities</b>		
Unrealised gain on re-measuring investments	73,469	53,400
Accumulated depreciation - building and equipment	-	3,650
Total	73,469	57,050
Deferred tax liabilities - net	45,012	25,153

As at 31 December 2016, the Company has an unused tax loss of Baht 92 million, on which deferred tax asset has not been recognised as the Company opines that there is uncertainty whether there will be sufficient future taxable profits to be utilised.

## 22. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of knitted fabrics, clothing, apparel and parts pursuant to the investment promotion certificate No. 1446(2)/2550 issued on 4 May 2007. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years (15 February 2008 to 14 February 2016) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

The Company's operating revenues for the years ended 31 December 2016 and 2015, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	2016	2015	2016	2015	2016	2015
Sales						
Domestic sales	27,025	161,282	812,084	513,708	839,109	674,990
Export sales	272	26,766	228,907	265,083	229,179	291,849
Total sales	27,297	188,048	1,040,991	778,791	1,068,288	966,839

## 23. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

## 24. Financial information by segment

The Company is principally engaged in the manufacturing and distributing ready-made cloths. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Major customer information

For 2016, the sale revenue of Baht 503.8 million (2015 : Baht 453.7 million) was from a major customer which is related company.

## 25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by TISCO Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 4.6 million (2015 : Baht 5.1 million) were recognised as expenses.

## 26. Dividends paid

Dividends declared in 2015 consist of the following :

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht per share)
Final dividends for 2014	Annual General Meeting of the shareholders on 28 April 2015	35,520	0.37
Interim dividends for 2015	Board of director meeting on 13 November 2015	67,195	0.70
Total for 2015		102,715	1.07

## 27. Commitments and contingent liabilities

### 27.1 Capital commitment

As at 31 December 2016, the Company had capital commitment of Baht 5.6 million (2015: Baht 13.2 million), relating to acquisitions of condominium units.

### 27.2 Operating lease commitments

The Company has commitments with regard to the rent of retail shops under the non-cancellable rental agreements with the term of 1 - 5 years. The Company had obligations to pay rental fees through the rent period as follows:

(Unit: Thousand Baht)

	2016	2015
Payable:		
Up to 1 year	15,373	794
In over 1 and up to 5 years	422	971

### 27.3 Use of trademarks commitments

The Company has entered into an agreement with the holder of rights in four trademarks related to the manufacture and distribute ready-made garment. The agreement is automatically renewed unless terminated by either of the counterparties. Under the conditions of these agreements, the Company commits to pay a royalty fees at rates of 1.50% - 8.30% based on sales income.

### 27.4 Guarantees

(1) The Company has outstanding bank guarantees issued by the banks on behalf of the Company as required in the normal course of business for guarantee as follows:

(Unit: Million Baht)

Bank guarantees for	2016	2015
Customs duty	0.4	4.5
Electricity use	2.4	2.4
Total	2.8	6.9

(2) On 20 December 2016, the Meeting of the Board of Directors of the Company No. 5/2016 has authorised the Company to guarantee loan facility of a related party amounted to Baht 7.6 million.

## 28. Fair value hierarchy

As at 31 December 2016, the Company had the assets that was measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments				
Investments in Open-end Fund	-	117.9	-	117.9
Investments in available-for-sale securities				
Marketable securities	578.0	53.7	-	631.7

(Unit: Million Baht)

As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Other long-term investments				
Investments in debt securities	-	190.9	-	190.9
Investments in equity securities	-	-	29.7	29.7
Investment properties	-	11.8	3.5	15.3

(Unit: Million Baht)

As at 31 December 2015				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments				
Investments in Open-end Fund	-	85.2	-	85.2
Investments in available-for-sale securities				
Marketable securities	488.1	52.6	-	540.7
<b>Assets for which fair value are disclosed</b>				
Current portion of other long-term investments	-	16.3	-	16.3
Other long-term investments				
Investments in debt securities	-	181.7	-	181.7
Investments in equity securities	-	-	29.7	29.7
Investment properties	-	11.8	3.5	15.3

## 29. Financial instruments

### 29.1 Financial risk management

The Company's financial instruments as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, trade and other payable, investments in available-for-sale securities and other long-term investments. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable, which are mainly related companies and include a limited number of other customers. However, due to creditworthiness of most of those customers, the Company does not anticipate material losses to arise from debt collection. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable as stated in the statement of financial position.

#### Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, and bank overdrafts. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

</

(Unit: Thousand Baht)

(Unit: Thousand Euro)

2015						
	Fixed interest rates More than			Floating interest rate	Non-interest bearing	Effective interest rate
	Within 1 year	1 to 5 years	More than 5 years			
(% per annum)						
Financial assets						
Cash and cash equivalent	177,004	-	-	7,149	12,496	0.375 - 3.750
Current investments	43,002	-	-	-	85,174	1.90 - 4.25
Trade and other receivables	-	-	-	-	134,478	-
Investments in available-for-sale securities	-	-	-	-	540,719	-
Other long-term investments	16,000	145,000	25,000	-	37,589	3.75 - 4.76
Financial liabilities						
Trade and other payables	-	-	-	-	83,217	-



### Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2016	2015	2016	2015	2016	2015
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	1,669	672	928	46	35.57 - 36.00	35.83 - 36.25
Japanese yen	-	-	3,736	72	0.31	0.30
Hong Kong dollar	-	-	69	0.7	4.66	4.70

As at 31 December 2016 and 2015, foreign exchange contracts outstanding are summarised below.

2016					
Foreign currency	Bought amount (Thousand)	Sold amount (Thousand)	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
			(Baht per 1 foreign currency unit)		
US dollar	-	112	-	34.90 - 35.22	January 2017 - May 2017

2015					
Foreign currency	Bought amount (Thousand)	Sold amount (Thousand)	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
			(Baht per 1 foreign currency unit)		
US dollar	-	165	-	35.98 - 36.13	May 2016 - June 2016

## 29.2 Fair values of financial instruments

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalent, current investments, trade and other receivable and trade and other payable, their carrying amounts in the statement of financial position approximate their fair value.
- For equity securities and debt securities, their fair value is generally derived from quoted market prices.

The fair values of the Company's financial instruments are estimated to approximately the amounts presented in the statements of financial position, except for the following:

(Unit: Million Baht)

	As at 31 December 2016		As at 31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Current portion of other long-term investments	-	-	16.0	16.3
Other long-term investments				
Investments in debt securities	180.0	190.9	170.0	181.7
Investments in equity securities	17.0	29.7	17.0	29.7

### 30. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Company's debt-to-equity ratio was 0.23:1 (2015: 0.15:1).

### 31. Event after the reporting period

On 23 February 2017, the Meeting of the Board of Directors of the Company No. 1/2017 authorises the Company to sell its investment in a related company with a price of Baht 10.7 million to a related company.

### 32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2017.

## Remuneration of Company Auditor

### 1. Audit fee

Unit : Baht

Payer	Auditor Name	Audit Fee
People's Garment Public Company Limited	Mr.Chayapol Suppasedtanon	950,000.-
<b>Total</b>		<b>950,000.-</b>

### 2. Remuneration of Auditors in 2016 and 2015

Unit : Baht

Type of Work	2016	2015
Review of the Financial Statement for 1st, 2nd and 3rd	360,000	360,000
Review of the Annual Financial Statement	590,000	590,000
<b>Total</b>	<b>950,000</b>	<b>950,000</b>
License Examine	-	-
BOI Examination	-	50,000
<b>Grand Total</b>	<b>950,000</b>	<b>1,000,000</b>

# General Information and Other Significant Details

## General Information

<b>Name of Company</b>	: People's Garment Public Company Limited
<b>Stock Code</b>	: PG
<b>Type of Business</b>	: Manufacturing and Distributing Textile & Garment
<b>Registration No.</b>	: 0107537001552
<b>Year of Establishment</b>	: 1980
<b>Listed Date</b>	: September 29, 1988
<b>Headquarter Address</b>	: 666 Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120
<b>Tel.</b>	: 66-2685-6500
<b>Fax</b>	: 66-2294-5159
<b>Website</b>	: <a href="http://www.pg.co.th">http://www.pg.co.th</a>
<b>Registered Capital</b>	: 96 Million Baht
<b>Paid-Up Capital</b>	: 96 Million Baht Comprised of 96 Million Common Stocks
<b>Par Value</b>	: 1 Baht Per Value
<b>Preferred Stock</b>	: None

## References Persons

<b>Registrar</b>	Thailand Securities Depository Company limited 62 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Khong Toei, Khlong Toei, Bangkok 10110 Tel. 66-2229-2800 Fax. 66-2654-5642, 66-2654-5645 Website: <a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a> E-mail: SETContactCenter@set.or.th				
<b>Auditor</b>	Mr. Chayapol	Supasetanon	Certified Public Accountant	Registration No. 3972	
	Mrs.Kingkarn	Asavarangsan	Certified Public Accountant	Registration No. 4496	
	Ms.Rasaporn	Dejarkom	Certified Public Accountant	Registration No. 5659	
	Ms.Sumana	Phanpongsonon	Certified Public Accountant	Registration No. 5872	
	EY Office Limited 33rd Floor, Lake Ragada office Complex 193/136-137 Ragadapisek Road Klongtoey, Bangkok 10110 G.P.O.Box 1047, Bangkok 10501 Thailand Tel. : 66-2264-9090 Fax. : 66-2264-0789-90				

**Other Significant details** : - None -

## Investment in the other companies by being shareholder 10% or more

Company Name	Type of Business	Paid-Up Capital	Share Hold		(%)
			Shares	Amount (Baht)	
Thai Sports Garment Co., Ltd. 666 Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120	Manufacturing and Distributing Garment	10,000,000	19,000	1,900,000	19
Champ Ace Co., Ltd. 58 soi Charoen Rat 7 Cross.Rd. 29-1(right side), Bangkok, Bangkoklaem Bangkok 10120	Manufacturing and Distributing Garment and Leatherwork	40,000,000	60,000	6,000,000	15

# Corporate Governance Committee Report

The Corporate Governance Committee of People's Garment Public Company Limited comprises 5 Company Directors and 1 Executive Director, as follows:

- |                  |                     |  |
|------------------|---------------------|--|
| 1. Mr. Santi     | Bangor              | Independent Director and<br>Chairman of Corporate Governance |
| 2. Mr. Chailert  | Manoonpol           | Director   |
| 3. Mr. Charoen   | Charoenwatanasuksom | Director   |
| 4. Mrs. Sunan    | Niyomnaitham        | Director   |
| 5. Mrs. Chorthip | Promoj Na Ayudhya   | Director   |
| 6. Mrs. Suvimol  | Charoensrichai      | Director and Secretary of Corporate Governance               |

In 2016, the Corporate Governance Committee held 2 meetings to follow up on implementation of good corporate governance principles and combating corruption, including responsibilities towards society, communities and the environment. The essence of these activities could be summarized as follows:

1. Preparation of the Annual Disclosure (Form 56-1), Annual Report (Form 56-2) and social responsibility report, including disclosure of the Company's quarterly performance and key data for shareholders and general investors. These disclosures are complete, sufficient, reliable and timely and continually published via various channels, e.g. the Stock Exchange of Thailand information system and Company website.

2. Continually promoting and following up the development progress of good corporate governance and corporate social responsibility. Considering to improve the CG manual and Code of Conduct. Regarding the Company's anti-corruption, promoting the implementation of the anti-corruption policy throughout the organization as well as publicizing to all stakeholders for making them acknowledge and comply with the Company's intention.

On October 14, 2016, the Company has been certified to be a member of the Collective Action Coalition against Corruption (CAC) as "Certified Company".

3. Providing the recommendation as to the guideline for setting the business goal and preparation of the strategies plan of the organization in order to enhance the competitiveness and develop the organization for having sustainability. Including giving other necessary guidelines and suggestions required for the development.

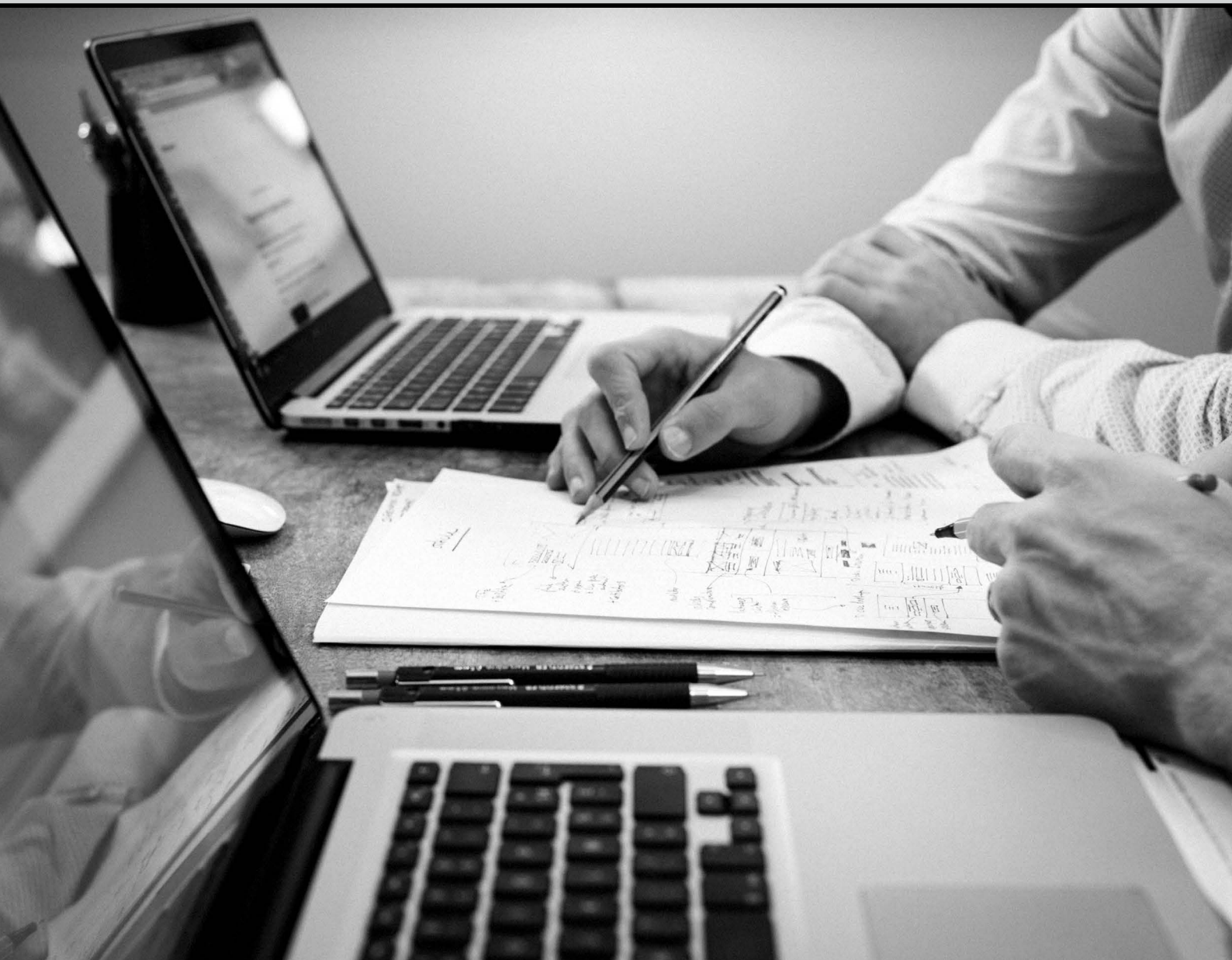
The Corporate Governance Committee is confident that the business operations of People's Garment Public Company Limited are consistent with good corporate governance principles, transparent and have taken into account the interests of all stakeholders. The operations are capable of achieving sustained growth and meeting of objectives under the set goals.



**Mr. Santi Bangor**

**Chairman of the Corporate Governance Committee**

# Corporate Governance



## Corporate Governance

The Board of Directors of People's Garment Public Company Limited has attached importance and devoted its determination to undertake business operations on the basis of good governance principles. The rules on good corporate governance and regulations of the Securities and Exchange Commission have been factors in strengthening the organization in terms of securing efficient governance systems and exhibiting loyalty, honesty, transparency, fairness, responsibility and accounting of the rights of all stakeholders, which are comprehensive, appropriate and consistent with current situations premised on the foundation of the sufficiency economy principle.

The company has issued good corporate governance principles in writing version to promote corporate governance by focusing on business operations with transparency, ethics, and honesty. Also it is a good practice for directors, executives and employees. The company has disclosed the principles on its website and intranet system in the topic of Corporate Governance for directors, executives and employees to adhere the principle as business operation and working standard.

## Corporate Governance Policies

In pursuance thereof, the Board of Directors thereby prescribed the following governance policies as a practice guideline for the Company directors, Executive Officers and all employees.

1. Company Directors, Executive Officers and all employees are fully committed to the application of governance principles, business ethics and Codes of Conduct for Company Directors, Executive Officers and employees to Company operations.

2. Company Directors, Executive Officers and all employees must perform their duties responsibly, prudently, earnestly and honestly in accordance with the relevant laws, Company Articles and Notifications.

3. Actions shall be taken to ensure that the Company management structure contains clear prescriptions of powers, duties and responsibilities of each Company Committee and Executive Officer.

4. An internal control system shall be installed and risks shall be managed at suitable levels, including an accounting system and financial statement which are accurate and reliable.

5. Information shall be disclosed in a sufficient, reliable and timely matter to the extent that the legitimate interests of the Company are not prejudiced.

6. The ownership rights of shareholders shall be appreciated and respected. Shareholders shall be treated equitably.

7. Undertakings shall have regard to the responsibilities of shareholders, stakeholders, communities, society and the environment

8. There shall be a determination to strive towards business excellence with commitment to the creation of customer satisfaction by receiving comments and self-assessments in order to enhance management capabilities and continually promote productive creativity.

9. Virtue, ethics and good values shall be instilled. Employees shall be treated fairly with a commitment to develop and enhance the capabilities of personnel.

10. Dishonest conduct, corruption and intellectual property violations shall be suppressed. Laws and human rights shall be respected.

11. Conflict of interests shall be dealt with prudently and reasonably with due regard for the Company's interests.

In 2016, the Company has been awarded as the listed company which abided by the Good Corporate Governance Principles and regulations of shareholder's meeting as following details;

- The Company was evaluated full 100 points for 8 consecutive years (2009 – 2016) the quality evaluation of 2016 Annual General Meeting of Shareholders(AGM checklist) by Investors Association Thailand.
- The Company was evaluated by Thai Institute of Directors (IOD) as one of the 159 listed companies of "very good" companies, according to the report of the corporate governance of listed companies in 2016.

## Chapter 1 : Rights of Shareholder

The Company has given shareholders the opportunity to take part in corporate governance and to express the opinion on company operations by focusing on best practices for shareholders' meetings regarding the quality of the invitation letter, minutes of meetings, the roles and attendance of the chairman and subcommittees. It is included in the minutes of the shareholders' meeting that allow shareholders to acknowledge the results of the meeting and be able to verify the accuracy of information through the channels of the Stock Exchange of Thailand and the Company's website within 14 days from the meeting date. The company also continues exercising our shareholder rights for sustainability as follows:

1. The board of directors appreciates and respects the ownership rights of shareholders. No actions are taken to violate or infringe the rights of shareholders. The interests of shareholders are fairly safeguarded and the exercise of rights by all shareholder groups are supported and promoted, whether domestic or foreign, major shareholders, retail shareholders or institutional shareholders, incorporating both the fundamental rights of shareholders, access rights to information in a sufficient and timely manner, and the right to attend shareholders' meetings to determine directions for operations and decisions on matters having a significant impact on the Company.
2. The Board of Directors provides opportunities for shareholders to propose items to be included in the meeting agenda and submit questions prior to the shareholders' meeting day. Rules for the proposal of agenda item and advance submission of questions have been published in the Company website
3. The Board of Directors ensures that information pertaining to the day, time, venue and agenda of the meeting are provided together with explanations and reasons supporting each agenda in the meeting notice. The shareholders' meeting venue shall be conveniently accessible.
4. The Board of Directors has granted shareholders with the authority to approve the remunerations of Company Directors on a yearly basis as well as to propose the remuneration policy and criteria for paying remuneration to each Company Committee.
5. The Board of Directors promotes the use of technology in shareholders' meetings in order to promote accuracy and speed. Votes are taken for each item on the agenda. Shareholders are given the right to elect Company Directors individually and ballot papers are used.
6. At every shareholder's meeting, The Company provides an independent person to monitor the vote counting and playing role on reviewing shareholder documents, counting a quorum and votes, overview the meeting resolution and voting results in order to make the meeting transparent and legally.
7. The Board of Directors publishes shareholders' meeting resolutions along with the voting results for each agenda both English and Thai version via SET portal and Company website on the day following the meeting.
8. The Board of Directors prepares the minutes of the shareholders' meeting by recording the method of voting and counting vote, List of Directors, subcommittees and executives who attend and absent the meeting, the meeting resolution together with the votes, agree, disagree and abstain in every agendum if vote required. Before voting, chairman of the meeting allowed shareholders to ask questions or express opinions. Such questions or opinions will be recorded in the minutes and revealed on the company website after the meeting was completed. Shareholders can be confident that the arrangement of the meeting from checking documents, registration, counting numbers of shareholders and proxies as a quorum, The meeting carried out in accordance with the agenda notified in the meeting notice. No additions or changes were made to significant data without giving prior notice to the shareholders. Vote counting and the meeting resolution proceeded with transparent and legally and company regulations.

### 1. Basics Right

- Right to own, sell, buy or transfer shares.
- Right to attend shareholder meeting for exercising their right on expressing the opinion and making decision by voting in the meeting for approving the significant impact on company such as changing or setting company regulation or company memorandum, reduction or increase its capital and to approve a special list.
- Right to authorize the independent directors or any person (s) as his/her proxy in attending the meeting
- Right to appoint or discharge the Directors as well as consider their remuneration



- Right to appoint auditors and their remuneration
- Right to give opinions and ask questions in the meeting of shareholders
- Right to be equally allocated of the profit/dividend

Over the above basic rights, The Board of Directors also considers the rights of the shareholders as required by law and implementation issues to encourage and facilitate the exercise of shareholders' equity without ruling or depriving the shareholders' rights as follows:

#### **The right to Access to the Information**

Shareholders are entitled to receive information equally. The Company disclosed information both in Thailand and in English via the company's website [www.pg.co.th](http://www.pg.co.th) and [www.set.or.th](http://www.set.or.th). Some information is not in the criteria required by law to be disclosed but if the company see its necessary to acknowledge, the Company will disclose it by disclosing accurate, complete, timely, and transparent information as following;

- Company's shareholding structure was revealed including list of the 10 largest shareholders of the Company at the close of share register prior.
- Report the minute of shareholder meeting within 14 days from meeting date and disseminate it on company website which one of channel that shareholder can acknowledge and examine such report. No need to wait until next meeting.
- The company operation, management policies, related transactions and purchasing of asset through other significant information which necessary for shareholders. In order to ensure shareholders , these disclosures are undertaken to secure the confidence and trust of shareholders in the operational structure which is transparent and accountable, as well as to show that the operations are efficient and achieving a sustained growth generating a return to shareholders at a suitable rate.
- All shareholders, both retail shareholders and general investors are able to contact for information directly from the Company Secretary by email [suvimol@pg.co.th](mailto:suvimol@pg.co.th) or direct line telephone at 0-2685-6509. All information is given on the basis of accuracy and equality.

#### **The Right to Attend Shareholders' Meetings**

The Board of Directors has held a meeting of shareholders every year within 4 months (120 days) as from the end of the Company's annual accounting year on 31 December each year. In order to allow shareholders to participate in monitoring the company's performance, the company set appropriate date, time, place, and method. In case of emergency which the company needs to propose special agenda regarding shareholders' benefit, regulations or related laws which need to be approved by shareholders, the company shall call for an extraordinary shareholders' meeting.

The arrangement of shareholders meeting, company performed as AGM checklist.

For 2016, the Company does not call for extraordinary shareholders' meeting.

#### **Prior to the Meeting of Shareholders Date**

1. Shareholders who holding one share or several shares, but not over 5% of total number of shareholders with voting rights, were allowed to propose agenda and to nominate the candidates to be elected as Directors in advance according to company regulation.

For 2016, company provided the opportunity to propose agenda and to nominate the candidates to be elected as Directors in advance, during 1st-30th December 2015. Such invitation had disseminated both English and Thai version via information board of SET, and on the company's website: [www.pg.co.th](http://www.pg.co.th) since November 16, 2015. There were no agenda or directors proposed.

2. Shareholders were notified of the resolution of determining the date of shareholders' meeting no.37 both Thai and English version since February 18, 2016 which was 2 months prior to the meeting date so as to enable the shareholders to set aside time for attending the meeting. Such resolutions were disseminated via company website [www.pg.co.th](http://www.pg.co.th)

3. The meeting notice together with all relevant documents in both Thai and English were published on the Company website (www.pg.co.th) on March 25, 2016, which was 30 days in advance of the meeting date.
4. The same information was sent to the Thailand Securities Depository Company Limited, the Company's Share Registrar, for forwarding to shareholders in document format on April 5, 2016, i.e. 21 days in advance of the meeting date, so as to give the shareholders sufficient time to study the meeting documents.

In case of foreign shareholder or institutional type, The Company sent the invitation letter by attaching English version of the meeting documents together with the Thai version to encourage all types of shareholders, including institutional investors to attend the meeting.

5. The notice of the meeting were also advertised in daily newspapers for a period of 3 consecutive days, and 14 days prior to the meeting date, i.e. 18 - 20 April 2016. so as to give the shareholders sufficient time to study the meeting documents.
6. The Company had provided an opportunity for shareholders to exercise their right to send question regarding the agenda of shareholder meeting in advance during March 25, 2016 to April 22, 2016. Such criteria was disseminated via company's website (www.pg.co.th) in both Thai and English and was arranged in form of letter addressed to Company Secretary as following ;

PEOPLE'S GARMENT PUBLIC COMPANY LIMITED  
 666 Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120  
 Telephone : 0 2685 6509 Fax 0-2294-5159 E-mail : suvimol@pg.co.th

For 2016, There were no questions from shareholders.

7. In order to facilitate shareholders who were unable to attend the meeting, the company invited the shareholders to appoint an independent director or any person to attend the meeting on their behalf.

Shareholders are notified of the rules and procedures for attending the meeting in the meeting notice, with which Proxy Form B as prescribed by the Ministry of Commerce was also attached or a choice of either Proxy Form A or Proxy Form C. All three Proxy Forms can be downloaded from the Company website. The Company also gave notice of such publication guidelines via the press release system of the Stock Exchange of Thailand.

For shareholders who are institutional investors or foreign investors can appoint the custodian. The company shall coordinate on documents and evidence that need to be presented before the meeting in advance for convenient in registration.

### **Day of Shareholders' Meeting**

1. The Company continuously determined the date for the 37th general meeting of shareholders on Tuesday 26 April 2016, at 9.00 hrs., Chao Phraya Room 1, Montien Riverside Hotel, No. 372, Rama 3 Road, Bangkhlo Sub-district, Bang Khor Laem District, Bangkok 10120. For convenience, the company select meeting place that can be reach by mass transportation.
2. Shareholders were able to register with the barcode system at least 2 hours prior to the meeting.  
 In the subsequent period until the end of the meeting, a right given to shareholders attending after the meeting had already commenced. Such latecomers would have the right to cast votes in the pending agendum that had not yet been voted on. The quorum would be counted as from the agendum of first attendance and vote, except where held otherwise by the shareholders.  
 During the registration, The Company arranges

- The company assigns adequate staff members to administer the registration.
  - Prepares duty stamps for affixing on the Proxy Form on their behalf.
  - Voting boards and polling cards were provided to the shareholders for use in casting votes.
3. Shareholders who were unable to attend the meeting can grant proxies to other persons or grant proxies to Independent Directors who are Audit Committee of the Company as specified for retaining the right.
  4. The Board of Directors has attached significance to the meeting of shareholders. It is deemed as a duty to attend every meeting, with the exception of illnesses or other important engagements.

In 2016 annual general meeting of shareholders, all 11 Company Directors counting as 91.67 percent attended the meeting, one director was absent due to significant duty. The Chairman of the Board of Directors, Chairman of the Audit Committee, Chairman of the Remunerations Committee, Chairman of the Selection Committee, Chairman of the Executive Committee, Chairman of the Risk Management Committee, Chairman of the corporate governance committee, Managing Director and Chief Financial Officer attended the meeting and given explanations and responded to questions posed on matters related to the meeting agenda or Company operation.

5. The company arranged an independent auditor from EY Association Co, Ltd. as inspector acted as an auditor of counting vote thoroughly the meeting in compliance with laws and company regulations.
6. Prior to the commencement of meeting pursuant to the agenda, the Company Secretary notified the meeting of the number and proportions of shareholders present and declared the meeting open. An explanation was given on the voting procedures and vote-counting procedures for shareholders casting votes in each agenda according to the law and articles of the Company. The Chairman of the Board of Directors, acting as chairman of the meeting opens the meeting.

**Vote-counting procedures can be summarized as follows:**

- 6.1 The company determines the right to vote according to the number of shares held by shareholders, one share equal one vote. No shares shall have preferential rights to the other shareholders. Voting shall be done openly as shareholders shall raise their barcode placard then staff will collect the vote by barcode scanning.
  - 6.2 Any agenda that need the resolution, the company shall ask for confirmation card for transparency, and examinable. Voting in each agenda, the president of the meeting shall ask the shareholders and proxy to raise their barcode placard if disagreement and abstention, and sign shareholders name and proxy name in confirmation card. Staff shall scan barcode on placard then collect the confirmation card. For shareholders who gave a proxy to independent director, the company shall do the vote by shareholders' intention.
  - 6.3 Counting the vote on each agenda, the company applied barcode system as counting tools. The vote shall be counted immediately and shown to the meeting after each agenda.
7. The shareholders' meeting was carried out in accordance with the agenda notified in the meeting notice. No additions or changes were made to significant data without giving prior notice to the shareholders. Appropriate and sufficient time was set aside for presenting various matters in each agenda and opportunities were given to shareholders to pose questions and express opinions fully in each agenda

If shareholders need to propose agenda which were not contained in the notice for consideration during the meeting, such proposal need to be approved by the meeting with the minimum vote of 1/3 of shareholders who attend the meeting and have the right to vote.

For 2016, there were questions from two shareholders who was shareholder and proxy from Thai Investors Association. Such questions were clearly answered by the Company's Director.

During the meeting, the minute of the meeting shall be noted with correctly and entirely together with the resolution and vote counting.

### Result of Voting in each Agenda

Votes on each agenda were cast openly; The ballots were distributed to all shareholders and proxies on the registration desk, and will be only collected on disagreement and / or abstention. Except for the election of directors, which were individually election, the ballots will be collected from every shareholders and proxies. Voting will be counted only for those who disagree and / or abstain then deducted from the total number of votes attended the meeting. The rest was the agreement vote on such agenda.

If there were additional shareholders attended the meeting, the number of shareholders and the number of additional shares will be announced on each agenda.

Following are the 37<sup>th</sup> general meeting of shareholder results of voting in each agenda on Tuesday April 26, 2016. The company has disseminated the minute of meeting via company website [www.pg.co.th](http://www.pg.co.th)

Agenda	No.of shareholders	Approval		Disapproval		Abstention	
		No.of shares	%	No.of shares	%	No.of shares	%
1 – 4	98	73,683,794	100	-	-	-	-
5.1.1	98	73,683,795	100	-	-	-	-
5.1.2	98	73,683,795	100	-	-	-	-
5.1.3	98	73,683,785	100	10	0	-	-
5.1.4	98	73,683,795	100	-	-	-	-
6	99	73,683,795	100	-	-	-	-
7	100	73,695,795	100	-	-	-	-

For significant meeting agenda were disseminated in the notice of meeting.

**1. Appointment of Directors :** The Company gave an opportunity for shareholders to elect Directors individually. The shareholders had been provided with preliminary information on the nominees, positions held in other businesses, clearly specifying the cases of companies carrying out businesses identical to or in competition with the Company, and the attendance of Board of Directors Meetings. Each director has been screened by the Nomination Committee by considering the appropriateness of qualifications, experience and expertise from various professions including the performance as a director in the past. If considering on director whose term has ended, the nomination committee will propose to the Board of Directors meeting. The Board of Directors is authorized to select qualified candidates from the Nomination Committee's list.

**2. Directors' Remuneration :** Details were provided on the amount of remuneration proposed, which were in accordance with the policies and conditions for directorial remunerations considered and reviewed by the Remunerations Committee. The Company has regularly proposed a remunerations limit for approval by the meeting of shareholders on yearly basis. The remuneration comprises of Meeting allowance, Annual remuneration without others extra compensation. Such remuneration paid to each Director were disclosed the Annual Report topic "Management Structure" and Form 56.

**3. Appointment of Auditor and Determination of Audit Fee :** The auditor must not be a director, employee or holder of any position in the Company. The auditor need to be accepted standard of verification be independent and meet all the requirements of the company and the Securities and Exchange Commission. The Company provided

details on the name of auditor, audit office, the relationship between the audit office and the Company, the number of years of work performed, reasons for changing the auditor, and comparative data on audit fees for the current year and the preceding year. Such information had also been considered by the Audit Committee.

**4. Dividend Payment :** The Company provided details on profit distribution, dividend payment in accordance with the Company's dividend policy, and a comparison of dividend payment for the current year and the preceding year. The closing date of the register (Record Date) for the determination of the right to receive dividend payment was also specified.

#### **Guidelines on conflict of interest for the meeting**

In the shareholders' meeting if any director has a conflict of interest or related transaction in any agenda. Said director will inform the meeting to request leaving the meeting or abstaining on such agenda.

#### **Subsequent to the Meeting of Shareholders**

1. The company has disseminated the 2016 meeting resolution together with voting result on each agenda both Thai and English version via SET news within the meeting day (April 28, 2015) and also published via company website on the next day.

2. The Company Secretary recorded the information and prepared accurate and complete minutes for the general meeting of shareholders, including the names of Directors present/absent together with the reasons for absence, essential explanations and a summary of questions or answers or opinions. In the past year, all Directors were present and no questions were posed by the shareholders. The details on each agenda were in accordance with the facts in the meeting. Summaries of the votes in each agenda were divided into approvals, non-approvals and abstentions. Such minutes were signed by the Chairman of the Board of Directors, acting as chairman of the meeting, and submitted to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission within 14 days of the meeting of shareholders. The minutes were also published on the Company website in both Thai and English as a channel for shareholders to search and inspect data without having to wait for the subsequent meeting. A submission was also made to the Ministry of Commerce within the period prescribed by law.

3. After the shareholders' meeting approved dividend payment, company shall inform the resolution including dividend payment's details via SET news and cooperate with the registrar of Thailand Securities Depositories Co., Ltd. to ensure all shareholders receiving payment correctly and completely.

#### **Distribution of shares**

1. The Company set the Record Date for distribution of shares on March 17, 2016 to determine the persons eligible for attendance of the Annual General Meeting of Shareholders. The names were collected in accordance with Section 225 of the Securities and Exchange Act by closing the share register book on March 18, 2016.

2. The Members of the Board of Directors and their spouses as well as children who are underage hold a combined amount of 4.56% of issued shares, which does not exceed 25%.

3. The free float proportion was 32.29% of issued shares which was greater than 25% of issued shares.

4. The proportion of local institutions' shares was 0.003% of issued shares.

## Chapter 2 : Equitable Treatment of Shareholders

The Company attaches importance and ensures that all shareholders, major shareholders, minor shareholders, institutional shareholders or foreigner shareholders are treated equally and fairly. The company has the tools for supporting the equal of shareholders rights in regardless of gender, age, race, nationality, religious beliefs, social status, disability, or political opinion. The company set the process to facilitate all shareholders to attend the meeting and provide the opportunity without limitation as following details.

### 1. The rights to attend the meeting

1. The company provides the opportunity to propose agenda and /or to nominate the candidates to be elected as Directors in advance.

The procedure is following; The shareholders holding one share or several shares, but not over 5% of total number of shareholders with voting rights, were allowed to propose agenda and to nominate the candidates to be elected as Directors in advance. Shareholders can exercise their rights on participating in corporate governance.

For the 2016 Annual General Meeting, the company has disseminated the above procedure via company website [www.pg.co.th](http://www.pg.co.th) under title “investor information” during 1<sup>st</sup>-30<sup>th</sup> December 2015. The company has informed shareholders via SET news system since November 16, 2015.

Nonetheless, there was neither meeting agenda nor nomination of the Directors proposed in advance. The company secretary reported to the board of director for acknowledgement.

2. For foreign shareholders, the meeting notice with attached documents were translated in to English and sent together with Thai Version. The notice both Thai and English version were disseminated via company website.

3. The voting right depends on the number of shares held by shareholders, one share, one vote (all of the Company’s shares is Common Stocks).

4. In 2016, the Company had held one shareholders’ meeting on Tuesday 26 April 2016 comprising all 12 Directors attendance. The meeting’s resolution was to assign Thailand Security Depository Co., Ltd. (TSD), Company’s Registrar, to send the Notice of the Meeting of Shareholders, 21 days in advance and announced 30 days prior to the meeting in the [www.pg.co.th](http://www.pg.co.th) for downloading, in order that the shareholders could have more time studied the information.

5. If any shareholders could not attend the meeting, the Company allowed them to authorize the Independent Directors or anyone as the proxy of voting rights by using the letter of proxy Form B with voting recommendation, Form A, or Form C (for foreign investors with custodians in Thailand to oversee their stocks). The letter of proxy should be attached with the Notice, and announced in the [www.pg.co.th](http://www.pg.co.th) for downloading.

The revenue stamps are also provided for the letter of proxy. (free of charge)

For 2016, Annual General Meeting of Shareholders no.37th was held on April 26, 2016

	No. of shareholders	No. of shares	Percentage
<b>No. of shareholders</b>	<b>1,041</b>	<b>96,000,000</b>	<b>100.00</b>
No. of shareholders who attended the meeting	100	73,695,795	76.77
Shareholders attendants	60	11,533,356	12.02
Proxies	40	62,162,439	64.75
Proxy to Independent Director / Audit committee	4	863,600	0.90
Proxy to individual	36	61,298,839	63.85

6. The meeting is conducted according to the order of the agenda items; there is no reshuffling of agenda items, nor any change made to material information without notifying shareholders in advance.

7. Votes were cast openly. Voting on each agenda is made by barcode system, voting card and ballot were prepared for all shareholders. In vote counting, only votes for disapproval and/or abstentions are counted and there are deducted from the total shares represented in the meeting.

Except the director election agenda, the company shall collect the signed ballot from all attended shareholders.

In 2016, ballot papers were used in important agenda, such as the appointment of Directors where in the shareholders were given an opportunity to select Directors individually. In the interest of transparency, the ballot papers for such votes were kept at the Bangkok Head Office, which could be inspected after the meeting.

8. After the meeting, the minutes were also published on the Company website in both Thai and English within 14 days. The minutes contained adequate data included questions and answers happened during the meeting. For unattended shareholders, they can review the minutes via company website. The company also disseminated VDO recorded and pictures on its website.

## **2. Supervision of Internal Data Use**

The company has a measurement to the use of insider information by determining in the company's code of business ethics, they must be individuals of integrity, accountability and moral consciousness. Under no circumstance should they exploit their authority for the benefit of themselves and / or others. All relevant employees must protect the interests and the company's asset. They must not use company information or assets for benefit of themselves and/or not to engage in any action which assists any individual in business that competes with company. The code of business ethics were distributed to directors, executives and staff, also disseminated via company website.

Besides, regulation regarding operation is determined including the discipline punishment which all directors and staff are aware of this and act accordingly.

In 2016, Directors and executive officers of the Company had observed strict compliance with the said policies. No share trading with the internal data use by Directors and executive officers of the Company was found during the prohibited period.

## **3. Company Stock trading**

Company share trading is covered in the code of business ethics. Directors, Executives and Staff in possession of insider information are prohibited from selling or purchasing company share within one month before disclosing the financial statements to the public. Besides, Directors and executive officers are required and notified of their duties to report changes in securities holdings in the Company to the Office of the Securities and Exchange Commission within 3 working days of such changes together with the submission of a copy to the Company Secretary. A report would then be made to the meeting of the Board of Directors and Executive Committee on every occasion, in which every agenda would include a report of securities holdings of Directors and executive officers. Directors and executive officers assuming office for the first time are also required to report securities holdings in the Company to the Securities and Exchange Commission within the above time limit.

Company secretary annually arranges the board of director meeting schedule which is sent to all directors in advance in order to inform the period when securities trading should be abstained.

In 2016, Directors and executive officers of the Company had observed strict compliance with the said policies. No share trading was found during the prohibited period.

With regard to the principles of buying selling company's stocks, the Directors and Executive Directors are requested to inform the Board of Directors and/or the Company Secretary before carrying out the stock transaction at least 1 day.

## **4. Protection of the Conflict of Interest**

1. With the transparent structure of shareholding, there is no report of the conflicts of interest. Meanwhile, the disclosure of shareholder structure has deliberately shown in the annual report as well as the overall shareholding of the Board of Directors.



2. The board of directors proceeds carefully and rationally with regard to conflict of interest and connected transaction. The company most concern on its benefits and set pricing strategy in compliance with fair trading conditions as if the transactions are engaged with third party. The process of such transaction is managed transparently and compliance with the regulation of the Stock Exchange of Thailand. Furthermore, the company set the regulation in its good corporate governance and business ethic binding upon company and shareholder. Information such as connected transaction is disclosed to ensure equal access by all.

3. The company performs as the announcement of the Capital Market Committee and The Stock Exchange of Thailand in regarding the disclosure of information and operation of registered company on connection transaction.

4. Directors who have interests in the agenda must leave the room and refrain from voting on such agenda. Then, others directors can express the opinion and vote independently. The company secretary shall inform the name of interested directors to the meeting. The name of related person, relationship of connected person, pricing, transaction value and different opinion of directors (If any) shall be reported to the Stock Exchange of Thailand within requiring time. Besides, such details will be disseminated via company website for transparency including recorded in the minute of the meeting for examination.

In 2016, the company had connected transactions regarding financial assistance and related transactions. The company made such transactions in according to the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

CROSS-SHAREHOLDING ratio ; While the company allows the structure for cross-shareholding, nevertheless, such cross-shareholding is not of the nature conflicting with nor contradicting to the announcement by The Capital Market Supervisory Board no. Thor Chor. 28/2008 regarding “the permission request and the permission to offer newly-issued shares”

## **5. Asset purchasing control**

The company controls purchasing of asset in accordance with the regulation of Capital Market Commission subjected “The acquisition or disposition of assets”. The directors who have an interest on such transaction are not take part for making decision for transparency and fairness.

In 2016, the company had transaction on acquisition or disposition of assets. Such transaction was made with related person. However, the company made the transaction in according to the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

## **Chapter 3 : Roles of stakeholders**

The Company attaches importance and has laid down policies for the treatment of each stakeholder group. In this regard, the company established its good corporate governance policy which comprises Good Corporate Governance, Business ethics and Conducts for Management and Employees Policy. To ensure stakeholders’ equality, the policies are also disseminated to all directors and employee to be adhering as criteria for treatment of all stakeholders.

Business ethic was published under topic “good corporate governance” on company website [www.pg.co.th](http://www.pg.co.th), CSR report and Form 56-1.

### **1. Shareholders**

The Company respects the basic rights of shareholders as provided by the relevant laws and regulations. All shareholders are treated equally. The Company aims to create the greatest satisfaction for shareholders by taking into consideration the sustained growth of the Company and reasonable, fair and consistent returns, as well as a transparent management system and a reliable accounting system. The company maintains its assets, controls related transactions have the criteria for protect conflict of interest and misuse of internal information. Shareholders can believe that they will have correct information. (The details regarding shareholders rights are shown in chapter 1 “shareholders rights and chapter 2 “Equitable Treatment of Shareholders”)

In 2016, the Company paid annual dividends at a rate of 0.70 baht per share. In this regards, the company already paid interim dividend for 9 month operating results during January 1, 2015 to September 30, 2015 at the rate 0.70 baht, total amount 67.20 million baht or 496.44 percent of net profits of year 2015. The payment was paid from BOI project1446(2)/2550 expired February 14,2016. Such interim dividend was paid to all shareholders on December 11, 2015. Then there was no final dividend payment for the year 2015, which complies with company's dividend payment policy.

Moreover, the Company has made quarterly reports of operational results and disclosed transactions with connected persons under similar terms to third parties via the press release system of the Stock Exchange of Thailand and the Company website.

## **2. Employee**

All employees are considered the great assets of the company to achieve its business aspiration and organizational goals. The company is determined to help make its staffs feel confident and proud of the organization. It treats the employees with equity and without preferential treatments. It supports and enables a collaborative environment conducive to generate new innovations and technologies to advance their work. The company's fundamental policy is to foster unity, confidence, and trust among staffs, as well as to treat one another with respect, dignity, based on the individual rights. The company will consider the appointment and transfer of staff based on merit and the use of resources for highest benefits to company.

The Company has strongly intended to develop and enhance personnel's knowledge and skills based upon the integrated knowledge to serve the immediate current change of economy and technology. Company establishes stability in career and gives opportunity to success in career accordance with each potential. Employees are allowed to participate in setting direction and operation. Remuneration and welfare benefits are provided suitably and fairly as well as proper with employees' achievement, knowledge, responsibility, and performance. (The details are shown in Management Structure under topic employee)

The company pays wages to employee by fairness treatment suitable with knowledge, capability, duty, and responsibility. Besides, the company has appointed the welfare committee to give opportunity to employees in taking part in the welfare management, and doing activities. Employee have communication channel set by the company to make suggestion or identify any working problem. The details are shown in topic "the communication channel for Employee"

### **The remuneration and welfare for employees**

#### ***Remuneration to employees***

The company has its policy to pay employees remuneration appropriately both short term basis in compliance with annual performance also compare with same business and long term basis which employees will be clearly measured their performance and potential. The company establishes stability in career path and gives opportunity to success in their career as well as properly manage others welfare to employees.

#### ***Employee Welfare***

The Company has established the Provident Fund for employees' long-term benefits to promote the money saving for their future as well as to persuade employees to loyalty work for the Company. For members of the Provident Fund, they will monthly receive 3-5% of the wage as monthly contribution, and they will also pay the same amount deducting from their wages for their accumulated fund. When the employment is terminated, the employees will receive accumulated fund, contribution and the net profit of the fund.

The Company enhances and encourages all employees to be participated in organization development. There is an election of welfare committee ( 2 year terms) to be employee representative and center to cooperate between employee and company. The committee is for helping and reliving employees' trouble besides welfare benefits provided by company. The welfare committee also gives consul and listen employees' opinion.

The company pays attention to welfare and employees' safety. As a results, company set welfare and basic benefits in compliance with Laws such as holiday, annual leave, including social security, compensation fund, and provident fund. Said benefits are continually advertised to employees.

### **1. Welfare on the Development of Employees**

- Promotion of education during working hours and after working hours
- Training constantly on working knowledge, conducted by the Company and others.
- Provision of library, video, internet corner and intranet system

### **2. Welfare on Living-Cost**

- Establishment the welfare shop selling cheap consumer products from the Saha Group and others
- Bonus, shift payment and experiential payment
- Provision of uniform for both daily and monthly employees
- Provision of Transfer bus for employees
- Transportation allowance; vehicle and gas
- Provision of welfare for accidents, the death of parents and spouse
- Provision of hygienic canteen with reasonable price
- Scholarship to employee's child in Saha Group

### **3. Welfare of Future Security Promotion**

- The Provident Fund
- The Credit Union
- Saving Project in association with the Government Savings Bank
- Provision of pension for the retired employees
- Granting Awards and souvenirs to the employees complete working for 10, 20 and 30 years.
- Housing loans in coordination with the Government Housing Bank

### **4. Healthy welfare**

- Clinic with doctors, nurses, medical equipment and medicine
- Project "Muscle Stretching" for employees of every branch in preventing working disease
- Medical Checking and tests for the breast cancer, cervical cancer, and etc.
- Health examination regarding working risk factors.
- Health information
- Visiting sick employees

### **5. Welfare on Sports and Recreation**

- Sport Events to foster good health, unison and good relation.
- Cultural activities and Religious activities
- Sports Club in association with I.C.C. International PLC.

## **Policy on Employee Development**

The Company has a policy in encourage employees to have business capabilities, leaderships , teamwork , knowledge and skills. The training is based on actual performance under instruction of coaching such as learning from practical work (on the job training). As a result, employees have new experiences from colleagues including class room training from internal speaker and outside. On average, each employee will be trained 3.79 hours per person.

## **Work Safety and Occupational Health**

### **Safety, Occupational health and working environment Policy**

The company attaches importance to the healthcare, safety, and working environment which are a part of success and cannot be separated from working. Employees and workers need to be safe and have good hygiene under working environment. Thus, human resources are the most valuable resource for the company. The company sets the policy of safety, occupational health and working environment, all employees and workers need to be informed and performed.

The company establishes occupational safety, health and working environment policies and also set the security team consisted of Safety Committee Occupational health and working environment (CSO) to take care of this particular task including continuous follow up. The Company communicates to all employees and workers to involve in the following actions.

- The company will promote safety working and preserve environment.
- The company will support safety working and provide safety tools including arrange safety workplace along with educating and motivating employees to work safely.
- The company set the policy for all commanders to take care and control subordinates to work in accordance with safety regulations and rules.

The Company also disseminates news regarding disease protection and health care via exhibition activities, public relation board, voice line and intranet system.

According to proactive measure to prevent accidents, there have been no accidents from work and no loss time injury as well as no sickness or disease from work. Consequently the Company has received honor gold award (no accident and no loss time from injury 14,467,080 man hours consecutively) in “Zero Accident Campaign” in 2016 from Ministry of Labor for consecutive eight year and has been awarded for outstanding establishment in safety, occupational health and environment for national operation from Ministry of Labor. (The details are in “Management of Safety, Occupational Hygiene and Environment”)

### **Channel for Employees’ Communication**

The Company has provided a channel of communication for employees to make suggestions and identify problems between the employees and their superiors by way of a suggestion box of the Welfare Committee / telephone number 02-685-6518 or via intranet system.

The Company has determined the Measures for the Protection which will keep relevant information secret and take into account the safety of the complainant. Measures have been prescribed for the protection of complainants who are employees, including those who cooperate in the investigation of facts. These persons will be protected from unfair treatment as a consequence of the complaint, e.g. disturbances during work, reassignment or termination of employment.

In 2016, these suggestions would be considered and implemented in order to maintain good relationships between the parties, including hearings of opinions and suggestions from all employee levels equally and without discrimination.

### **3. Customer**

The board of directors emphasized the importance of creating and maintaining customer then they set the business policy that company will run its business with honesty, no violation of clients’ rights, equitable treatment, fairness compensation and on time delivery reasonable charge.

The policy of response customers’ satisfaction has been implemented to comply with the agreement leading to the business achievement. The details are shown under Nature of Business”

- The Company also provides customer the recommendations, adequate and precise information, quick response, and confidentiality without misusing it. The company shall not take the customers’ confidentiality to use for its advantage or related parties.
- Create new innovation in order to add value to its products according to our quality policies “To be engrossed in producing quality products, delivering on time and continuous improvement”.

- The Company recognizes the importance of keeping trade secrets. Do not apply for its own interests or those related parties.
- The company focuses on providing useful information to customers with clearly labels and beyond required by laws.
- The company provides communication channel for customers who may have questions, information, opinion to express and notify as following;

	Telephone	E-mail
Business 1 Division	0 2685 6535	nutchapunporn@pg.co.th
Business 2 Division	0 2685 6565	photchamarn@pg.co.th

. In 2016, there were no significant complain from customers, for other petitions were analyzed in order to prevent, monitor and adjust to our organization. In order that such defects will not happen again.

#### 4. Business Competitors

- The Company adheres to the rules of fair competition and plays a role in driving the Company towards greater potentials and the continual development of better products and services.
- The Company will not conduct any malpractices in eliciting secret, defaming, or accusing business competitors. In 2016, there was no any dispute about business competitors.

#### 5. Business Partners

The Company realized the significance of impartial and fair treatment with business partners. On the basis of fair business return, the business partner will not disgrace the Company's reputation nor commit any violations.

- The Company has a system for screening trading partners in the value chain who operate businesses in compliance with the law, safety and occupational hygiene standards, and friendliness to the environment.
- Installing an assessment and short-listing system of our trade partners, including the verification and performance monitoring system through the Approved Vender List that meets ISO 9001 criteria.
- Apart from the business agreement, the Company shall not request, gain or accept money or other benefits.
- Consideration to potential development of our trade partners, in parallel with the company's development, under a "Win-Win" situation.

In addition, Procurement procedures were prepared as a business manual in order to provide fairness to business partners based on good corporate governance. the details are shown under topic" nature of business".

#### 6. Creditor

The Company observes and adheres strictly to its debt obligations along with the fostering of good relationships with debtors. Mutual confidence and trust is promoted by strictly punctual repayments to the debtors.

The company applies Media clearing, transferring system of Bank to facilitate all creditors

- Billing Date During 5<sup>th</sup> - 11<sup>th</sup> of each month
- Transferring Date Every 25<sup>th</sup> of each month

In 2016, The Company meet the payment term which paid to trade account payable, and never been complained of default during the previous year and without any creditors.

## **7. Labor**

The Company oversees that the operations of all branches do not employ illegal labor.

## **8. Human Rights**

The company has conducted the business with strictly respect to law and human rights and employees that receive the honor and respect the right of individuals equally not discrimination whole the separate of color, race, religion, sex, social practices as the main base area of human rights.

- Foster the idea of human rights to employees and not support any organizations that lead to violation of human rights.
- Give the right to employees to argue for proving guilty or corruption, and no unfair of job termination.
- Arrange communication channels for employees who believe their rights have been violated or treated unjustly can complain to the company, and the complaint should be composed and conducted fairly.

Throughout the duration of the operation, the company has never treat employees unfairly and never had a case to the court in the matter.

## **9. Political Rights**

- The Company promoted both executives officers and employees to exercise their political rights with respect to the Institution Law and other relevant laws.
- The Executive Officers and employees cannot convince their colleagues and subordinates to support any political activities directly or indirectly.

## **10. Government**

Businesses are carried out in strict accordance with the provisions of laws and regulations of supervisory agencies, thus fostering good relations with state agencies. Cooperation is given in terms of providing accurate data as requested by the state agencies. The company makes accurate, full and timely tax payments according to the laws including value added tax, specific business tax, withholding tax, household tax, custom tax, exercise tax and corporate income tax.

## **11. Society and Community**

The Board of Directors has raised awareness on corporate social responsibilities to the Executives and employees through activities. It aims to better the quality of life and increase social benefits for the communities of which operated business. This is regarded as the way to benefit society.

- Acknowledging people in the society and communities on the business operation as well as social responsibility with disclosure information to fostering better understanding
- Organizing career training (sewing) for the group of housewives in Kaset Bang Samuk, granting scholarship, and money donation to the foundations, non-profit organizations, hospitals, and religious events.
- Concerning on utilization of needed resources with less impacts on communities with respect to the good relationship to the society and communities.

The Company has certified CSR-DIW from the Department of Industrial Works, Ministry of industry. It is the prize for factory that has been working under social responsibility concerned. (Details are provided in “Social Responsibilities Report” )

## 12. Environment

The company attaches importance to its role in maintaining the environment and preserving natural resources. The business operations have been taken into account impact on resources and the environment. The Board of Directors realized the significance of undertaken the business in accordance with laws, regulations and policies on the environment regarding the impact on natural resources and the environment and regular revisions and assessments of performance which are considered as one of the essential policies in the company's mission statement.

- Employees throughout the organization are continually encouraged to have a conscience on responsibilities to the society, communities and the environment by arranging event and activities regarding environmental preserving via the meeting , training, seminar and media channel.
- Continuing to develop and improve production process, machinery, and technology in order to reduce impact to environment and community.
- Continual researching and developing new products which are environmental friendly such as evaluated Carbon Footprint, Cool Mode and I-Flex.

With our commitment and policy to run the business together with taking care of the environment, all factories of company received the certificate of the Environment Management System ISO 14001:2004 from United Registrar of Systems (Thailand). Moreover, the Company received a certification for "Green System" Rang 3 Green Commitment from the Ministry of Industry.

In 2016, the company is ongoing into level four of green industry, green culture. (Details are provided in Social responsibility report)

### Promotion on Effective Utilization of Resources

The Company implements a policy to continuously promote all employees to use resources effectively and worthy by means of limiting the use of energy. Consecutively foster the idea of energy, oil and water supply savings to all employees and encouraged them to save energy both at office and home. The Company has also equipped employees with knowledge of energy saving and aware of the effect of Global Warming such as:

- Promote the environmental friendly production for both energy reservation and waste management such as peak demand control system and evaporative. The use of energy-saving lighting equipment "LED", which provides brightness without heat. Do not use mercury vapor and fluorescent glaze like fluorescent tubes or chopsticks. No heavy metals problem to the environment and lasting up to 50,000 hours, etc.
- Develop of IT system called "Workflow" to replace the use of paper for office and factory, and VDO conference meeting.

The company joined "Clean Technology" campaign to continuously develop, improve, or make changes to production processes to ensure the optimized use of available resources, and to minimize pollution risks which may affect human and environment. (Details are provided in Social responsibility report).

### Arrangement of Training Coursed with Knowledge on Environment for Staff

The Company aware of environmental conservation by encourages executives and staffs joining the Global Warming alleviation campaign, sign board, voice line, and company intranet. The documents regarding environmental concern are provided in library room including set the event both inside and outside the Company continuously. These are example for training programs.

In 2016, the company sent staff to train on environment training course " Environmental Management ISO 14001 : 2004"



## Policy to Abstain from Intellectual Property Infringement

The company realizes the importance and adhere the business policy not to relate with Infringement of intellectual property and the mimetic or intellectual property rights of others and not to use it in business without permission. Business undertakings shall be consistent with laws, regulations and contractual obligations governing intellectual property rights. With our policy to operate business based on ethical conducts and integrity principle.

### Trademarks

**Foreign Trademark** The intellectual property rights of others shall be respected. The works of others shall not be infringed or applied to personal use except where a license has been obtained or a fee paid to the owner of the work.

The Company has been licensed for trademarks of International Brand, so we strictly honor all trade agreements, insist on legitimate business and not violate copyright. Foster the idea of anti and stop using any copy products to the employees.

**House Brands** The company adheres not to engage in intellectual property infringement, by creating our business innovation on our own, so we encourage staff to create innovations in terms of products and services as well as joining hands with customers, trading partners and government to invent and develop high quality products and services to meet the demand of market and customers. The Company is the registered owner of various trademarks through the Department of Intellectual Property, Ministry of Commerce.

Accordingly, the Company sold our House Brand products, which were our trademarks, in abroad and we already registered that trademarks with the registrar.

Furthermore, the company also encourages employees to send their innovative products to the Chairman Awards contest on a regular basis. The award-winning products each year bring pride and inspiration to employees that always continue creating innovative products.

### Software Usage

The Company mandates that all software used in company's operation is properly licensed. As such, the below is the list of guidelines sets to govern employees activities on computer network as follows.

- Will not use the computer program to conduct any activities that are not against the law, nor that would result in losses for other individuals.
- Will not use the computer program to act contrary to the public order or the moral values of Thai people.
- Do not use a computer network to send the document or take any other action in the manner of infringement of the intellectual property of others.
- Computer networks shall be used to search information for work, or to find useful knowledge to improve work efficiency only.
- Install only legally copyrighted software program onto computers.
- Do not install a computer program that violates the intellectual property rights of others.

In 2016, the company has never committed any intellectual property infringement or trade piracy.

## Policy and Guideline on Anti-Corruption and Anti-Bribery Practices in Business Operation

The company strictly follows the principle of transparency and righteousness in pursuit of its business operations. It advocates for anti-corruption and anti-fraud practices, as well as raises awareness, value, and good attitude of its executives and staffs toward honesty.

The company has an internal audit unit responsible for providing the effective and efficient control systems, which can examine, monitor, and assess risks associated with corruption in order to prevent staffs from conducting fraudulence or being involved in any corruption/fraudulence practices. The examination committee is responsible for verifying the internal control system and follow up on the internal examination. If a fraudulence incident was detected, the internal examination unit will report the incident directly to the examination committee which will then report it to the company's board respectively.

In 2015, all employees strictly followed anti-corruption policy. There was no fault found.

According to, the company has signed an alignment project implementation (Collective Action Coalition) of Thailand's private sector anti-corruption. It provides the policy and practice in anti-corruption and bribery for business advantage including disciplinary action to its directors, executives and employees at all levels as well as provides training to employees in orientation. The company passed the certification from Private Sector Collective Action Coalition Against Corruption Council : CAC regarding Anti-Corruption since October 14, 2106 as Number 185.

## **Board of Directors has approved the policies of anti-corruption and guidelines as following**

### **Anti-Corruption Policy**

Since the company realizes importance of anti-corruption principle, and would like to create standards of doing clean business, on February 19, 2014, the company joined the Thai Private Sector Network for Anti-Corruption Campaign and has continuously do activities with the network. The company, therefore, stipulated its guidelines to anti-corruption in its "Good Corporate Governance, Business ethics and Conducts for Management and Employees Policy". Company directors, executive board, and employees are not to accept and support any type of corruptions both direct and indirect. The policy is determined in writing as approved by the Board of Directors Meeting No.2/2015 on February 26, 2015. In this regard, the following guidelines have been prescribed.

#### **The Anti-corruption practices**

1. A consciousness, value and attitude to comply with laws and regulations honestly and in good faith shall be instilled in employees.
2. An internal control system which is efficient and effective shall be in place. There shall be suitable oversight and checks of powers to prevent employee abuses or involvements in dishonest acts or corruption.
3. Company Directors, Executive Officers and employees are prohibited from performing any act which amounts to a demand or acceptance of properties or other benefits for oneself or for others as an inducement to wrongfully perform or refrain from performing a duty or which could result in a loss of the Company's legitimate benefits.
4. Provide a transparent and accurate financial reporting and having efficiency and effective internal control. There are checks and balances for proper use of power to prevent fraud or involvement in fraud Corrupt.
5. Provide regularly review the operation in compliance with anti-corruption policy as well as review practice guidelines and implementation requirements in consistent with business changing, laws and regulations.
6. There shall be a channel for employees and related persons to provide notices of causes for suspicion with confidence of protection. Personnel must be appointed to examine all notices of suspicion given.

## **Policy and Principles of giving or receiving gifts or other benefits**

- The Company allows the Executives and employees to give or receive gifts on special traditional occasions, which have no influence on the decision-making in business operation. In other words, giving or receiving gifts has been done with transparency.
- Gifts should not be costly, not in forms of cash or anything appraised as money.
- In case of receiving gifts or others on special occasions from business partners, the Secretary will record list of gifts and report to the Board of Directors.

In 2016, the Executives and employees have sent all gifts to the Secretary to allocate them to the employees under the project of "From Business Partner ... To PG" for consecutive 5 years to foster their pride for being a part of organization achievement.

## Principles and procedures for assessing corruption risks

The Board of Directors has assigned the Risk Management Committee to corporate risk assessments throughout the organization to support the against corruption policy. The Risk Management committee considers risk on each activity, analyzes fraud channel, and evaluates opportunities and impacts. The results of the assessment will be used to prepare risk management plan and establish a risk control system appropriated to the changing of environment.

The Board of Directors set the evaluation of anti-corruption guidelines as following;

1. Set the channel of clue informing and the Measure for Protection of complainants and published on company website and intranet system by communicating to employees at all levels.
2. The Risk Management team assesses fraud risk and report to the Risk Management Committee on a quarterly basis.
3. Provide an annual review. The internal audit department is independent and has no limit the scope of work.
4. All directors, executives, and employees are strictly adhered to this guideline and it is one of the hiring conditions. If any person breaks the guideline, they will be punished by company regulations and by law (if any)

## The operation for 2016

1. The company promotes knowledge-based activities, training / seminars to enhance understanding, participation then leading to a new corporate culture.
  - The "Corruption Risk Assessment Program", with commanders and supervisors total 30 participants attended the training. It was found that the participants were able to understand and communicate such knowledge to workers.
  - Pre-Work Preparation Program to train and educate business ethics and Code of conducts to Management and staff for a guideline of anti-corruption corruption practices.

## Declaration and complaint

In compliance with good corporate governance, the company allows all employees and stakeholders to communicate or complaint the corruption, misfeasance, breaking company regulations, or any conduct that might cause damage to the company both direct and indirect including to give the opinion on company operation via communication channel as follows;

1. Company's website : [www.pg.co.th](http://www.pg.co.th)
2. Email or telephone

Units	E-mail	Telephone
Chairman of Audit Committee	<a href="mailto:amornworks@gmail.com">amornworks@gmail.com</a>	-
Chairman of Corporate Governance Committee	<a href="mailto:santibangor@yahoo.com">santibangor@yahoo.com</a>	-
Secretary to Audit Committee	<a href="mailto:pgaudit@pg.co.th">pgaudit@pg.co.th</a>	0 2685 6533
Company Secretary / Investor relations	<a href="mailto:suvimol@pg.co.th">suvimol@pg.co.th</a>	0 2685 6509

3. By post : to Chairman of Audit Committee / Chairman of Corporate Governance Committee / Company Secretary / Secretary to Audit Committee  
Address : People's Garment Public Company Limited  
666 Rama 3 Road, Bangpongpan, Yannawa Bangkok 10120

4. By Telephone number : Company Secretary 0 2685 6509  
Secretary to Audit Committee 0 2685 6533
5. By Fax no. 02 294 5159

The company will receive and take appropriate action to all claims with transparency and fairness. Petitioners will be safe under systematic protection measures, and their conformation will be kept confidential. The company perform all process in according to the Declaration and complaint method and also disseminated on company website topic “ Good Corporate Governance”

In 2016, the company has not been notified any clues and complaints.

### Measure for the Protection of complainants ( Whistle Blowing)

1. The company specifies a keeper who receive information or complaint to response in keeping secret information of complainant such as name, address, or any information. A complainant may choose to remain anonymous if he/she deems that disclosure could lead to insecurity or loss concerns.

2. The Company will keep relevant information secret and take into account the safety of the complainant. Measures have been prescribed for the protection of complainants who are employees, including those who co-operate in the investigation of facts. These persons will be protected from unfair treatment as a consequence of the complaint, e.g. disturbances during work, reassignment or termination of employment.

In addition, the Company provides the opportunity to stakeholders to express their opinions, suggestions, as well as complaints through channels and activities organized by the Company, for example, the Annual General Meeting of Shareholders of the Company. The Annual General Meeting of Shareholders of the Company, in particular, is another channel where the Board of Directors, executives, staff, shareholders including major and minor shareholders, and institutional investors meet, communicate and listen to a report on the Company’s progress and operating results over the past year in the areas of economy, environment and society.

The company has a process to investigate the complaints carefully by applying technics that not impact to whistle-blower. The investigate result will be reported to the board of directors. The information of whistle-blower and complaints will be kept as a secret except in case of law required.

In 2016, business operation, there has never been action taken against a later-than stipulated announcement of information, a violence of labor law or any other law related to employment, consumers, business competition, and environment. There also has also never been any claim or petition made by stakeholders.

## Chapter 4 : Disclosure of Information and Transparency

The board of Directors recognizes the quality of information, accurate, sufficient, expeditious, nondiscriminatory and fair information disclosure. Ensure disclosure of significant information related to the company, both financial and non-financial information, or information that might affect the company’s share prices, to all shareholders and interested investors in a complete, accurate, and equitable manners.

The disclosures are easy accessible to all stakeholders and party. Have all such information published in both Thai and English version on the Website of the Stock Exchange of Thailand and the company’s Website, [www.pg.co.th](http://www.pg.co.th), in order to engender the confidential.

**1. Corporate Governance :** The company arranges the good corporate governance policy and principal, business ethics, and code of conduct, in writing and provide to all directors, executive and staff including public relation billboard, company intranet system, and company website ([www.pg.co.th](http://www.pg.co.th)) including policy on anti-corruption.

In 2016, the results of performance according to the corporate governance policy were reported in conformity with the good corporate governance principles set by the Stock Exchange of Thailand, and publicized via the Company’s annual report (Form 56-2), the annual information report form (Form 56-1), and the Company website.

**2. Disclosure of Importance information regarding financial and non-financial** Board of Directors has carried out the disclosure of the Company's significant data, including financial data and nonfinancial data as required under the Regulations of the Stock Exchange of Thailand and the SEC. Such disclosures were accurate, complete, timely and transparent, having been reviewed under the prescribed procedures. The information was published in both Thai and English via channels of the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th)) and the Company website ([www.pg.co.th](http://www.pg.co.th)).

2.1 The information shown in the report (Form 56-1) , and the Company annual report was transparently and completely disclosed in every aspect, according to the Criteria of Disclosure of the Stock Exchange of Thailand and the Securities (SET) and Exchange Commission Thailand (SEC). In order to provide shareholders information in making the investment decision, the information has regularly been updated.

In 2016, the Company has not been charged on any violation of SET or SEC Criteria of Disclosure.

2.2 Regarding the annual budget and quarterly budget, the Board of Directors has realized importance of preparing accurate financial statement, compliance with accepted accounting standards; the company has prepared financial statement with caution and good consideration in order to reflect the actual operating results of the company. The auditors have audited them with approval from the Audit Committee and the Board of Directors. Subsequently, the Company has disseminated this information to the shareholders and then presented to the SET and SEC. In this regards, it was disclosed to the investors or shareholders before the due period for investors' benefit.

The company auditors are knowledgeable, skillful, independent, and approved by the SET and SEC. Besides, the auditors do not have business relationship with company, parent company, subsidiaries, Executives, major shareholders, relation with any of them. Thus, the auditors have the independent rights in auditing and commenting on the Company's budgets. Audit fee and others services paid to auditor are disclosed in topic "the remuneration to auditors" in the annual report.

In 2016, financial statements both quarterly and annually in Thai and English version are disseminated via company website and can be downloaded. The Company financial statement was certified by Company Auditor with no conditions, though Company Auditor remarked that the Company sent financial statement to SEC and SET on time and not ordered to correct.

### **3. Report on the Board of Director' Responsibilities with respect to the Financial Statements :**

The Board of Directors appreciates the significance of preparing an accurate and complete financial statement in accordance with accounting standards. The disclosure of such data have been reviewed by independent auditors and approved by the Audit Committee and Board of Directors before publication to the shareholders. Also, in order to secure confidence, the Board of Directors have prepared a report on the responsibilities of the Board of Directors to the financial statements, signed by the Chairman of the Board of Directors and the Managing Director, published in the Annual Report and Form 56-1 together with the Auditor's Report. Such report provides evidence of compliance with the Generally Accepted Accounting Principles and the consistent application of appropriate accounting policies. Thus, investors are able to rely on such data when making decisions.

**4. The Disclosure of Connected Transaction (Related Transaction) and/or the Entered Material Assets or Services Transaction :** All these transaction should be approved by the Audit Committee and the Board of Directors so as to avoid any conflicts of interest. It should be carefully prepared for the best interest of the Company and shareholders. The approved report of budget was presented to the SET in both Thai and English languages, and disseminated in the Company's website, annual report and Form 56-1, according to the regulations of SET.

In 2016, there were 7 connected transactions which were in compliance with the prescribed rules. Details are provided in "Connected Transaction (Related Transaction)".

**5. Company directors and executive directors including spouse and underage children** must report transaction of stock trading and stock holding by arranging the report in accordance with laws. The transactions must be reported to SEC as following;

5.1 Report of company stock holding when first time of being appointed as director or executive. Using form 59-1 and the report need to be submitted within 30 days counting from the day of being such position.

5.2 If there are any changing in stock holding such as trading or transferring, use form 59-2. the report must be submitted within 3 days counting from transaction date.

5.3 The company must show directors and executives name lists in form 35E-1 when first time of being the position. The report must be submitted within 7 days counting from the day of being such position.

Moreover, in every quarter directors and executives including spouse and underage child are requested to report the company stock holding to company directors for acknowledgement.

**6. Company directors and executives including related persons must report their conflict of interest** which connected to company operation. The criteria of disclosure are as follow:

- Report on the first office holding as the Director or Executive
- Report on any changes of stake holding data
- Report at the end of year
- In case of termination and reappointment as the Director in a consecutive way, the Director shall not present new report if there is no change of stakeholding.
- The Directors and Executives should present report of stake holding to the Secretary within 1 month after being elected/ appointed, and changes. After that, the Secretary will send the copy of report, within 7 days, to the Chairman of Board Directors , and Chairman of Audit Committee.

In 2016, the Directors and Executives have already reported their stock transaction, Company' shareholding and changes of stake holdings. (see details on "Shareholding and Management Structure")

**7. Monitoring the use of internal data :** The company has implemented a measure to prevent the use of internal data. The stipulation on this issue is the company's business ethics under the topic of Conflict of Interest, and has been disclosed in the annual report under the title of Good Corporate Governance; the topic is "Chapter 2 : Equitable Treatment of Shareholders"

**8. Policy on Corporate Social Responsibility :** The Company set the policy in its mission for practical guideline and substantial perform. This is a mission which all employees shall participate. Its details are provided in annual report under topic "CSR Report".

**9. Communication between executives :** Joint meetings every month between the Executive Committee and chief executive officers of all work units have been organized in order to disseminate information on the organization's business targets and business strategies. Communications are made to employees throughout the organization in order to share common understanding and practices in the same direction so as to achieve the business targets.

The President of the Board gave priority to attend the seminar with Executive Committee and chief executive officers of all work units annually in order to indicate concept, approach strategy and working philosophy, besides, to show opinions freely and encourage business operation for the purpose of the Company's target. In 2016, the meeting was held every month.

Apart from financial report or other information technologies to the Stock Exchange of Thailand (SET) and Securities Exchange of Commission (SEC) via designated channels completely, precisely and timely, the Company has revealed more information on several issues accordingly;

1. The disclosure of structure of shareholding, including name of the first ten major shareholders as closing date in the annual report, and company website: <http://www.pg.co.th>.
2. The disclosure of company organization in company's website and annual report.
3. The disclosure of shareholding of the Directors and Executives in the annual report.
4. The disclosure of nature of business, company operation, analysis of industrial trend and potential competitiveness, analysis of company performance, financial statement including company objectives and goal in topic " the nature of business" in the annual report.
5. The disclosure of risky factors in operating, types of risks, causes and effects, as well as guidelines to prevent or decrease risks.
6. The disclosure of policy on distribution of dividend.
7. The disclosure of roles and functions of company directors and subcommittee, the number of meeting attendance individually in article no. 5. " the responsibility of company directors in annual report. The details of directors and executives are disseminated via company's website.
8. Date and year of appointment the directors are presented in annual report.
9. The disclosure of criteria of director nomination and the assessment of director's performance.
10. The disclosure of the remunerations policy for Directors and Executives by individually paid including type of payment, and the amount. The information are shown in article 5 " responsibilities of directors" in annual report.
11. The disclosure of development and training course that directors attended in the previous year.
12. The disclosure of internal control according to the concept of COSO revising framework in May 2013 as well as the result of internal control assessment, the results of assessment in 5 aspects with 17 principles, in the topic "internal control together with the corporate governance report from Audit Committee published in the Annual report..
13. The disclosure of whistle blowing policy in Chapter 3: Roles of Stakeholders topic " anti-corruption policy" in the annual report.
14. The disclosure of annual report and notice of the shareholder's meeting in Thai and English on the company website within 120 days, which is able to download.
15. The disclosure of charters, duties, responsibilities, qualifications and directorship terms of the Board of Directors and all Board Committees are publicized through the company's website.
16. The disclosure of the Company's article of association, vision and mission on the company's website.
17. The disclosure of audit fee and other services fee beyond audit fee in annual report

### The dissemination of information

The company emphasizes on the information disclosure with complete, transparency, accurate via communications channel. Messages were sent through a variety of media channel to the benefit of the stakeholders such as;

1. The company set Investors relation unit for direct communicate to investor

The Board of Directors has designated the persons who would be able to provide data and information as required by investors and relevant persons. In this regard, the following person can be contacted:

**Mrs. Suvimol Charoensrichai**

Company Secretary / Executive Secretary

Telephone 0 2685 6509 fax 0 2294 5159

Email: [suvimol@pg.co.th](mailto:suvimol@pg.co.th)

The Company announced the person and channel for contact via company website: [www.pg.co.th](http://www.pg.co.th) under the topic "Investor Relations".



Besides, investors and students had requested information regarding investment and education from related department which company realized the importance of information providing and cooperation.

2. disclosure of business operation both quarter and annual on company website and SET news system

3. In 2016, 14 companies in Saha group cooperated with Stock Exchange of Thailand arranged “the 7th Analysts and investors meet Saha Group” held on July 1, 2016 to coincide with 20th SAHA Group fair at Plenary Hall, Queen Sirikit Conventional Center. The event provided a venue where analysts, investors and mass media could engage in meaningful discussions with company directors and executive. All 14 participated company cooperated on compose a book to summarize company history and performance disseminated to all attendance. The group received well participation from analysts and investors.

4. In 2016, the company educated and provided basic business understanding to professors and students by allowing them to study business operation system and factory visit. In this regard, Managing Director shall be a lecturer for making basic understanding on production process since raw material until finished good.

5. Company website contained the information below;

1. Shareholders structure
2. Organizational structure
3. Company regulation and memorandum
4. Corporate governance policy / Corporate governance criteria / Business Ethics / Ethics of Directors, management and employees / Anti-corruption policy and the guidelines of Anti-Corruption Policy
5. Annual report (Form 56-2) / Form 56-1
6. Financial statement / financial performance including management’s discussion and analysis for every quarter, both in Thailand and in English
7. The board of directors charter
8. Contact details and investors relation officer

## **Chapter 5 : Responsibility of the Board of Directors**

The Board of Directors play a vital role in providing guidelines for Company’s execution, monitoring the operation performance, issuing the policy of good corporate governance, business ethics, and employees’ morality, protect benefits for the Company and shareholders. Also, they supervise the activities to be legally implemented.

In the year 2016, the following cases had never happen to the company.

- Severe violation against stipulations of the Securities and Exchange Commission and the Stock Exchange of Thailand
- Corruption action or violation of ethics.
- Resignation of a non-executive director due to the reason of good governance.
- Loss of creditability due to the Board of Director’s failure in monitoring the business.

## **Good Corporate Governance Practices**

The Stock Exchange of Thailand recommended listed companies in Thailand to apply good corporate governance principles for listed companies in 2012 as much as possible. It may be adapted to the circumstances of each company or clarified facts of unable to follow the principles.

The Board of Directors has considered that company as a listed company has adhered to the good corporate governance principles for listed companies in 2012 of the Stock Exchange of Thailand except the principles that the Company has chosen to differentiate in the following matters with the statement.

Principles	Company Statements
Chairman of the Board of Directors should be Independent Director	The Board of Directors Meeting no.2/2016 held on May 12, 2016 passed the resolution to appoint Mr. Boonkiet Chokwatana to be Chairman of Directors and Authorized Person The company ensured that Chairman has strictly performed his duties with understanding of good corporate governance principles.
The Board of Directors should set the number of listed companies not more than 5 directors for each director.	The Company does not limit the number of companies for each director. Because the Nomination Committee will consider appointing a person to be the Company's director by considering on his knowledge, ability and sufficient time to perform duties for the company.
The Remuneration Committee should mostly consist of Independent Directors (More than 50%)	The Remuneration Committee consists of Independent Directors, Non-Executive Directors, and Executive Directors counting as 33.33%, 33.33% and 33.34% consecutively. The Board of Directors agree that all members of the remuneration committee fell free to express their opinion perform their duties with transparent and fairness. The composition of these committees is therefore appropriate.
The Nomination Committee should entirely and/or mostly consist of Independent Directors (More than 50%)	The Nomination Committee consists of Independent Directors and Non-Executive Directors counting as 33.33% and 66.67% . The Board of Directors agree that all members of the remuneration committee fell free to express their opinion perform their duties with transparent and fairness. The composition of these committees is therefore appropriate.
The Board of Directors should set Independent Directors term not more than 9 years.	Independent directors perform the counterbalance management transparent, and adhere to the management under good corporate governance. The shareholders' meeting approved the election of directors and independent directors only.

## 1. The Structure of the Board of Directors

The Board of Directors consists of the Directors, Independent Directors, Sub-Committee, Managing Director, and Secretary, with approved qualifications and ability to check and balance each other.

### Policy on board diversity

The company directors has determined the qualification of nominated director by considering the missing skills of existing directors including profession, specialization and gender as shown in the structure of board of directors.

Every time after the shareholders' meeting, the Board of Directors holds a meeting to establish sub-committees which has been earlier screened by the Nomination Committee. In 2016, the Board of Directors Meeting No. 2/2016 on 12 May 2016 passed resolution to establish 6 sub-committees and clearly authorized their duties and responsibilities and tenure.

With regard to the Company's regulations, the Board of Directors is comprised of at least 5 directors, and the greater part is currently living in the Kingdom of Thailand.

The Board of Directors comprises of individuals who are competent and plays important role in determining company policy. They work with senior management to implement operation plans, stipulate monetary policy and risk management policy. They participate a significant in supervise, monitor and evaluate the company performance.

## 1.1 The board of Directors

In 2016, there were 12 directors who named on certification letter of ministry of commerce consisting of;

Directors	Position	Appointment date	Year
1. Mr.Boonkiet Chokwatana	President	April 24, 1989	27
2. Mrs. Somporn Tiyaiboonsiri	Director	July 2, 1982	34
3. Mr. Chailert Manoonpol	Director	July 29, 1985	31
4. Mrs. Sunan Niyomnaitham	Director	July 29, 1986	30
5. Mr.Charoen Charoenwatanasuksom	Director	April 27, 1992	24
6. Mrs.Teerada Ambhanwong	Director	April 26, 1999	17
7. Mrs.Nuchanart Thammanomai	Independent Director	April 26, 1999	17
8. Mr.Amorn Asvanunt	Independent Director	April 22, 2002	14
9. Mrs.Chortip Pramroj Na Ayudhya	Independent Director	April 22, 2002	14
10. Gen.Konecharnart Chunnabhata	Independent Director	April 28, 2009	7
11. Mr.Santi Bangor	Independent Director	April 28, 2009	7
12. Mr. Viritpol Chaitavornsation	Director	April 26, 2016	1
Mrs. Suvimol Charoensrichai	Company Secretary		

### Authorized Directors

An authorized act having a binding effect on the Company is requires the signatures of 2 directors out of the following 7 directors as well as the Company seal, namely.

1. Mr.Boonkiet Chokwatana
2. Mr.Charoen Charoenwatanasuksom
3. Mrs.Sunan Niyomnaitham
4. Mrs.Somporn Tiyaiboonsiri
5. Mr.Chailert Manoonpol
6. Mr. Viritpol Chaitavornsation
7. Mrs.Teerada Ambhanwong

### The board of director comprises of

	Number (person )			Percentage
	Male	Female	Total	
Executive Director	2	1	3	25.00
Non - Executive Director	2	2	4	33.33
Independent Director	3	2	5	41.67
Total	7	5	12	100.00

The company has non-executive directors more than 1 person who have working experience on core business of company or same industrial or big organization. Such experiences are benefit to company operation (details are shown in directors' profiles in annual report).

The Board of Directors consists of 5 independent directors, or 41.67% of the entire Board which is higher than a standard stipulated (one third or 33.33%) by the Capital Market Supervisory Board. The independent directors response in examining the operation of management team, expressing the opinion, supporting policy that benefit to shareholders or opposing the unfair or ambiguous that may effect to benefit of shareholders and stakeholders. The independent director also monitors on dissemination of related transaction to ensure that company and shareholders have the best interest.

### **The authority of company directors**

1. To supervise and manage the administration in compliance with objective, company' s articles and resolution of shareholders' meeting as well as legal compliance.
2. To appoint one Director to be President and anybody to be Vice - President as appropriate.
3. To appoint, demote or empower the advisor of board of directors, managing director, audit committee, executive board, remuneration committee and nomination committee, risk management committee, and company secretary as appropriate.
4. To approve a loan to related company as a shareholder or business partner or other company that has business relationship to company in case of the financial amount lying beyond the authority of executive directors.
5. To approve the guarantee of credit facilities to business partner as a shareholder or other company that has business relationship to company in case of the financial amount lying beyond the authority of executive directors.
6. To approve nonfinancial juristic act in case of the financial amount lying beyond the authority of executive directors.
7. To approve collection or cancelation of credit facilities in case of the financial amount lying beyond the authority of executive directors.
8. To approve investment and trading of stocks or other assets in case of the financial amount lying beyond the authority of executive directors.
9. To approve acquirement and investment in fixed asset in case of the financial amount lying beyond the authority of executive directors.
10. To approve adjustment, destroy, amortization of intangible asset and fixed asset that unworkable such as out of order, lost, destroyed, ruined, deteriorated, out of date in case of total book value lying beyond the authority of executive directors.
11. To approve price adjustment and destruction of raw materials, dead products or out of fashion products that lower book value in the financial amount that lying beyond the authority of executive directors.
12. To approve compromise, settlement of disputes by arbitration, complaint, lawsuit and/or implementation of judiciary on behalf of company for the matter of normal and abnormal commerce in case of the capital lying beyond the authority of executive director.
13. To propose the increase and decrease of capital or changing in stock value or amendment of memorandum of association, regulations, and/or company's objective to shareholders.
14. Having the authority to invite management team, executives and employee to present and express their opinion or submit related documents.
15. To consult the specialist or company consultant (if any) or hire consultant or specialist in necessary case by company's expenses.
16. To appoint and remove company secretary.
17. All the above authorities of company directors related to acquisition or disposition of assets and related transaction need to be performing according to the regulation of the capital market commission.

### **Duties and responsibilities of The Board of Directors**

1. To formulate visions, tasks and business policies of the Company.
2. Approve the annual business plan and annual budget, as well as supervising the operations by the management to well comply with the laws, policies, and plans in an efficient and effective manner.
3. Promote the establishment of corporate governance policy, business ethics, and business morality in writing, to serve as guidelines for the directors, the management, and the employees, in carrying out their business practices, while regularly following up to ensure their strict adherence and compliance accordingly.
4. Set up adequate internal control systems, so as to ensure that all transactions receive proper approval from the authorized persons, and that proper accounting review and bookkeeping practice are carried out, while proper checking systems are in place to safeguard against unauthorized exploitation of company assets
5. Ensure that careful consideration is given to the issue of conflict of interests, and that clear practice guidelines are in place to safeguard the interests of the shareholders and the company. Also ensure that the persons having interests at stake do not take part in adopting the decision, and that all concerned parties strictly follow the procedures and regulations to disclose relevant information in a proper manner
6. Grant approval to financial statements already audited and verified by the certified public accountant, and earlier approved by The Audit Committee.

7. Being accountable to all shareholders on an equal basis, while ensuring that information are disclosed to the shareholders and investors in an accurate, reliable, and transparent manner.
8. Acknowledge the corporate management report prepared by The Executive Board.
9. Approve the interim dividend payment and report to shareholders' meeting for acknowledgement.
10. Set the date, time, and place for the annual shareholders' general meeting, and convene said meeting accordingly. Also set the rate for dividend payments (if any), and provide comments relating to the meeting agenda to the shareholders. In that regard, the company may suspend shares transfer registration for the period of 21 days leading up to the meeting, whereby the company is required to post such announcement to the shareholders at the company's head office and its subsidiaries for the period of no less than 14 days prior to such suspension. Otherwise, the company may set the date to finalize the shareholders' list (Record Date) no longer than 2 months prior to the meeting, and then set the date for shares registration suspension 1 day later, in order to compile the shareholders' list according to article 225 of The Securities and Exchange Act, to entitle the shareholders to attend the meeting, and to be eligible for dividend payments.
11. Prepare The Board of Directors' responsibility report toward financial statements compilation, and disclose said report in the company's annual report (form 56-2) and the annual registration statement (form 56-1).
12. Report shareholding structure anytime of changing.
13. Supervise the compilation of the documents required to be submitted to concerned regulating agencies, to ensure that all information contained therein are true and accurate in accordance with the information appearing in the accounting books, the registration book, and other official documents of the company.
14. Approve the charter for The Board of Directors, and/or other committees.
15. Engage in those acts lying beyond The Executive Board's authority, or as deemed necessary by The Board of Directors.

## **1.2 Duties and Functions of President**

1. Consider and determine meeting agenda with managing director and supervise all directors to receive information correctly, completely, clearly and in time before meeting in order to have appropriately consideration.
2. Be leader of the board of directors and be the president in board of directors meeting.
  - 2.1 To proceed the meeting in according to agenda, regulations, and laws.
  - 2.2 To allocate adequate time and encourage all directors to express opinion freely and respect all stakeholders.
  - 2.3 To clearly summarize the meeting resolution and operations.
3. To be leader in shareholders' meeting and proceed the meeting in according to agenda, regulations, and laws. Also allocate adequate time including equally give the opportunities to shareholders for express their opinion and answer the questions appropriately and transparently.
4. Support and be model in performing by good corporate governance and ethics
5. Strengthen the relationship and support the work of the Board of Management.
6. Monitor the disclosure of information and transparency in the management of conflicts of interest.
7. To ensure that the Board has the appropriate structure and composition.

## **1.3 Merger and Segregation between Boards and Managements**

The Company prescribes that the Chairman of the Board of Directors shall not be an Executive Director, Managing Director and shall not have any relationship with the entire management team. There is a clear separation in the functions with respect to supervisory policies and the management of routine functions. The Company has prepared a Charter of the Board of Directors with clearly prescribes and delineates the powers of all committees and the Managing Director.

The Chairman of the Board of Directors is the leader and controller of Board of Directors meetings in order to ensure independence. All Directors are able to express opinions or make suggestions fully. The management of the executives is supported through the grant of powers and responsibilities to the Managing Director. The Board of Directors does not interfere with routine management work.

Although the Chairman of the Board of Directors is not an Independent Director, the Company remains confident that the discharge of duties has always been undertaken with an understanding of good corporate governance principles. Decisions on significant matters approved by each relevant committee have achieved a balance and reviewed as well as strictly complied with.

In 2016, the Executive Board consists of 14 Executive Directors leading by the Managing Director for the execution of management planning to comply with the policies of the Board of Directors. The Executive Directors also participated in stipulating policies and missions.

#### 1.4 Directors term and number of year term

##### Term of Directorship

1. At each annual shareholders' general meeting, one-third of the sitting directors are required to retire from directors, whereas if the number of directors cannot be divided into 3 equal portions, the closet to such number shall apply. Retiring directors are eligible for re-election.
2. In the case where the position of Board member is left vacant due to reasons other than term completion, with such remaining term not less than 2 months, The Board of Directors are required to appoint other persons having full qualifications to succeed in that position. In such case, the newly-appointed Board member may only serve out the term remaining for the person he/she succeeds.
3. Apart from retiring upon term completion, the company director shall also relieved of his/her position upon resignation or death or having disqualifications as prohibited by laws or the resolution adopted by the shareholders' meeting to remove that person from the position, or court ruling remove that person from the position.
4. The company director resigning from the position before term completion is required to submit his/her resignation letter to the company, with such resignation coming into effect on the date of said submission.

Furthermore, nomination committee screen and nominate right person to ensure that the elected person has knowledge, capability, and experience before proposing to the board of directors. Term of all company directors and independent directors are disclosed the above.

##### Term of independent directors

The board of directors does not specify the office holding term of independent directors since the shareholders' meeting will approve the resolution of the election of company directors and independent directors.

The board of directors has information for considering the election of independent directors whose term has ended. In 2016, there were 5 independent director named below;

Independent Directors	Appointment date	Years
1 Mrs. Nuchanart Thammanomai	April 26, 1999	17
2. Mr. Amorn Asvanunt	April 22, 2002	14
3. Mrs. Chortip Pramroj Na Ayudhya	April 22, 2002	14
4. Gen. Konecharnart Chunnabhata	April 28, 2009	7
5. Mr. Santi Bangor	April 28, 2009	7

#### 1.5 Holding Office Regulation for the Directors

The Board of Directors has not specified the number of listed companies that each director takes a director position, believing that competency and business expertise of each director has nothing to do with the number of companies he takes if every director has commitment and determination to perform his duty as he has been trusted by the Board of Directors and the shareholders.

The Directors who hold office in other companies should be approved by the Board of Directors, according to the regulations of holding office for the Directors.

The disclosure of name and information of every Director holding office in other companies has been shown in the Form 56-1 and the annual report. At present, there are two Directors who hold office in 5 listed companies. Nonetheless, the company believes that there will not be any impacts on their performance. Furthermore, the Directors

have shown their dedication in working and regular attendance in the meetings. Those are the reasons why the Company does not specify the number of listed companies for the Directors to hold.

Being company director of listed company (No. of company)	No. of company director (person)	Percentage	Name lists	
6 companies (More than 5 companies)	2	16.67	Mr. Boonkiet	Chokwatana
4 companies	1	8.33	Mr. Amorn	Asavanunt **
3 companies	1	8.33	Mrs. Teerada	Ambhanwong
2 companies	2	16.67	Mr. Chailert	Manoonpol
			Mrs. Nuchanart	Thammanomai
			Mr. Santi	Bangor
1 company	6	50.00	Mr. Charoen	Charoenwatanasuksom ***
			Mrs. Somporn	Tiyaviboonsiri
			Mrs. Sunan	Niyomnaitam ***
			GEN. Konechamart	Chunnabhata
			Mrs. Chortip	Pramoj Na Ayudhya
			Mr. Viritpol	Chaitavornsation ***
	12	100.00		

Remarks : \*\* Independent Director who hold position as director for 6 listed companies

\*\*\* Executive Director who hold position as director for 1 listed company.

Regarding holding office in the other listed companies, the Company's Directors and Chief Executive Committee, Directors and Chief Executives Officers of the Saha Group will consider such criteria of those companies as types of business and the necessity in assigning the Managing Director or the Company Executive to be the Company's representative concerning partnership or partnership contract. If necessary, they will send the Director or the Executive who has knowledge, skills, and expertise in that area to hold office.

### 1.6 Self-evaluation by The Board of Directors

The Board of Directors provided the opportunity for each director to carry out evaluation of the performances by entire The Board of Directors in 2016, which was implemented on a yearly basis, so as to review performance results, problems, and obstacles faced during the past year, in order to contribute to better effective performances by The Board of Directors.

In 2016, company secretary sent the self-evaluation form to all directors. All company directors answered self-assessment form independently and delivered to company secretary who will collect and summarize then report to the board of directors meeting.

The evaluations for annual performance of the board of director are divided by;

1. Understanding the role of directors in accordance with the relevant regulations.
2. Setting the business plan and strategy
3. Monitoring on company operation
4. Independent of directors
5. Relationship among management team and stakeholders

The evaluation results were "good" criterion, the score was 73 percentages. The evaluation criteria are following;

Score	Criteria
Up to 80 percent	Excellent
70 – 79	Good
60 – 69	Fair
Less than 59	Need improvement

Nevertheless, the company did not evaluate directors individually, since the evaluation in the form of The Board of Directors can reflect the performance as a whole, which each director can improve deficient parts of the topic very well.



The board of directors arranged executive committee to have self assessment. The criteria are each executive will evaluate all executives committee on the specified topic. The results shall be used for considering on remuneration to executives. The remuneration committee's discretion was also used to consider remuneration to executives.

The performance evaluation of Managing Director shall be responsible of the president and the board of directors and executives committee. The criteria are as following;

1. Leadership
2. Company performance (Sale revenue and profitability)
3. Applying policies and strategy planning
4. Relationship to the board of directors and stakeholders

The evaluation results are individual secret which cannot be disclosed.

Regarding the assessment of the Managing Directors' performance, the Chairman will evaluate their performance by using the assessment form of CEO of the Stock Exchange of Thailand.

### 1.7 Development of Directors and Executive Officers

The Board of Directors and executive officers have appreciated their roles, duties and responsibilities to the Company. Thus, the Company has attached importance to the development of all personnel throughout the organization, consistent with the leadership and vision of the Directors and executive officers, in order to enhance knowledge, competencies, skills and potentials. The Board of Directors and executive officers are encouraged to attend seminars and training in courses that are beneficial to the performance of functions as are held internally or externally, including work visits abroad. The following is samples of courses trained by IOD:

- Director Accreditation Program (DAP)
- Director Certification Program (DCP)
- Finance for Non-Finance Director
- Roles of Compensation Committee Program (RCC)

In 2016, the Company's Director attended some seminar and training courses, i.e.

Director / Executives	Seminar / Training course
Mr. Charoen Charoenwatanasuksom	<ul style="list-style-type: none"> <li>- CG Forum 3/2016 "Fraud in the organization with protection and control "by the Stock Exchange of Thailand.</li> <li>- Listen to the "Draft of Corporate Code" arranged by Saha Group.</li> <li>- The 3rd National Anti-Corruption Strategy (BE 2560-2564), organized by the Office of the National Anti-Corruption Commission,</li> </ul>
Mrs. Sunan Niyomnaitham	<ul style="list-style-type: none"> <li>- CG Forum 1/2016 "Ethics: Corporate Governance Principles "organized by the Stock Exchange of Thailand.</li> <li>- CG Forum 2/2016 "Honestly, cautious as board's armour" arranged by the Stock Exchange of Thailand</li> <li>- "Group proceedings" arranged by the Stock Exchange of Thailand</li> <li>- Listen to the "Draft of Corporate Code" arranged by Saha Group.</li> </ul>
Mr.Santi Bangor	<ul style="list-style-type: none"> <li>- "The UK Experience on Implementing the Enhanced Auditor Reporting" Organized by the SEC , Office of the Federation of Accounting Professions and the Stock Exchange of Thailand.</li> <li>- "Executive Meetings and opinions exchanges of Good Internal Controls of Listed Companies" organized by the Securities and Exchange Commission and the Stock Exchange of Thailand.</li> <li>- Listen to the "Draft of Corporate Code" arranged by Saha Group.</li> </ul>

Director / Executives	Seminar / Training course
Mrs. Suvimol Charoensrichai	<ul style="list-style-type: none"> <li>- “AGM arrangement in accordance with good corporate governance ” organized by the Stock Exchange of Thailand and Thai listed company Association</li> <li>- “Improvements to the significant Transaction and Related Transaction (RPT) of listed companies.</li> <li>- CG Forum 1/2016 “Ethics: Corporate Governance Principles ”organized by the Stock Exchange of Thailand</li> <li>- CG Forum 2/2016 “Honestly, cautious as board's armour” arranged by the Stock Exchange of Thailand</li> <li>- CG Forum 3/2016 “Fraud in the organization with protection and control “by the Stock Ex change of Thailand.</li> <li>- “Group proceedings” arranged by the Stock Exchange of Thailand</li> <li>- “2016 AGM Assessment “Tutor for 100 Full” arranged by Thai Investors Association.</li> <li>- Listen to the “Draft of Corporate Code” arranged by Saha Group.</li> <li>- The 3rd National Anti-Corruption Strategy (BE 2560-2564), organized by the Office of the National Anti-Corruption Commission,</li> </ul>
Mr. Chailert Manoonpol Mrs. Somporn Tiyaiboonsiri Mrs. Teerada Ambhanwong Mrs. Chortip Pramroj Na Ayudhya	<ul style="list-style-type: none"> <li>- Listen to the “Draft of Corporate Code” arranged by Saha Group.</li> </ul>

### Orientation of New Directors

The Company has arranged for the orientation of new Directors in order to inform them of the Company’s policies and relevant information, such as the Company’s principal business, operating results, organizational structure, shareholders, including relevant rules and regulations as well as plant visiting. Also, for the benefit of the discharge of functions by new Directors, the Company has prepared a handbook for Directors, as follows.

#### **Director’s Handbook**

1. Securities and Exchange Act (No. 4) B.E. 2551 (2008)
2. Charter of the Board of Directors
3. Certificate of Registration as a Public Limited Company
4. Company Certification and Objects of the Company
5. Articles of Association
6. Good Corporate Governance Handbook
7. SEC’s Listed Company Directors Handbook

#### **Other Information**

- Visions and goals of the Company;
- Annual Report together with an introductory presentation on the Company’s business description for new Directors.

### Current directors and Management Executives

Continuing education is provided to these directors through sponsorship of relevant training courses offered by IOD from Ten Directors from Twelve Directors, or 83.33% underwent such courses, and participation in more such courses are in the works, both concerning directors’ duties and Company business in general.

All executives are continually trained in relevant laws and regulations that are helpful to their performance in the management role.

## Relevant parties in corporate governance

The Company Secretary, the secretary to the Audit Committee, officers engaged in investor relations, as well as those doing relevant jobs, regularly attend assorted training courses and sit in on seminars on relevant and current topics, and topics that are helpful to their performance organized by SEC, SET, Listed Companies Association, and IOD.

### 1.8 Company Secretary

The board of directors had appointed Mrs. Suvimol Charoensrichai as company secretary. The duties and responsibilities detailed in topic : management structure, subject “company secretary”

## 2. Sub committee

The company has 6 sub committees which details below;

	Persons	Independent Directors	Non-Executive Directors	Executive Directors	Executive Officers**
1. Audit Committee	3	3	-	-	-
2. Remuneration Committee	3	1	1	1	-
3. Nomination Committee	3	1	2	-	-
4. Risk Management Committee	5	1	1	1	2
5. Corporate Governance Committee	6	2	1	2	1
6. Management Executive	14	-	-	3	11

**Remarks :** Those 6 supporting committee have their term for 1 year.

\*\* Executive Officer which was not the Company Director.

All sub-committees need to be selected by the nomination committee which duty on carefully proposed appropriate person to be appointed by the board of directors. Sub-committee has specific duties and presents the subject to the board of directors for acknowledgement. The board of directors may appoint other sub-committee in compliance with appropriateness and situation. Sub-committees are not comprised entirely of Independent Directors, but Non-Executive Directors, Executive Directors and Independent Directors. All such Directors are qualified and have a good understanding of their roles as Directors and committee members. Functions are performed with responsibility, loyalty, honesty, morality, care, prudence and independence. It is believed that all Directors have such an understanding and carry out strict compliance. The composition of each committee is also accepted by the shareholders.

Furthermore, the company reviews performance of the board of directors and sub-committee annually.

**However, the Directors and Chief Executives have never been employed or be in a partner of the external audit firm during the past two years.**

### 2.1 Audit Committee

The Board of Directors’ meeting No.2/2016 held on May 12, 2016 approved a resolution of appointment of Audit Committee. The committee appointed at least 3 persons who have qualification in accordance with laws of The Stock Exchange of Thailand and one of them must have accounting and financial knowledge to be audit committee as named below.

Names	Position	
1. Mr.Amorn Asvanunt	Chairman of Audit Committee	Independent Director having knowledge on Accounting and Finance
2. Mrs.Nuchanart Thammanomai	Member of Audit Committee	Independent Director having knowledge on Law
3. Mr.Santi Bangor	Member of Audit Committee	Independent Director having knowledge on Financial
Mrs.Napatsorn Sudlapa	Secretary to the Audit Committee	

**Remark :** Audit Committee has its term for one year, which starts counting on May 12, 2016.

**Meeting :** In 2016, Audit Committee convened 4 meeting. All 3 members of the committee attended all meetings.

### **Functions and Responsibility of Audit Committee performing by the Charter of Audit Committee**

1. To review the financial statements of the Company to ensure that financial reporting is accurate and in accordance with generally accepted accounting principles.
2. To review the internal control system and internal audit to ensure efficiency and effectiveness, to monitor anti-corruption and to consider the independence of internal audit units as well as to give approvals for appointments, transfers or terminations of heads of internal audit units or other units responsible for internal audits.
3. To review the Company's compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand and laws relating to the Company's businesses.
4. To consider, select, propose and demote independent persons for appointment as the Company's auditors and propose the remuneration for such persons, and also to attend meetings with the auditors without the presence of the management which must be held at least once a year.
5. To scrutinize connected transactions or transactions which may contain conflicts of interests in order to ensure compliance with the law and regulations of the Stock Exchange of Thailand, as well as to ensure that such transactions are entered into reasonably and are in the best interests of the Company.
6. To prepare an Audit Committee Report which must be disclosed in the Company Annual Report. Such report must be signed by the Chairman of the Audit Committee and consist of at least the following information:
  - (a) Opinion pertaining to the accuracy, completeness and reliability of the Company's financial statements;
  - (b) Opinion pertaining to the sufficiency of internal controls in the Company;
  - (c) Opinion pertaining to compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand or laws relating to the Company's businesses;
  - (d) Opinion pertaining to the suitability of the auditor;
  - (e) Opinion pertaining to transactions that could potentially give rise to conflicts of interests;
  - (f) The number of Audit Committee members and the meeting attendance of each Audit Committee member;
  - (g) General opinion or observation expressed by the Audit Committee in relation to the performance of functions under this Charter;
  - (h) Other items deemed as necessary information for shareholders and investors generally within the scope of duties and responsibilities as assigned by the Board of Directors.
7. In the discharge of its duties, if the Audit Committee finds or is under a suspicion that the following transaction or act has been committed, which may have a substantial impact on the financial standing and operating results of the Company, the Audit Committee shall file a report to the Board of Directors in order to effect remedial actions within the period as deemed appropriate by the Audit Committee:
  - (a) transaction giving rise to a conflict of interests;
  - (b) fraud or irregularity or a significant deficiency in the internal control system;
  - (c) violation of the law on securities and exchange, regulations of the Stock Exchange of Thailand or laws relating to the Company's businesses. If the Board of Directors or executive officers fail to carry out the remedies within the prescribed period, any Audit Committee member may report such transaction or action to the Office of the Securities and Exchange Commission or Stock Exchange of Thailand.
8. To support and monitor the Company's implementation of an efficient risk management system.
9. To revise and amend the Charter of the Audit Committee and propose such revision or amendment to the Board of Directors for approval
10. To perform other acts as assigned by the Board of Directors with the approval of the Audit Committee pursuant to powers under the Company Articles and the law.

### **Responsibility**

In performing the above duties, the Audit Committee is directly accountable to the Board of Directors and the Board of Directors remains responsible for the Company's operations with respect to third parties.

## 2.2 Remuneration Committee

In 2016, the Board of Director meeting no. 2/2016 on May 12, 2016 considered and approved the appointment of the previous Remuneration Committee, with 1 Independent Director, to renew the term as following names;

Names	Position	
1. Mr.Boonkiet Chokwatana	Chairman of Remuneration Committee	Non-Executive Director
3. Mrs. Sunan Niyomnaitham	Member of Remuneration Committee	Executive Director
3. Mrs.Chotip Pramroj Na Ayudhya	Member of Remuneration Committee	Independent Director

**Meeting :** In 2016, the Remuneration Committee convened 2 meeting. All 3 members of the committee attended the meeting in order to consider monthly compensation of executive director for 2016 and propose yearly compensation for 2017 by presenting to company director and shareholder meeting respectively for getting an approval.

### Functions and Responsibility of Remuneration Committee

1. To determine the remuneration of Company Directors, taking into consideration other companies in the same industry, the growth and performance of the Company and the remuneration limit approved by the meeting of shareholders and remunerations paid in the preceding year, in order to make a proposal to the Board of Directors for consideration and submission to the meeting of shareholders for approval.

2. To consider the distribution of remuneration of Company Directors, Audit Committee members, Nominating Committee members and Remuneration Committee members, taking into consideration the functions, responsibilities and performance of such committees, within the limit approved by the meeting of shareholders, and making such proposals to the Board of Directors for approval.

3. To revise and amend the Charter of the Remuneration Committee and to submit such revisions or amendments to the Board of Directors for approval.

4. To carry out any other acts as assigned by the Board of Directors.

### Responsibility

In performing the above duties, the Remuneration Committee is directly accountable to the Board of Directors and the Board of Directors remains responsible for the Company's operations with respect to third parties

## 2.3 Nomination Committee

In 2016, the Board of Director meeting no. 2/2016 on May 12, 2016 considered and approved the appointment of Nomination committee, which had 3 members; one of them must be Independent Director, as following names;

Names	Position	
1. Mr.Boonkiet Chokwatana	Chairman of Nomination Committee	Non-Executive Director
2. Mrs.Somporn Tiyaviboonsiri	Member of Nomination Committee	Non-Executive Director
3. Mrs.Chortip Pramroj Na Ayudhya	Member of Nomination Committee	Independent Director

**Remark :** Nomination Committee has its term for one year, which starts counting on May 12, 2016.

**Meeting :** In 2016, the Nomination Committee convened 2 meetings. All 3 members of the committee attended all meetings.

### Functions and Responsibility of Nomination Committee

1. To determine rules and procedures for the Nominating of Company Directors.

2. To examine the history and various information on persons nominated for appointment as Company Directors, taking into consideration such persons' knowledge, skills, experience and diversity of professional expertise, in order to obtaining the most qualified persons in accordance with the nomination rules, Articles of the Company and relevant laws.

3. To consider the selection of persons having suitable qualifications for a Company Director for nomination to the meeting of the Board of Directors for approval. Where a directorial position has become vacant by reason of a

resignation, the Company Board of Directors shall appoint a director to fill in the position. As for other cases, the Company Board of Directors must submit the candidate to the shareholders for consideration pursuant to the Company's articles.

4. To consider and review the structure and element of company director
5. To revise and amend the Charter of the Nominating Committee and to submit such revisions or amendments to the Board of Directors for approval.
6. To complete any assignment received from the Board.

### Responsibility

In performing the above duties, The Nomination Committee is directly accountable to the Board of Directors and the Board of Directors remains responsible for the Company's operations with respect to third parties

In 2016, the Nomination Committee convened 2 meetings. All 3 members of the committee attended all meetings to consider the nomination of replacements for directors who expire their term in the year 2016 and to nominate and appoint sub-committee and to present to company director and ordinary shareholder meeting for getting an approval respectively.

Moreover, the committee arrange meeting for nominating independent director who have qualification in accordance with the rules of Capital Market Supervisory Board in order to support Structure of Company Director pursuant to good corporate governance principal. Therefore, the Company has independent directors one third (1/3) of board of directors.

### 2.4 Risk Management Committee

In 2016, company director meeting no. 2/2016 on May 12, 2016 considered and approved the appointment of Risk Management committee which consists of 5 members; the chairman is Independent Director, as following names;

Names	Position	
1. Gen.Konecharnart Chunnabhata	Chairman of Risk Management Committee	Independent Director
2. Mr. Chailert Manoonpol	Member	Non-Executive Director
3. Mr.Charoen Charoenwatanasuksom	Member	Executive Director
4. Ms.Nopparat Asawasiripong	Member	Executive Director
5. Mrs.Suvimol Charoensrichai	Member/Secretary to the Risk Management Committee	Company Secretary

**Remark :** Risk management committee has its term for one year which start counting on May 12, 2016.

**Meeting :** In 2016, the Risk Management Committee convened 4 meetings. All 4 members of the committee attended all meetings.

### Function and responsibility of Risk Management Committee

1. To accept the risk management policy from company director for planning risk management for all level in the organization
2. To propose the appointment of risk management team to company director for acknowledgement
3. To follow, specific and evaluate the risk which presented by risk management team
4. To evaluate and consider risk management plan which presented by risk management team
5. To report the risk management to company director for getting agreement
6. To supervise the effective of risk management
7. To revise and amend the Charter of the Risk Management Committee and to submit such revisions or amendments to the Board of Directors for approval.
8. To complete any assignment related to risk management received from the Board.

### Responsibility

In performing the above duties, The Risk Management Committee is directly accountable to the Board of Directors and the Board of Directors remains responsible for the Company's operations with respect to third parties.

## 2.5 Corporate Governance Committee

In 2016, company director meeting no. 2/2016 on May 12, 2016 considered and approved the appointment of Corporate Governance committee, which consists of 6 members; the chairman is Independent Director, as following names;

Names	Position	
1. Mr. Santi Bangor	Chairman of Corporate Governance Committee	Independent Director
2. Mrs.Chortip Pramoj Na Ayudhya	Member	Independent Director
3. Mr.Chailert Manoonpol	Member	Non-Executive Director
4. Mr.Charoen Charoenwatanasuksom	Member	Executive Director
5. Mrs.Sunan Niyomnaitham	Member	Executive Director
6. Mrs.Suvimol Charoensrichai	Member/Secretary to the Corporate Governance Committee	Company Secretary

**Remark :** Corporate Governance committee has its term for one year which start counting on May 12, 2016.

**Meeting :** In 2016, the Corporate Governance Committee convened 2 meetings. All 4 members of the committee attended all meetings.

### Function and responsibility of Corporate Governance Committee

1. To revise and consider Corporate Governance Policies, Business Ethics and Code of Conduct for Employees to ensure the appropriate and up-to-date.
2. To propose the guideline to perform in accordance with the corporate governance principle for the Company's directors, sub-committee, executives including employees in every level.
3. To follow and supervise the operation of the Board of Directors, managements and employees in order to conform with corporate governance framework, the Company's policies and related laws and regulations.
4. To propose the corporate governance report to the Board of Directors including opinion and suggestion for conduct appropriated revision.
5. To assign policies and guideline for the operation of Corporate Social Responsibility and follow such operation then report to the Board of Directors.
6. To control the effectiveness of corporate governance to be consecutively and appropriated success.
7. To propose the appointment of corporate governance team to company director for acknowledgement.
8. To revise and amend the Charter of the Risk Management Committee and to submit such revisions or amendments to the Board of Directors for approval.
9. To complete any assignment related to risk management received from the Board.

### Responsibility

In performing the above duties, the Corporate Governance Committee is directly accountable to the Board of Directors and the Board of Directors remains responsible for the Company's operations with respect to third parties.

## 2.6 Executive Committee

The executive committee functions as management team which set up for managing company business assigned by the board. The company director meeting no. 2/2016 on May 12, 2016 considered and approved the appointment of 14 members of Executive Committee.



In 2016, executive committee convened 12 meetings. The schedule of meeting was set yearly in advance.

Names	Position
1. Mr.Charoen Charoenwatanasukom	Chief Executive Director/Managing Director
2. Mrs. Sunan Niyomnaitham	Deputy Managing Director/Chief Financial Officer
3. Mr.Viritpol Chaithavornsathien	Director
4. Ms.Nopparat Asawasiripong	Assistant Manager, Personnel Department
5. Mrs.Sasivimol Kluyasritrakul	Assistant Manager, Account and Finance Department
6. Mrs.Nutchapunporn Sunthornwiset	Manager, Business Division
7. Mr.Suwat Panichlers	Manager, Production Division
8. Mrs.Kalayanee Chantarapikul	Manager, Purchasing Division
9. Mrs.Photchamarn Engkanisarn	Manager, Business Division
10. Mrs.Suvimol Charoensrichai	Manager, Registration Division/Secretary to the Executive Board
11. Mr. Thamrong Phoonyawatana	Manager, Production Division
12. Mr. Sangsawang Jongprasopchokchai	Manager, Business Division
13. Mr. Anupong Watcharapinchai	Manager, Production Division
14. Mrs. Porntip Tangpojtaveeporn	Manager, Business Division

**Remark :** the board of executive directors has 1 year term counting from May 12, 2016.

All 14 members have no forbidden qualifications;

1. No record of committing criminal offenses against property, which was done in bad faith.
2. No record of a potential conflict of interest with the Company during the past year.

#### Functions and Responsibility of Executive Committee

1. To supervise operations in line with the Company's tasks and to comply with the Company's business policy in view of achieving the Company's business goals as well as the objectives of shareholders' resolutions.
2. Developing the organization and personnel in terms of knowledge and full competence and building organizational culture.
3. To sequence the importance of company director 's decision and use it for getting effective management.
4. To consider the agenda before presenting to the company director.
5. Having a duty to report on plan progression and budget approved to the Board of Directors every quarter.
6. Arranging for a meeting with chief officers of each department every month on the quarterly basis to follow up and monitor operating results.
7. Arranging for the General Meeting with chief officers of each department in the fourth quarter of each year to jointly set business targets and the Company's plans for next year with aim at the continual and sustainable growth.
8. Considering financial policies, loan raising, investment, and lease/lease agreements within specified amount limit.
9. To consider policies pertaining administration and organizational restructuring.
10. To consider business and marketing policies.
11. To consider personnel policies and approve the adjustment of employee salary scales and bonuses.
12. To consider the approval of juristic acts binding on the Company or other acts not performed in the usual course of business within the prescribed financial limit.
13. To report on shareholding whenever Changing.
14. To promote the good conscience of executives and employees in their performance of duties in line with the Company's business policies, business ethics and employee code of conduct.
15. Others followed by meeting's resolution.

## Responsibility

In performing the above duties, The Remuneration Committee is directly accountable to the Board of Directors and the Board of Directors remains responsible for the Company's operations with respect to third parties.

### 2.7 Authority and Responsibility of Managing Director

The Board of Directors has recognized the Principle of Good Corporate Governance, and to be in compliance with Chapter 3/1 of the Securities and Exchange Act, B.E. 2535 as amended by the Securities and Exchange Act (No. 4), B.E. 2551, it deems expedient to establish the Charter of Managing Director as follows:

1. To manage the Company and administer the operations in compliance with policies, laws, objectives, Articles of the Company, resolutions of the meeting of shareholders, resolutions of the Board of Directors, resolutions of the Executive Committee, as well as relevant regulations and procedures.
2. To issue orders and carry out any act as necessary and appropriate in order to satisfactorily carry out the functions under article 1, and in the case of an important matter, a report shall be made and/or notice shall be given to the Board of Directors and/or the Executive Committee.
3. To command, allocate, appoint, relieve, transfer, promote, enforce disciplines, evaluate as well as to determine the company personnel's remuneration and welfare benefits of employees. All said power must not be inconsistent with the power of Executive Committee.
4. To issue regulations on the Company's operations, such regulations not being inconsistent with or contrary to the policies, articles of the Company, regulations orders and resolutions of the Board of Directors and/or Executive Committee.
5. To grant or approve the investment in permanent asset in the specific amount.
6. To grant or approve selling or buying ordinary shares and/or others securities issued by other companies in the specific amount.
7. To approve the juristic act of non-financial transaction in the specific amount.
8. To report the operation under article 5,6,7 to the Executive Board whenever performing 9. To grant and/or delegate powers to other persons to perform specific tasks on behalf of the Managing Director.
9. To grant and/or delegate powers to other persons to perform specific tasks on behalf of the Managing Director.
10. The above powers of the Managing Director shall not be exercised in the event of the Managing Director's having a potential personal interest in or a conflict of interests of any character with the Company.
11. In the event that the above powers may not be thoroughly clarified or causing any doubt (uncertain) in exercising, the matter must be submitted for the Board of Directors' consideration.
12. To carry out any other acts as assigned by the Board of Directors and/or Executive Committee.

### 2.8 The nomination and appointment directors and chief executive officer

#### The nomination directors

The Nominating Committee has been assigned to select qualified persons having appropriate qualifications. For such nominating process of the persons to be appointed directors, the company has set the screening criteria for such candidates based upon their basic qualifications and qualities that can meet the requirements of the vacancy, in order to have The Board of Directors with knowledge and various field of expertise, including leadership, vision, integrity and ethics, as well as transparent work experiences and not be prohibited under the laws and regulations of the company. The board of directors had clearly determined functions and responsibility of directors as in manual of directors for listed company as following:

1. Be legal (Fiduciary Duties)
2. Be carefully (Duty of Care)
3. Be honesty (Duty of Loyalty)
4. Be responsibility to duties (accountable)

In 2016, the Company has formulated the structure of the Board of Directors. As a result, the proportion of the Executive Directors, Non-Executive Directors, and Independent Directors was more appropriated in monitoring the good corporate governance rigorously, though having the Independent Directors less than 50%.

### **Director and Independent Director Selection Process**

Nomination Committee nominates and screen independent director who have qualification follow the standard of the Stock Exchange of Thailand and Securities and Exchange Commission to propose to the board of directors and shareholder meeting.

### **Determination of Independent Directors' Qualifications**

According to Notification of Capital Market Supervisory Board TorChor 4/2009 title Application for and Approval of Offer for Sale of Newly Issued Shares which was announced on February 20, 2009 and effective on March 1, 2009. The definition of independent director were changed, therefore the qualification of independent director should be conformed to the said notification. People's Garment Public Company Limited has defined the qualification of independent director which is more intensive than the minimum principal of the Securities and Exchange Commission and the Stock Exchange of Thailand. The details are following;

1. Holding not more than 0.5 percent of total voting shares of company or its parent company, its subsidiaries, its associated companies, including stocks held by connected persons of the independent.
2. Not being or never been board member who participated in management of its parent company or an executive director, employee, staff, advisor who receives salary of a controlling person of company, its parent company, its subsidiaries, its associated companies, same- level subsidiaries or a juristic person who may have conflicts of interest unless the foregoing status has ended for more than 2 years, excluding independent director who ever be government official or advisor for government service which is major shareholder or controlling person of company.
3. Not being a person related by blood or legal registration, such as father, mother, spouse, sibling and child, including spouse of the children, management, major shareholders, controlling persons, or persons to be nominated as management or controlling person of company or its subsidiaries.
4. Not having or never had a business relationship with company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest, in the manner that may interfere with his independent judgment, or is not or has not ever been a major shareholder, non-independent director or management of any person having business relationship with company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest unless the foregoing relationship has ended for more than 2 years.

The term " business relationship" aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the applicant or his counterparty being subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the applicant or 20 million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Act of Listed Companies concerning the Connected Transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of a year prior to the date on which the business relationship with the person commences;

5. Not being or never been an auditor of company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest and is not a major shareholder, non-independent director, management or partner of an audit firm which employs auditors of company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest unless the foregoing relationship has ended for more than 2 years.
6. Not being or never been any professional advisor including legal or financial advisor who receives an annual service fee exceeding 2 million Baht from company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest, and is not a major shareholder, non-independent director, management or partner of the professional advisor unless the foregoing relationship has ended for more than 2 years.
7. Not being a representative of company director or its major shareholder or a shareholder who is related to company's major shareholder.

8. Not being a director in other organization that compete with or related to company, its subsidiaries, or not being a partnership of organization that compete with or related to company, and not being an executive director, employee, staff, advisor who receives salary, and not holding share more than 1 percent of total voting shares of organization that compete with or related to company.
9. Not having characteristics which lead to incapable of expressing independent opinions regarding company's business.

After appointed to be independent director who qualifies as stated above, such independent director may be assigned by the Board of Director for taking part in the business decision of company, its parent company, its subsidiaries, its associated companies, same level subsidiaries, major shareholder or controlling person on the condition that such decision must be a collective one.

#### **The nomination and appointment chief executive officer**

##### ***The nomination for chief executive (The executive director)***

The nomination process for chief executives will be considered by nomination committee. The nomination committee selects current executives or others who have knowledge, capability, and qualification in conformity with business nature of company also have the ability to manage company tasks to achieve objective and goal determined by the board of directors. Moreover, candidates who have no forbidden qualifications by laws, will be proposed to the board of director for appointment.

##### ***The nomination for executives (Secondary executives)***

The nomination process for executives is considered from the selection of the persons who have good qualifications and sound morality and ethics to join the company. The company provides the opportunities to be executives by training and developing employees through the evaluation process of employees' potentials and capabilities. Such employees who pass the evaluation shall be assigned to challenging tasks and have higher responsibility scope. The company alerts to develop all employees to replace the position in case of vacancy.

### **3. Roles, Duties and Responsibilities of the Board of Directors**

The Board of Directors has been elected by the shareholders as their representatives in implementing company's policies. They collaborated with the Executives in formulating vision, missions, strategies, operational plan, annual budget, good governance, and supervision so as to support and direct the performance of the Executives and employees.

In 2015, the Board of Directors has legally operated the company in compliance with the laws and regulation. Therefore, there is no infringement on the official regulations found.

#### **3.1 Leadership and Vision**

##### ***Leadership***

The Board of Directors is comprised of persons with knowledge, competence, skills and experience in the Company's principal business. The vision, mission, strategies and goals as well as working plans and annual budget are determined in order to enhance operational efficiency for the greatest benefits of the business and achievement of the Company's business goals. In this regard, the Board of Directors undertakes the duties of monitoring the management of the executive according to the various working plans, as well as the determination and delineation of roles, functions and responsibilities between the Board of Directors, executive officers, employees and relevant persons.

In addition, the Audit Committee has been entrusted with the function of supervising the operations of the internal audit section so as to ensure sufficiency for the business and to ensure suitable risk management in order to achieve the highest safeguard of interests. The principles of good corporate governance are applied as management tools for adding value to the business and the shareholders.

##### ***Vision***

The board of directors realizes the importance of business operation. In this regard, the company determines vision and missions for directors, executives, and employees to have one goal in business operation. Besides, company's vision and mission will be reviewed on yearly basis.

In 2016, the company defined its vision in conformity with social responsibility and environment.

### **3.2 Good Corporate Governance**

The Board of Directors appreciates the importance of good corporate governance. In consequence thereof, the Board of Directors has laid down a policy on corporate governance in writing, consisting of 5 parties, i.e. corporate governance policies, corporate governance principles, business ethics, employees' code of conduct and Anti-Corruption policy. The corporate governance policies are reviewed annually and disseminated via company's website. Such policies were handed to the Board of Directors, executive officers and all employees of the Company, in order to be a guideline for all employees to responsibly their duty with good conscious, to promote the implementation of good corporate governance systems in the organization, thus achieving transparency in business operations, trust of shareholders and general investors, stability to the business and generation of beneficial returns to the shareholders, stakeholders and the society as a whole as well as the promotion of advancement of employees. ( Full version of corporate governance policies, business ethics, code of conduct for company directors, executive officers and employees are published via company's website).

The company encourages its management executives and employees to acknowledge and follow the Good Corporate Governance policy, Good Governance principles, Code of Conduct and Ethics of Board of Directors, management and employees (Second Revision Edition). The Board of Directors will follow these stipulations to be a good model for employees to follow. Moreover, members of the Board of Directors and new staff will receive this policy manual at an orientation, and they will sign a commitment to follow the policy stipulation in their operation.

The company has the Audit Committee, the Supervisory Committee, and the Internal Audit Unit, to ensure compliance with the good governance policy. A follow-up has been scheduled in a year plan of the company. On a quarterly basis, a follow up result shall be reported directly to the Audit Committee together with recommendations and solutions to prevent any damage that may occur to the company.

### **3.3 Conflict of Interests**

The Board of Directors has clear guidelines for managing the avoidance of conflict of interests prudently and reasonably, and in order to confer the greatest benefits for the Company and the shareholders. Transactions which might entail conflicts of interests have been notified by the Company and the resolutions disclosed specifying the value of the transaction, the contractual party and reasons of necessity for entering into such a transaction in accordance with the rules of the Stock Exchange of Thailand. The interested Directors have left the meeting room and did not vote on such agenda so as to ensure independence in decisions and information were disclosed immediately in the interest of transparency.

Connected transactions would be considered by the Board of Directors meeting on the suitability of the transaction and the Audit Committee would give its approval for the disclosure of information in Form 56-1 and the Annual Report.

In 2016, the board of directors approved 4 related transactions which perform strictly to prescribed rules. Company Directors and Executives are required to report their own interest and related persons.

### **3.4 Promotion of Social Responsibility, Environment, and Human Rights**

The Company has realizes on the importance of social responsibility and environment in parallel with the business operation. Therefore, the Company focuses on fostering quality of life in surrounding communities, human rights awareness, and fair employment in the sustainable ways. (details are shown in Article 3 roles of stakeholders in annual report).

### **3.5 Internal Control and Audit Internal Control**

#### ***Internal Control***

The Board of Directors attaches importance to and has installed a control system for operations, financial reporting and compliance with rules, regulations and policies. The internal audit units were entrusted with the duties and responsibilities of carrying out audits on compliance with the installed internal control systems for subsequent reporting to the Audit Committee and the Board of Directors. Such audit units are independent in the exercise of their functions. The Board of Directors would conduct an annual review of the suitability and sufficiency of internal control systems in all 5 areas, i.e. organization and the environment, risk management, control of executive operations, information and communication system, and monitoring systems.

In Board of Directors meeting no. 1/2017, held on 23 February 2017, which was also attended by the Audit Committee, the sufficiency appraisal form of the Company's internal control system was considered. The meeting was of the opinion that the Company had sufficient and effective internal control systems as per the Audit Committee report in Form 56-1 and the Annual Report

## The Internal Audit

The Board of Directors has assigned the Audit Committee to inspect the sufficiency, appropriateness, and effectiveness of the internal control system. The results of the internal audit should be reported to the Board of Directors and shareholders. Moreover, the Internal Audit Unit, separated as one unit of the company, should reports directly to the Audit Committee.

**Mrs. Napassorn Sudlapha, the Secretary of the Audit Committee, was appointed as the Manager of the Internal Unit.**

### Profile in brief

Education : Bachelor in Business Administrations, Accounting, Ramkhanhaeng University

**Training Background** : Sustainability Accounting :  
Global Warming by the Federation of Accounting Professions.

**Work Experience** : 1997 - Present Manager of Internal Audit Unit  
2000 - Present Secretary to the Audit Committee  
1990 - 1997 Assistant of the Auditor of Thammakan Accounting

Responsibility : the assessment of sufficiency and effectiveness of the internal audit using standard auditing measures in proposing improvement for the added value of the organization, and simultaneously supporting the good corporate governance.

In 2016, the Board of Inspection has effectively performed their responsibilities as assigned. Thanks to the qualified personnel in the Internal Audit Unit, the mission has been completely accomplished. The evaluation of internal control system revealed that there were some issues to be improved as well as recommendations for corporate operation, which were presented to the Board of Directors in the quarterly meeting.

The Internal Audit Unit will report a follow-up and cross-check result of the internal management to the Audit Committee every quarter. In 2016, the Audit Committee had arranged four meetings and reported to the Board of Directors every quarter. The Audit Committee has reported their views on the adequacy of the company's internal audit and risk management system in the Annual Report under the title of "The Report of the Audit Committee".

## 3.6 Risk Management

The risk management is a policy implemented systematically in the organization under the supervision of the Risk Management Committee comprising the Independent Directors, Managing Directors, and Executive Directors.

In this regard, the Executives of each department have been appointed as a commission responsible for the risk management according to the policy and assigned duties. The report on risk management is presented to the Audit Committee, the Board of Directors and the Executive Board. The Board of Directors permits the Non-Executive Directors to conduct their meeting without attendance of the management unit. If necessary, they can propose statement of necessity to the Board of Directors to be considered. Whenever there is a significant risk or an irregular transaction. These proceedings are taken to ensure that the level and magnitude of damages that could occur are maintained within acceptable, assessable and controllable levels for the organization that can be systematically inspected with due consideration to the Organization's goals.

In 2016, the Risk Management Committee arranged totals 4 meetings and report to the Audit Committee, Executives Committee, and Board of Directors in every quarter. Such report regards opinion and consideration which approved from all committee and benefit to company operation.

#### 4. Board of Directors Meetings

The Board of Directors had determined that meetings shall be held at least once every quarter. A schedule of Board of Directors meetings is prepared one year in advance wherein the agenda are clearly stated. The Company Secretary would submit such schedule in the December meeting of each year together with the submission of documents at least 7 days prior to the meeting date so as to give the Board of Directors sufficient time to consider and examine the data prior to attending the meeting, except in the event of urgency for the protection of the Company's interests where notice may be given less than 7 days. Each meeting would last approximately 2 hours.

Directors are able to express opinions openly and independently. The Chairman of the Board of Directors would compile the opinions and conclusions obtained from the meeting. The resolution shall be done by major vote. Each member has one vote. Interested Directors in each agenda would abstain from voting or abstain from giving an opinion or be absent from the meeting. If the votes are equal, Chairman of the meeting shall cast one vote to be decisive.

For passing the resolutions on each agenda, it must contained two-thirds of company directors. The board of directors pays more attention on management of conflict of interests of all stakeholders by entirely disclosing information. A director who has conflict of interests must not participate in such agenda.

In a meeting of the Board of Directors, if there is a query or a need to obtain additional information from relevant persons, the Managing Director would invite a high level executive officer to give an explanation.

The Company Secretary would record the meeting and archive the minutes of past meetings that had been endorsed by the meeting and verified by signatures of the Chairman of the Board of Directors. In additional, company directors can express opinion or amend on the minutes of the meeting.

Minutes of Board of Directors meetings and committee meetings are made in writing. Such documents are archived in original document format at the Company Head Office for convenience of reference by the Directors and relevant persons.

The Board of Directors had scheduled 5 meetings a year, with the possibility of other meetings in the event of an emergency.

In addition, Non-Executive Directors are encouraged to hold meetings amongst themselves in the absence of the management in necessity and present to the board for acknowledgement.

In 2016 , the meeting held as following;

- The Board of Director held 5 meetings ( details are provided in Management Structure topic)
- Every year, The Audit Committee and internal audit held a meeting with company auditor at least once a year. The representatives from management team also attend the meeting.
- Audit Committee, Risk Management Committee, and Corporate Governance Committee had the meeting with management team independently by brain storming and opinions expressing. Such minutes was reported to the board of directors.

#### 5. Remuneration of the Directors and Executive Officers

The Remunerations Committee would determine the appropriate remunerations limit after taking into account the experience, duties, scope of roles and functions, participation and responsibilities of each Director for proposal to the Board of Directors and to the meeting of shareholders for approval of such remunerations limit. (The criteria and policy of remuneration to each director are disclosed in the Management Structure of Annual Report and Form 56-1).

## 6. Succession Plan

The company has succession plan for all positions in management level. The process starts from nominate appropriate persons with transparency manner, then develop and train such person continuously, and assess their performance. In this regard, company aims to build executives officer who have knowledge, capability, and be leader and specialist together with honesty. The company believes that its operation will run continuously and effectively.

The Board of Director has realized the importance of preparation for succeeding personnel of the retired Chief executives and Department Managers, the succession plan is as follow;

### 6.1 The criteria for chief executive officers (Executive directors) are as following;

1. Provide the explanation of chief executive officers regarding goal and company's strategies and specific required qualifications.
2. Select secondary executive officers who have vision, knowledge, and capability.
3. Analyze qualification of each executive officer for seeking strong points and thing that need to be improved.
4. Make development plan for each executive officer for promoting their potential and capability.

The Company has conducted monthly meeting moderating by the Managing Director. Apart from this, the meeting on the Company's turnover consisting of the Managing Director, Chief Executives, and nominated Executives (acting successor) has been conducted every month. The Annual Meeting has been conducted to stipulate the missions for the next year in order to reinforce collaboration and raise awareness of organizational management as a part in succession plan. In this regard, the Selection Committee and the Management Executives continuously follow and evaluate the operation of personnel who would be assigned, for approved and after that, present to the Board of Directors for approving.

### 6.2 The criteria for unit chief are as following;

1. To develop the visions, knowledge and skills of the potential Executives and to promote them as Chief executives respectively.
2. To provide more academic knowledge and hands-on trainings.
3. To allow the secondary executives to collaborate and attend the meeting with the Chief Executives.
4. To select the secondary executives of high potential to succeed and place in the appropriate positions.
5. To enhance the management skills to the specialist
6. To give the secondary executives more opportunities on administration.
7. To conduct systematic trainings in every department
8. To train the Chief Executives and Executives to work with responsibilities and honesty focusing on the corporate image.

As part of a succession plan, meetings are held on a monthly basis between members of the Board of Directors, high-ranking executives, and executives (to be successors) and the Chairman (who is also a Chairman of the Nomination Committee).

## 7. The operation of anti-corruption

The company advocates for anti-corruption and anti-fraud practices, as well as raises awareness, value, good attitude and honesty to directors, executives, and employees. A part of anti-corruption management plan is risk evaluation on working process in every department. In this regards, the internal audit department acts as an assessor.

In 2016, Risk management committee had quarterly report on anti-corruption, which there was no abnormal found.



The company has communication channel for advertising on anti-corruption policy as following

- Orientation new employees
- Manual of good corporate governance policy
- Company's website, intranet and billboard
- Publish Animation VDO

Besides, the company expands anti –corruption policy to business partners in order to run business with transparency and fairness.

## 8. A Survey of Corporate Governance Practices among Listed Company

In 2016, Thai Institute of Director associated with Securities and Exchange Commission Thailand and Stock Exchange of Thailand in a survey of corporate governance practices among listed company in 2016, the total listed is 588 companies, by evaluation from Annual Report 2015 and information disclosure in 2016. The survey result for the Company was “very good”.

Score	Meaning
70-79	Good
80-89	Very good
90-100	Excellent

### Number of Evaluating Criteria;

Categories	Evaluation criteria (clause)		Weight (%)	
	2016	2015	2016	2015
1. Rights of Shareholders	32	32	15	15
2. Shareholder's Equality	19	19	10	10
3. Rights of Stakeholders	29	28	20	20
4. Transparency and Disclosure of Information	53	50	20	20
5. Responsibility of the Board	108	106	35	35
Total	241	235	100	100

### Details of Corporate Governance Evaluation

Categories	2016 (%)	2015 (%)	2014 (%)
Rights of Shareholders	92	88	88
Shareholder's Equality	98	98	98
Rights of Stakeholders	93	91	95
Transparency and Disclosure of Information	92	91	93
Responsibility of the Board	78	76	76
<b>Score Average</b>	<b>87</b>	<b>85</b>	<b>86</b>

According to the Securities and Exchange Commission Thailand and Stock Exchange of Thailand has adapted the Corporate Governance Code(CG Code) for listed company, the company adhere the its importance and is in the process of studying to apply.

Principles	Regulations	Clauses
1. Awareness of the Board's Responsibility as an Organization Leader	4	12
2. Defining objectives and business goals of possible entity for sustainability	2	10
3. Encouraging the Board to achieve its duties	9	43
4. Nominating and developing Executives level and Human Resource Management	3	10
5. Promoting its innovation and Operating business with responsibility	4	7
6. Arranging the internal control system and risk management	4	17
7. Keeping credibility and disclosing significant information	6	16
8. Supporting the participation and communication with shareholders	3	16

## The 37<sup>th</sup> Annual General Meeting of Shareholders Year 2016



## The 8<sup>th</sup> Analysts and Investors Meet Saha Group



# CSR Report 2016

A black and white photograph of a hand with the index finger pointing upwards, touching a semi-transparent rectangular box that contains the letters 'CSR'. The background is a blurred bokeh of light spots. The entire image is framed by a light beige border at the top and bottom.

**CSR**

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## Message from the Chairman to Executives Board and Managing Director



“ Employees      be understanding  
The executive      be participating  
Coordination      for development ”

Throughout the duration of the business operating, the company has been engrossed in creating sustainable social development through its business activities with continuously applying sufficiency economy philosophy of His Majesty King Bhumibol Adulyadej and Dr. Thiem's business philosophy for its operations. The company has considered all stakeholders and meanwhile created value to both business and society.

The company operates its business with caution through paying attention on its management system and production process also promotes using resources with highest efficiency and minimizing environmental impact. The company has communicated to all related persons to have same understanding about safety, human rights, energy, waste management included community and social care conforming to the idea of Saha Group **"good people, good products, good society."**

Executives are involved, reached out and participated in developing the organization, community and society. The above ideas are linked to the corporate strategy to create a sustainable organization.

**Good people** : The company promotes consciousness building to provide employees an understanding.

**Good Product** : The company realizes the productions of safety products to consumers and environment.

**Good Society** : The company believes that its operations and products are part of helping global warming reduction under Paris Agreement at the meeting COP21. Thailand has joined the subcontracting parties of United Nations to control the global average temperature which does not increase beyond 2 degrees Celsius and aims to reduce greenhouse gas emissions. The company has targeted and campaigned for Thai people to participate through "Company Products"

By building a clean business standard, maintaining corporate governance standards and having the anti-corruption policy, In 2016 the company has been certified by the Private Sector Collective Action Against Corruption Council (CAC) in counter corruption since October 14, 2016.

On behalf of the company, I would like to express thanks to all interested parties, related agencies and all employees as well as community and society in contribution of supporting and carrying company forward in a sustainable way.



(Mr. Charoen Charoenwatanasuksom)

Chairman to Executives Board and Managing Director



# About the Report

People's Garment Public Company Limited (PG) has prepared the CSR Report as a separate report for the fourth year. Focusing on providing reliable and high-quality data, the Company's Board of Directors defined key sustainability issues and a priority assessment of issues concerned with the Company's goals and operations, which showed its major social, community and environmental performance between January 1, 2016 and December 31, 2016.

## Reporting Guidelines

This report has been prepared to show the intentions to achieve sustainable growth of major social, community and environmental practices based on the Integrated CSR Reporting Framework. This framework was developed by the Thai Pat Institute for listed companies to utilize as guidelines for CSR reporting in line with international reporting framework standards.

## Scope of Reporting

The report includes the Company's operations at its three plants, namely the Lamphun Plant, Kabin Buri Plant, and Wellgrow Plant. As part of the governance and promotion of the disclosure of information in line with international reporting guidelines, the reporting is intended to respond to stakeholders' expectations that are disclosed in this report.

Having a plan to prepare the CSR report on an annual basis and develop a system and method for regular data storage, the Company has aimed to obtain a clear data collection guideline and procedure, as well as data that is complete as much as possible. Also, it has a plan to communicate the results of its CSR implementation to its stakeholders in a continual fashion.

## Dissemination Channels

Providing all stakeholders with appropriate information that allows them to consider issues that are of interest to them, this report is available in both Thai and English in the form of printed materials, CD, and webpage, for variety and convenience of information access.

This report, which is included in the Annual Report, can be downloaded from the Company's website. For more information, please contact:

### **Company Secretary & Investment Relations**

Tel : 0 2685 6509-10

E-mail : [suvimol@pg.co.th](mailto:suvimol@pg.co.th)

### **People's Garment Public Company Limited**

666 Rama 3 Rd, Bangpongpan, Yannawa,  
Bangkok 10120

Tel : 0 2685 6500

Fax : 0 2294 5159

Website : [www.pg.co.th](http://www.pg.co.th)



# Role to Stakeholders



Recognizing that its stakeholders play a key role in determining the direction of its business practices, the Company has focused on protection and consideration of all groups comprising its stakeholders. It has organized dialogues with its stakeholders to involve them in activities according to their roles and to learn about their expectations and needs so as to respond to them accordingly. The stakeholders are classified into nine groups, and the Company's mission has been defined to meet the needs and expectations of the respective groups in a balanced manner.

Stakeholders	Stakeholders' expectations	Participation channels	Response to stakeholders
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Performance and business growth.</li> <li>Corporate Governance</li> <li>Management with transparency and auditability.</li> <li>Responsibility to Social and Environment</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly Performance Report and disclosure of information via the news system of the Stock Exchange of Thailand and on the Company's website.</li> <li>Annual General Shareholders' Meeting.</li> <li>Activity "Analysts and Investors Meeting Saha Group, 8<sup>th</sup> Year."</li> </ul>	<ul style="list-style-type: none"> <li>Provide equal rights to all stakeholders and no violation or deprivation of rights.</li> <li>Disclose information both Thai and English Version on time and correctly via specific channel.</li> <li>Set the dividend payment policy clearly in accordance with good corporate governance.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Compensation and benefits.</li> <li>Human rights and involvement.</li> <li>Job security/career advancement opportunities.</li> <li>Safety at work and occupational health.</li> <li>Development and learning.</li> </ul>	<ul style="list-style-type: none"> <li>Conferences, seminars, and training.</li> <li>Events, such as the Company's founding anniversary and sport competition.</li> <li>Opening for comments via postbox.</li> <li>Electronic media, such as Intranet and E-learning.</li> <li>Public relations via the public address system and bulletin boards.</li> </ul>	<ul style="list-style-type: none"> <li>Treat all employee equally, free of discrimination on human rights.</li> <li>Appropriate compensation and benefits.</li> <li>Promotion of employees' knowledge and career advancement.</li> <li>Provide communication channel for any claims or suggestions.</li> <li>Arrange necessary tools and maintain good working environment by concerning on safety and health.</li> </ul>
<b>Community and society as a whole</b>	<ul style="list-style-type: none"> <li>Environmental protection and safety.</li> <li>Generation of revenue for the community.</li> </ul>	<ul style="list-style-type: none"> <li>Community projects on occupations, education and environmental protection.</li> <li>Community dialogues.</li> <li>Receiving feedback and complaints.</li> </ul>	<ul style="list-style-type: none"> <li>Sharing of the Company's occupational knowledge and skills to the community.</li> <li>Community projects on occupations, education and environmental protection.</li> </ul>

Stakeholders	Stakeholders' expectations	Participation channels	Response to stakeholders
<b>Partners</b>	<ul style="list-style-type: none"> <li>• Ethics and transparency in business practices.</li> <li>• Full compliance with the terms and conditions of their agreement and provision of complete and accurate information</li> <li>• Exchange of knowledge and experience.</li> </ul>	<ul style="list-style-type: none"> <li>• Community dialogues.</li> <li>• Clarification of, and encouragement of partners to understand, the Company's policies and ethics in business practices.</li> <li>• Partner visits to exchange experience and expertise and listen to the partners' problems/suggestions.</li> <li>• Fairness and equality.</li> </ul>	<ul style="list-style-type: none"> <li>• Communication with the partners about the Company's policies and ethics in business practices.</li> <li>• Exchange of knowledge, experience and expertise.</li> <li>• Refrain from soliciting, accepting or allowing acceptance of any property or other benefits outside of what is specified in the trading agreement, including obstructing and eliminating any possible incentive to such incidents</li> <li>• Duly consider and set appropriate purchasing prices and formulate scrupulous and transparent procurement procedures</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• High-quality products and services.</li> <li>• High-quality products with punctual delivery.</li> <li>• Environmentally-friendly manufacturing process.</li> <li>• Receiving information necessary for decision-making without data concealment or distortion.</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings with customers.</li> <li>• Communication channels: the Company's website/electronic media (Facebook/ E-mail) and customer visits/trade fairs.</li> <li>• Provision of channels for customers to file complaints or suggestions for operational improvement.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of product quality to ensure the product safety for consumers.</li> <li>• Create new innovations to add value to the goods and services</li> <li>• Consideration of complaints or suggestions to improve and develop products that meet customer needs.</li> </ul>
<b>Competitors</b>	<ul style="list-style-type: none"> <li>• Free competition and marketing activities.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Communication channels</b> : Public forums.</li> </ul>	<ul style="list-style-type: none"> <li>• Business practices with transparency under fair trade and fair competition.</li> <li>• Avoidance of seeking confidential information of the competitors by dishonest means or damaging their reputation by slandering.</li> </ul>
<b>Accounts payables</b>	<ul style="list-style-type: none"> <li>• Ethics and transparency in business practices.</li> <li>• Adherence to, and compliance with, the terms of agreements with accounts payables.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Reports</b> : Annual Report/Social, Community and Environmental Responsibility Report.</li> </ul>	<ul style="list-style-type: none"> <li>• Punctual payment to accounts payables based on terms of agreements, without default.</li> <li>• Use the Bank's money transfer instrument "Media Clearing" system</li> </ul>
<b>Government agencies</b>	<ul style="list-style-type: none"> <li>• Legal compliance.</li> <li>• Social and environmental responsibility.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Report</b> : Annual Report/ Social Community and Environmental Responsibility Report.</li> <li>• Compliance with laws, rules, regulations, and corporate governance.</li> <li>• Communication channels: Punctual provision of correct information for relevant authorities /website.</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws, rules and regulations on correct and transparent business operations.</li> <li>• Control of the environmental quality to ensure that it is above the minimum standard assigned by law.</li> <li>• Provision of correct and quick information for overseeing government agencies.</li> </ul>
<b>Mass media</b>	<ul style="list-style-type: none"> <li>• Efficient data communication.</li> <li>• Accurate and quick information.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Communication channels</b> : interviews, journals, magazines, exhibitions, and websites.</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of accurate and complete information.</li> </ul>

# Sustainable Business Operations

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## 1. Management Guidelines

The Company's vision is "Being the leader in the textile and garment business that grows along with the society and the environment in a sustainable way." Being a manufacturer and seller of garments and knitted fabrics, the Company's mission is to create the security and build the economy for the country taking into account all groups of stakeholders. This is based on the good corporate governance policy, as well as operational directions that are consistent and drive the organization into the achievement of its business goals.

The Company has operated in line with the guidelines for sustainable development, and it has raised the awareness among the management and employees throughout the organization about the efficient use of energy and resources. It aims to continuously develop environmentally-friendly products in order to reduce greenhouse gas emissions and get involved in reducing the impacts of global warming. The development of such environmentally-friendly products covers work processes, production, procurement and distribution of products and services, good corporate governance, business ethics, and codes of ethics for the directors, the management and employees, including measures pertaining to transparency, fairness, anti-corruption, as well as social, community and environmental responsibility. The objective of the development of environmentally-friendly products is to have the Company grow in parallel with the creation of value added to society and the environment in a sustainable way.

The Company has designated committees and sub-committees to manage specific tasks covering economic, social and environmental tasks and to consider other matters accordingly and efficiently, as follows:

### Economic Panel

**Executive Committee** consists of 14 executives. Managing Director, as the Chairperson, is responsible for ensuring the operations to achieve the goal while complying with the corporate policy as prescribed by the shareholders.

**Risk Management Committee** consists of 6 committee members which are independent to the other committees. Managing Director, and high-level executives are responsible for monitoring the processes and identifying the risks regarding the project as well as evaluating and approving the Risk Management plan proposed by the Risk Management Committee.

### Social

**Corporate Governance Committee** consists of 4 directors. Committee Chairman is independent director, duty on proposing the good corporate governance practice, reviewing the guidelines and principles of good corporate governance and also tracking corporate social responsibility operations so that they can respond to all stakeholders equally, efficiently and effectively under the corporate governance policy, business ethics and code of conduct for Directors, Management, and Employees.

**Safety, Health (Occupational) and Environment (SHE) Sub-Committee** is responsible for developing the framework and roadmap for Security, Health(Occupational) and Environment (SHE) of the company. This committee shall carry out SHE-related activities of the company, oversee, and evaluate the operations continuously in order to improve the taskforce.

**Welfare Sub-Committee** is a focal point in delivering social welfare support to all employees and taking care of employees' quality of life. This committee shall involve in social community development, define the directions, and carry out operational plans for the community development initiatives in order to consistently improve the taskforce.

### Environmental Panel

**Energy and Environment Conservation Sub- Committee** is responsible for carrying out energy saving projects that are aligned with the corporate energy-saving policies and controlling how effectively the energy is consumed by collaborating with other related parties. The objective of this committee is to make the energy management initiatives aligned and complied with the corporate goal.

## 2. Corporate Governance

The Board of Directors of People's Garment Public Company Limited emphasizes on a good corporate governance by exercising the best practices from Stock Exchange of Thailand (SET) and the Rules and Regulations from The Office of The Securities and Exchange Commission and Investment Board as framework in supporting the good corporate governance initiatives to achieve effectiveness, integrity, fairness, transparency, responsibility and accountability for all stakeholders and to be aligned with business situations and sustainable economy principles.

### Corporate Governance Policy

The Board of Directors has played a key role in determining the direction of the Company's operations and overseeing and monitoring the management.

In 2016, the Board revised the good corporate governance principle, comprising "The Corporate Governance Policy, Good Corporate Governance Principle, Business Ethics, and Codes of Ethics for the Directors, the Management and Employees" and it was posted on the website: [www.pg.co.th](http://www.pg.co.th) and the Company's Intranet. This is to provide all people in the organization with the business practice guidelines serving as the basis that they have to adhere to, in order to yield the maximum benefit for the organization and its stakeholders and to ensure legal compliance of business activities.

### Structure of Management for Sustainability

To achieve the efficient performance of the Board of Directors, the Company has established six sub-committees to carefully screen assignments under the good corporate governance principle.

The Board of Director has designated the Corporate Governance Committee to take charge of social and environmental responsibility, with the Company Secretary serving as the coordinator. The Company is going to restructure the committee in 2015 to assign them linked responsibilities to enhance the efficiency and effectiveness. The organizational chart is provided below: (On page 163)

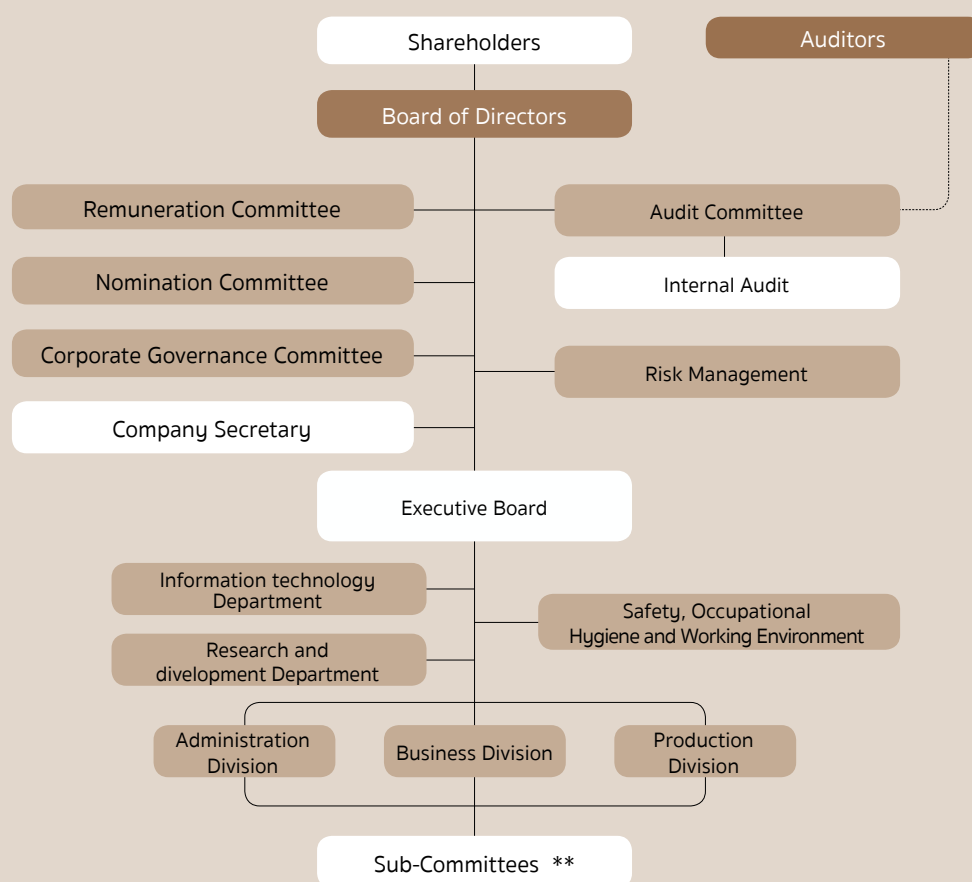
Throughout the year of 2016, the Corporate Governance Committee held 2 meetings with the focus on the standards and the roadmap towards a good corporate governance in a continuous and sustainable manner, with a hope that it will become a corporate culture for everyone to hold on.

- Review of the corporate governance policy, the good corporate governance principle, business ethics, as well as the codes of ethics for the directors, the management and employees and anti-corruption.
- Encourage all departments in organization to apply anti-corruption policy.
- Proposal of an anti-corruption policy and practice guidelines.

In addition, monitoring of business operation is adopted based on the principles of good governance as listed below :

1. Rights of Shareholder
2. Equitable Treatment of Shareholders
3. Roles of Stakeholders
4. Disclosure of Information and Transparency
5. Responsibility of the Board of Directors
6. Good Corporate Governance policy
7. Anti - corruption policy

The Company has also prepared various media to communicate and publicize the Company's information to the employees in an official way. This is to put an emphasis on the practice guidelines in line with the good corporate governance policy to employees, which is a key element to the preparation for the ASEAN economy. Also, the Company has campaigned for anti-corruption guidelines for its employees and then its partners. Companies under the Saha Group are preparing animations to raise the awareness of its employees, from newcomer employees, and its related parties.



**\*\* Sub-Committees are composed of the following :**

1. Quality Standard System ISO 9001 Committee
2. Safety, Occupational Hygiene and Working Environment Committee
3. Environment Management Standard ISO 14001 Committee
4. Thai Corporate Social Responsibility TLS 8001 Committee
5. Worldwide Responsible Apparel Production Standard WRAP Committee
6. Company Welfare Committee
7. Prevention and Solution to Drugs Problems in an Establishment Committee
8. Energy and Environment Conservation Committee
9. KAIZEN Committee
10. Innovation Committee

*(More information about Equitable Treatment of Shareholders was disclosed in 2016 Annual Report under the section of “Corporate Governance” and Corporate Governance Committee Report)*

## Monitoring on Corporate Governance Policies

Directors, executives, and employees all stay complied with the Good Governance best practice and always consistently refreshed with the upcoming plans and announcements.

In 2016, there were no evidence of policy violations and the company did not claim for any loss and damage from the stakeholders.

More information about Corporate Governance is disclosed under the section of “Corporate Governance”, in the Annual Report

# Sustainable Business Operations : Economic Panel

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## 1. Fair-Trade Business

The company focuses on fair-trade business within legal concerns and code of conduct. It also emphasizes a fair competition based on mutual benefits between partners and account receivables who will be treated fairly. It is agreed that any party shall not ask for, receive or agree to receive assets or other privileges beyond mutual agreements. Doing business with partner, customers, public sector and private sector, including competitors shall not lead to deterioration against the company's reputation or violation against the laws as described in the following details:

- Be committed to customer satisfaction and confidence. Stay customer-focused and take any appropriate action for the benefits of the customers. The company will ensure that the customers receive goods that are in high-quality, safe, and environmentally-friendly within an affordable price. The customers must be informed with essential information to support their buying decision without any omission or distortion provided by the company. The company must strictly take any action as promised in the terms and conditions of the services offered to the customers. There shall be an improvement effort made to add more values to the goods and services offered in order to answer the continuously growing demands of the customers; good relationship management towards sustainable relationship ; a refrainment from any action that may cause violation of customer rights and privacy, including the abuse of those pieces of information for individual benefits without an absolute rights.
- Respect the trade agreement that is based on a fair-trade competition. Consider equality, parity, and integrity in doing business for mutual benefits with partners. Have an effective partner recruitment system that builds a value chain from partners who follow SHE standards, environmentally friendly, nurture good relationship, share and exchange information, collaborate for development and add values to goods and service for mutual growth.
- Treat partners with the law of fair-trade competition. Be committed not to seeking out confidential information from direct competitors in an unethical manner. Stay refrained from committing defamation against the direct competitors.
- Prioritized for transparency and integrity in business transaction with government authorities and stay away from inappropriate actions that may violate the good corporate governance. Stay against all bribery for government officers with an intention to gain benefits for the business.

The company provides extensive channels of communications for partner, customers, and stakeholders to provide their complaints and feedbacks and be treated with fairness in practice.

## Receptions, Receipts and Grants of Gifts

With an intention for fair-trade competition, the hospitality, entertainment and gift practices are established based on appropriateness and good relationship as followed:

1. No taking or giving gifts or hosting events that may influence any decision. If necessary, the gifts or events that are valued more than expected. All employees must report to their supervisors or managers.
2. In case of assigned by the direct managers to work on-site at other customer's location, the policy is also the same for such occasions as winning a prize, complementary gifts, or lucky draw, etc.

3. If a representative, partners, shareholders or other parties would like to give gifts, complementary assets, and hospitality events on behalf of their company to PG employees, it must be approved by the company before.
4. The expenditure of those activities mentioned above must be in a reasonable range of budgeting.

In 2016, the executives and employees of the company passed all gifts received from partners to the company secretary to distribute to our employees. The gifts contribution has been 5th consecutive years under the project "From the heart of the partners ... to the PG". Employees feel proud to be involved in the success of the organization.

### **Copyright Infringement**

The company shall not take any action that violate intellectual properties of others. the executive directors and employees will not use company resources and assets effectively and use only those covered with its copyright properly. As a whole, the company is against the pirated versions of goods and services which violate copyrights of others. The company is thus committed that:

1. Do business with a respect to the laws, regulations and committed agreements related to copyrights.
2. Be responsible for pieces of work as the company's intellectual properties and will not exploit them for others without prior approval.
3. Respect the intellectual properties of others and will not violate other pieces of work by exploiting them for private benefits unless it is allowed or compensated by the owner of the intellectual properties.
4. The pieces of work contributed by the employees at work are regarded as intellectual properties of the company. If the employees resigned from the company, those pieces of work must be sent back to the company, regardless of any recording formats.

At all times, the company explicitly expresses its commitment to all stakeholders through the production process that takes CSR concerns in mind. The Golden Certificate of Compliance from Worldwide Responsible Accredited Production is thus given to the company as an evidence for this effort.

## **2. Promoting Social Responsibility in the Business Chain**

The Company has introduced a process and technology that are concerned about potential environmental impacts, from the selection of raw materials and energy and technology, in order to ensure the efficient use of energy in the production process, to the production of finished goods. Thus, the Company has managed risks in the supply chain to maintain the continuity of its business operations. It has adopted sustainable development and virtuous business practices under the good corporate governance principle as a mechanism and strategy for the development of sustainable supply chain management, in order to establish a linkage between each operation. It has formulated policies for effective implementation, as follows:

### **Environmentally-friendly Procurement**

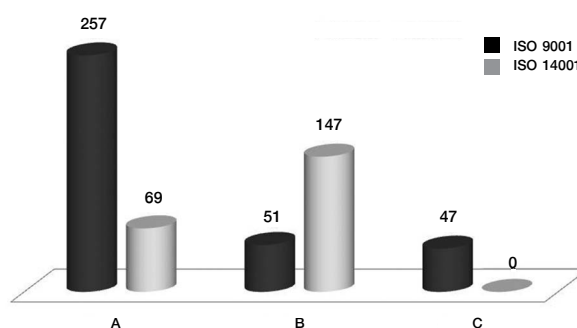
Procurement is an important process in the management of cost-effectiveness together with product quality. The Company's procurement involves the selection of products and services that have good quality while reducing environmental impacts simultaneously; it does not take into account only price. This aims is to encourage changes and instill environmental awareness into both employees and suppliers so that they shift to goods and services while considering environmental impacts more. Environmentally-friendly procurement consists of compliance with laws, control of the manufacturing process to ensure environmentally-friendliness, energy management, water management, and waste management.

The Company has auditing, partner evaluation and selection, as well as monitoring systems that take into account the quality, quantities, deliveries, including the minimum requirements of labor law and quality management systems, such as ISO 9001 and ISO 14001. The evaluation criteria are as follows:



ISO 9001	ISO 14001
The evaluation criteria	The evaluation criteria
<ol style="list-style-type: none"> <li>1. Quality control of raw materials</li> <li>2. On time delivery</li> <li>3. Completely amount of raw material as required</li> </ol>	<ol style="list-style-type: none"> <li>1. Efficient management and use of resources.</li> <li>2. Waste separation/putting waste in a proper location.</li> <li>3. System of preventing and controlling the release of any contaminated waste into the environment.</li> <li>4. Appropriate methods for handling hazardous chemicals, materials and raw materials.</li> <li>5. System of delivering vehicles that are in good condition, without causing pollution.</li> <li>6. Preparation for emergencies.</li> <li>7. Safety, occupational health, and the working environment.</li> <li>8. Compliance with the environmental regulations.</li> <li>9. Cooperation in solving environmental issues.</li> <li>10. No complaints from stakeholders/related parties.</li> </ol>

## Partner Evaluation



Ratios of Partner Evaluation based on ISO 9001

## Production Process

The Company has optimized and analyzed its production process, from receiving raw materials, having finished goods and services available, and transporting finish products, based on the concept of safe and environmentally-friendly products. For instance, it has adjusted and controlled the production system by using the LEAN and PMS systems, using biomass in replace of fuel oil, and using the evaporative cooling system (EVAP) instead of the air-conditioning system, which can reduce energy consumption. Despite increased production capacity, the impacts of the production process have decreased.

### Efficient and Environmentally-friendly Freight Transport

The Company has utilized software for transport management in order to enhance the transport efficiency. Transport planning, in terms of routes, vehicle and modes of transport is an important factor in transport cost management. This has resulted in an efficient use of existing assets and a reduction in greenhouse gas emissions to render environmentally-friendly transport. The details of such planning are outlined as follows:

1. Setting the truck schedules for each plant via the Intranet.
2. Reduction in empty truck transport if the transport of non-empty trucks of other companies under the Saha Group is possible.
3. Use of software to control the load of each shipment to achieve energy efficiency.
4. Reduction in energy use by training drivers to drive safely and raising their awareness about driving at an appropriate speed and studying routes every time before starting.
5. Regular inspection of vehicles to ensure safety and energy efficiency.

The above-mentioned management has led to the reduction of greenhouse gas emissions. The Company has extended the results to its partners (freight transport companies), and it has received good cooperation from its partners.



## Partners, Service Providers and Distributors

The Company has evaluated the performance of, and paid visits to, its partners, service providers and distributors on a regular basis to ensure their compliance with the environmental management system ISO 14001 and the policy towards the management of energy and environmental conservation. This has allowed the Company to select partners in a systematic manner to make sure that throughout the supply chain it has partners that operate their business in compliance with the law, safety and occupational health standards, and the principle of being environmentally-friendly. The Company has supported environmentally-friendly procurement by considering products and services rendered by operators that comply with environmental standards or the Company's criteria. The criteria include legal compliance, efficient use of resources and energy, production control, and waste management. This aims to enhance the capacity and efficiency of their joint business operations and upgrade the procurement to become more green in the future.

Based on the above operations, the Company expects that its partners, service providers and distributors will be able to extend the environmental management guidelines into standards in other chains.

## Customers, Consumers, and End-Users

The company realizes that business organizations will be sustainable on a condition that it needs to deeply understand the needs of the customers. Nowadays, expectation from the customers is unlimited and not scoped within what the business did to the market. However, they expect more of how the society and environment will benefit in a sustainable way from the actions by the company. So, the company builds innovations while considering the effects on society and environment and business values in mind. These initiatives include, but not limited to, identifying amount of Carbon Footprint on polo T-shirts; manufacturing Eco Yarn Dyed Look which replaces thread-dyeing by painting the whole pattern on the garment; and saving energy resources and cutting down unnecessary consumption of power.

## 3. Responsibilities for Consumers

The company realized that customer satisfaction and their confidence are key to success towards sustainable business growth. The best practices and policies are as follows:

1. Manufacture goods that are safe for consumers and friendly to the environment.
2. Improve by providing innovation that gives values to goods and services for the customers as well as give essential information for the customers to make a smart buying decision.
3. Do business based on integrity, fairness, and transparency; do not violate the rights of the customers; do keep customer information confidential; and do not abuse the customer information for any other purpose.
4. Do not claim, take, or agree to take assets or privileges from the customers in an unethical manner, whether express, implied or statutory.

The company will prudently manufacture products that are with high quality, durability and at affordable price. With the concern of quality and safety standard of the products, the company thus place a quality assurance in each process starting from the raw material selection, to the delivery to the hands of the customers. The assurance will help the customers stay away from risks and hazard as follow:

- Control the safety of the raw material by bringing in the (REACH : Registration Evaluation and Authorization of Chemicals from EU as a baseline in determining the standards of raw material selection. So, the raw materials are free from hazardous substances such as formaldehyde or fluorescent.
- Control the safety of the products during the production process before reaching the hands of the customers including:
  - Control the production site areas to be free from hazardous chemical for local and international customers.
  - Examine heavy metal substance in the products such as mercury or lead.
  - Examine needles or pieces of metal in the products.
- The product packages are reusable and degradable by nature, leaving no harm to the environment.

## Standards and Customer Safety

The company is committed to maintain quality standards of its products and also pay attention to reduce impact on the environment in the sustainability way. The company has implemented the labor social responsibility standards and announced as its policy with maintaining the ISO9001: 2008, quality management system certification ISO14001: 2004 and WRAP.

In 2016, The company has implemented on environmental management to reduce the impact on various aspects continuously by conducting an environmental management system ISO14001: 2004. In addition, the company complies the code of conduct of both Phillips-Van Heusen and Dr. Martens, in terms of safety, occupational health, the environment. and labor. It assures and confidence that the company has continuously developed in accordance with accepted standards and systems.



**\*AATCC** stands for American Association of Textile Chemists and Colorists or the standards, test methods for dyeing, maintenance and various qualities of fibers.

**\*\*JIS** stands for Japanese Industrial Standard, the quality standard of Japan.

The Company has received accreditation for various standards and systems in order to build customer confidence.

1. Receive the internationally recognized standard for quality management systems, ISO 9001: 2008, ranging from the design process, raw material procurement, tailoring, quality audit and packaging, of which can be examined in every process.

2. There is a quality audit unit and laboratory systems for quality tests of international standards, which can respond to the needs of European (ISO), American (AATCC) \* or Japanese customers (JIS)\*\*, to ensure that the products have color durability, chemical safety, and long duration useful life

## Labels of Products and Services

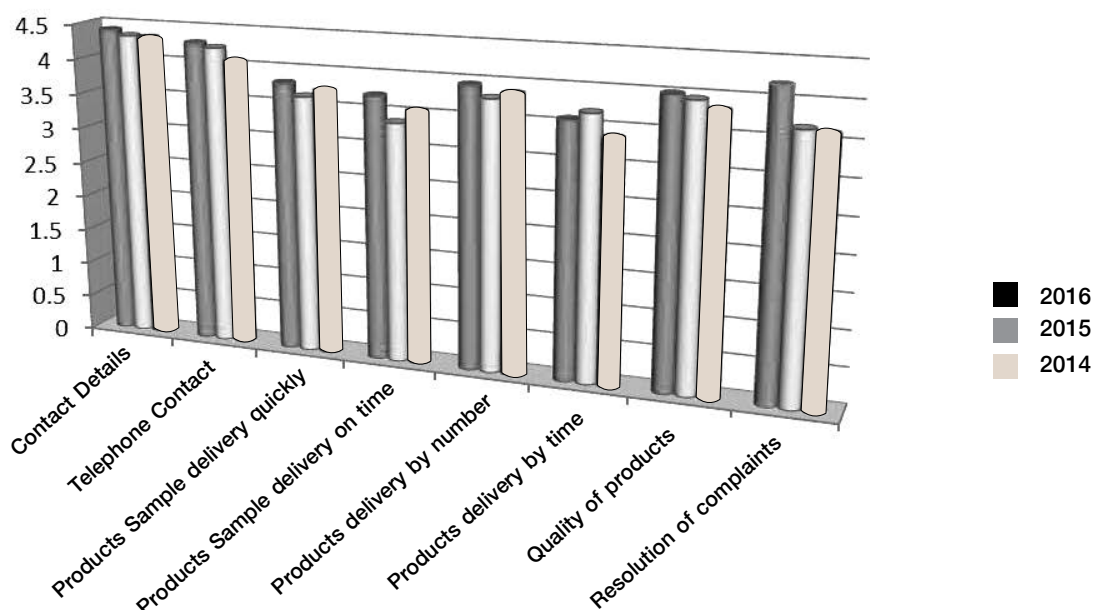
The company realizes the importance of labels on each products. So, it dictates that all products should be labelled or tagged with instruction, advice, or information required by the laws such as legal notice, regulations and international standard for individual products. This is for the customers to gain the most benefits from the product they are buying.

Which is safety and environmentally friendly. Moreover, the customers can realize the impact that happens during product life cycle. This information will further the decision of customers when they decide to buy the product such as Carbon Footprint Label attached to Men's white polo shirt of Arrow brand. In addition this information is not only stimulate the purchasing decision but also change buying behavior to buy the eco-friendly product.

## Measuring Customer Satisfaction

The company believes that customer satisfaction is a corporate key performance indicator. Customer feedbacks are thoroughly monitored and managed. If there is a suggestion from the customers, the company will analyze and apply with the related production teams and product development team so that the new generation of the products will be much more improved





*Measuring Customer Satisfaction based on ISO 9001*

### Resolving Customer's Reported Incidents

The company implemented the systems and channels to receive complaints or incidents, inquiries, and suggestions from the customers regarding the products and services from any channels they are most convenient. There are multiple channels that the customers can access such as call center which is connected to ICC International (PCL)'s database. The database of ICC is the main database of the company and ICC is also a major distributors of the company. All reports from the customers are regularly updated and resolved consistently.

### Communication Channels

The company implemented the systems and channels to receive complaints or incidents, inquiries, and suggestions from the customers regarding the products and services from any channels they are most convenient. These channels include:

	Call center Number	E-mail
Business 1	0 2685 6537	nutchapunporn@pg.co.th
Business 2	0 2685 6566	photchamarn@pg.co.th

Apart from this, there are several channels such as social media, website [www.pg.co.th](http://www.pg.co.th) and Facebook fanpage, all of which can provide immediate responses to the changing demands of the customer, improving the effectiveness and responsiveness in communication and enhancing products displayed online for such brands as Saha Group Fair Trade Export Exhibition, the one that the company has rigorously involved. This exhibition will give another channel for the customers to browse product items and send comments and feedbacks to the company, bringing up more improvements in the operation processes.

In 2016, no significant reported incidents from the customers were found. Minor issues were analyzed for the cause and resolved accordingly to prevent future failures. All the systems were well monitored so that the same issues were not repeated in the future.

# Socially Sustainable Business

## 1. Anti-corruption

The company resists any type of corruption through realizing that bribery and corruption and hazardous to fairness and freedom competition. These also damage economic and social development, moreover, the company's policy for business advantage is not to offer any bribery or reward in regardless of direct or indirect manner.

The company strictly follows the principle of transparency and righteousness in pursuit of its business operations. It advocates for anti-corruption and anti-fraud practices, as well as raises awareness, value, and good attitude of its staffs toward honesty. It organizes activities to promote and encourage executives and staffs to be complied with laws and related company regulations. The company will not further the staffs to achieve their goal through corruption or truculent practices. All new staffs, who participate in work orientation, will be trained and educated about company's anti-corruption policy and ethical practice.

The company attaches great importance to combat the corruption and cultivate it as corporate culture by orientation to new employees the "pre-work preparation" program. Furthermore, all executives and supervisors have been trained on risk assessment on corruption. They communicate to all workers level to have knowledge and lead to practice. The company continues to provide training and policy-based assessments. The training plan has set for 100% cover total number of company employees.

To ensure that the company truly operates the anti-corruption, the measurements are set out as follows:

### The Board of Directors

- Show commitment to anti-corruption
- The President expressed his intention to receive anti-corruption measures.

### Corporate Governance Committee

- Propose and review anti-corruption policy.
- Others regulations related anti-corruption policy

### Risk Management Committee

- Supervise and assess the risk throughout the organization.
- Support the combat of anti-corruption

### Audit Committee

- A self-assessor on anti-corruption measures.
- Review the internal control system, risk management system and risk of corruption included reviewing of risk management and anti-corruption measures.

### Internal Audit Department

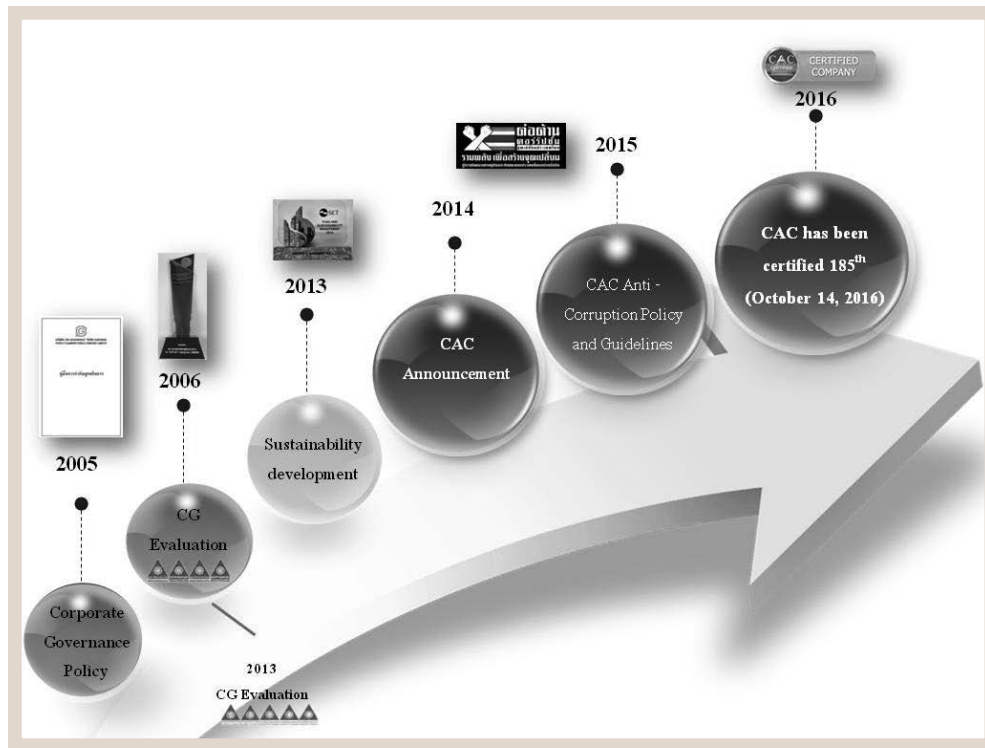
Duty on providing effective and efficient internal control system, monitoring, evaluating and reporting to the Audit Committee and Board of Directors.

### Directors, executives, employees, and business representatives

follow anti-corruption policy and practice guideline. It must not be involved in corruption either directly or indirectly.



## Road Map of Collective Action Coalition (CAC)



To upgrade the standard of the Company's transparent business practices, the Board of Directors approved the signing of the Declaration of Intention to Enter into an Alliance with the Thai Private Sector for Anti-corruption at the Board of Directors' meeting, no. 1/2014, on February 19, 2014, in order to comply with the principles of good corporate governance and responsibility for society as a whole.

Being conscious of the importance of this policy, companies affiliated with the Saha Group held a seminar titled "Preparation for the CAC Membership Certification" on July 29, 2014. The objective of the seminar was to provide the directors, top management, secretary and related parties with knowledge and an understanding about the membership certification process, in order to support and drive toward this achievement.

In addition, the Board adopted a policy to comply with anti-corruption law. Put in writing to serve as the anticorruption guideline, the policy was approved at the Board of Directors' meeting, no. 2/2015, held on February 26, 2015, to commence the process of CAC membership certification.

(Detail is indicated in corporate Governance "item No.3 : Roles of stakeholders and topic :Anti - Corruption Policy)

The corporate governance committee has arranged " the practices for anti-corruption" which consisted of;

1. The definitions and types of corruption.
2. The functions and responsibilities
3. The practices of anti-corruption

The above practices will be presented to the board of directors meeting in 2016 for consideration and approval. The board of directors will consider the process of being CAC members.

(Detail is indicated in corporate Governance "item No.3 : Roles of stakeholders and topic :Anti - Corruption Policy and disseminated in company website [www.pg.co.th](http://www.pg.co.th) topic: good corporate governance.

From the company's signing of the Collective Action Coalition of the Thai Private Sector on Anti-Corruption on February 19, 2014, the Company has delivered policies and practices on anti-corruption and bribes for Business Benefits included disciplinary actions to directors, executives and employees at all levels to cultivate good awareness, discipline, morals and ethics then leads to an organizational culture.

The company has been certified 185<sup>th</sup> from the Private Sector Collective Action Against Corruption Council (CAC) in anti-corruption since October 14, 2016.

For the past few years, the Board and the management have constantly adopted the philosophy of a self-sufficiency economy as the guideline for organizational management. Also, they have been committed to strict administration based on the good corporate governance principle and adhered to the principle that all employees throughout the organization shall perform their duties with diligence, integrity, and justice in accordance with the living and working philosophy of the Saha Group's founder, Dr. Thiam Chokwatana.

As a result, in 2015, there were no complaints against the Company about corruption, e.g. bribing for its business interests.

## 2. Respect of Human Rights

The Company operates its business with respect to laws of pertaining human rights by declaring clear policies in accordance with international standards, WRAP (Worldwide Responsible Accredited Production) and standards of Thai labor (Mor ror thor 8001 - 2553) with regards to nondiscrimination, race, nationality, ethic, colour, religion, language, sexual orientation, disability as factors in making consideration of , and decision for, employment. The employees show their willingness to work, no child labor, respect the rights and freedom of employees. In the meantime the Company recognizes the importance of skills and capability development for employees as well as providing the opportunities for all employees to learn.. In case the employees do not receive justice, there are channels to submit their claims or any evidence of possible illegal actions including recommendations, systematic and fair prevention measures for the requester and it is published in electronics system of the organization (Intranet)

The Company also cooperated with customers in conducting business according to the Code of Conduct of the customers to take care of all stakeholders. Therefore, the policy of PVH corp. has been signed as follows:

1. Labor Relations Policy
2. Non-Discrimination Policy
3. Threats and Harassment Policy
4. Labor Force Policy
5. Child Labor Policy
6. Freedom of association policy
7. Health and Safety Policy
8. Compensation and Benefits Policy
9. Working Hours Policy
10. Environmental Policy

### Measures For outsource/sub contraction

The Company has stated in their contracts that the contractor must legally treat their employees as Company's employees in accordance with principles pertaining to human rights. In case the contractor fails to comply with the contract, the Company may terminate the contract without notice. Throughout the period, the Company has examined documents and interviewed outsource labors and found no irregularities.

Training should be conducted for outsource labor before starting operation so that they understand the rules and regulations of the Company, quality control policies and standards in all systems that the Company involved in, as well as participating in the operation and practice with the employees. In case of expats, knowledge will be provided via translators in order to reduce the operational risks that may not be relevant by considering human right, equality and safety.

## 3. Fair treatment towards Labor

The Company recognizes that "Employee" is human resource that is a core driver of business to achieve the target. The Company has duty to treat its employees with respect of fundamental rights in accordance with human rights, promote opportunity and process in work and develop capability of the employees to strengthen business to be stable, prosperous, and achieve sustainable growth. Policies and operation guidelines pertaining to ethics for employees in the business are as follows:



1. Treat employees with respect of human dignity and fundamental rights of work as well as not disclose or forward information or confidentiality of employees to external individuals or non-relevant persons.
2. Treat employees under legal framework, rules and regulations in accordance with the operation of the Company.
3. Promote equality in the employment without discrimination of gender, race, nationality, religion, age, disability or no direct related status with operations.
4. Support and promote training, the exchange of knowledge to thoroughly develop competencies of all employees, enhance stability in career and provide opportunities of career path according to individual competency.
5. Encourage the employees to be involved in specifying operational direction and development of the Company.
6. Provide fair and appropriate compensation based on knowledge, competency, responsibility and performance.
7. Provide appropriate welfare and benefits for the employees.
8. Provide communication channels for the employees to suggest or file any complaints about work. The recommendations will be considered and solutions will be identified for the benefits of all parties and build good relations in operations.
9. Provide necessary facilities in performing duties as well as prepare work place by considering safety, occupation health, the environment in operations to promote and enhance quality of life for the employees.
10. Promote coordination among employees in all levels to further social responsibility activities.

The company has provided a process of complaints from employees by setting a policy and guideline for protecting employees or whistle blower in the "Code of Conduct for Directors, Management, and Employees"

The Board of Directors gives employees and stakeholders the opportunity to report clues or complaints when found a subject that may be illegal, corruption or misconduct of employees in the company as well as behavior that may be a problem and cause damage to the company including accept the complaints in case of employees and stakeholders who are violated or unfairly treated through the channels and processes defined by the company.

The Company will listen and handle all complaints in equality, transparent and fair. There are systematic and fair measures to protect complainants. The complainant's information is kept as confidential.

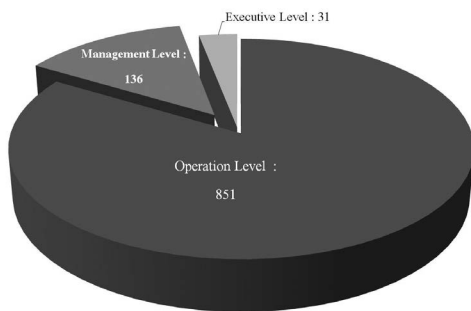
#### **Complainant Protection Measures**

1. The complainant can choose about self-disclosure, if such disclosure lead insecurity or harmful.
  2. The company will keep the relevant information as confidential and realize on complainant's safety.
- The protection measures are set to protect complainant who is employee included a co-investigator will be also protected from unfair practices due to the cause of the complaint, such as interfering the operation change jobs positions, or terminated jobs etc.

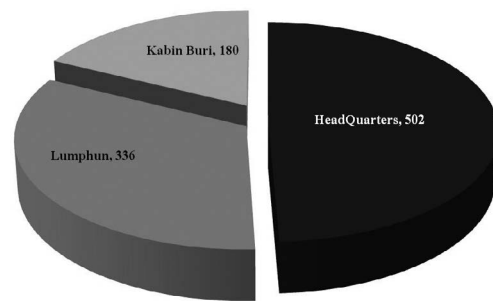
(The details of the complaints channel are in "Corporate Governance, Chapter 3, Stakeholder Roles" and available on the Company's website at [www.pg.co.th](http://www.pg.co.th) under the topic "Good Corporate Governance").

### **3.1 Recruitment and Employment**

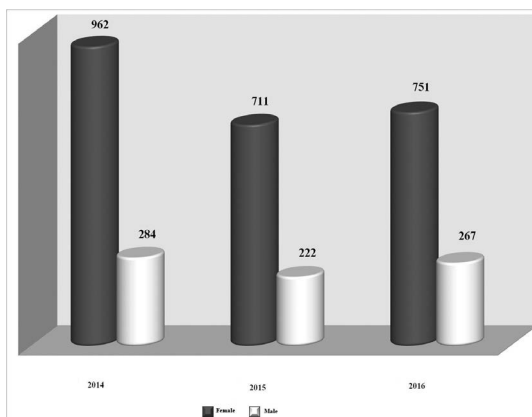
The company has set the policy on recruiting and hiring the employees based on the principles of knowledge, capabilities, fairness, equality, learning capability, without any discrimination on sex, race, religion, different personalities, characteristics, social status and provided the opportunity for internal recruitment so as to promote career path for employees. In 2016, there were 1,018 employees: 267 males and 751 females.



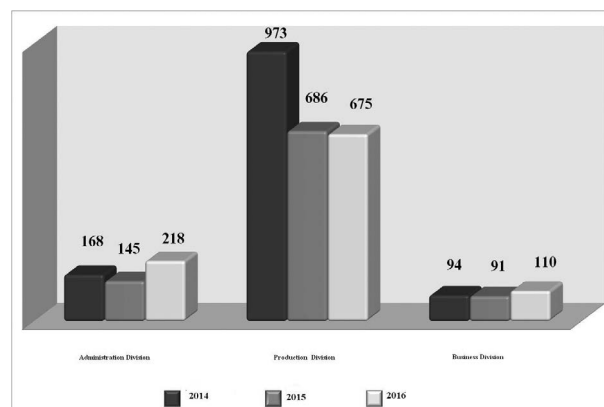
Number of employees by level in 2015



The chart shows number of employees per branch in 2015



The ratio of male and female by level



The ratio of male and female employees during 2013-2015

### 3.2 Wage, Salary, Compensation and Welfare Management

The company has determined the policy on wage management with fairness, the compensation management is based on compensation principles that align with employees' performance and equality for male and female employees, sexual homosexual, persons with disabilities. The company has adjusted the compensation to be competitive in the same industry and to attract the talents to work for the company and motivate the existing employees to continually improve their performance.



#### Welfare and Benefit Management

The company focuses on strengthening the relationships with the employees by focusing on well-being for the employees. The company has arranged additional benefits apart from the welfare enforced by Laws;

- Welfare which enhances the secured future such as Provident Fund, Credit union and special pension.
- Welfare for Cost of living such as payment for skills, uniforms.
- Welfare for knowledge improvement such as granting scholarships for developing various occupations in textiles, library management.
- Welfare in offering token of appreciation and honors for the employees with 10 years, 20 years and 30 years of tenure in work so as to create moral, engagement in the organization and to honor the employees.



## Work-Life Balance

The company promotes the well-being in workplace by setting up the Welfare Committee and Drug Protection and Prevention Standard Committee to be the employees' representatives so as to propose the feedback from the employees to the Board of Directors including being responsible to organize various activities such as

### 1. Happy Body (Good health)

- The employees are in good health for body and ready to well respond to any upcoming obstacles.
- Encourage employees to join the "Muscle Stretching" program (8 consecutive years of the third set).
- Annual health check, breast and cervical cancer check.
- "PG-Quit smoking, Cigarette free, happy body and mind.
- "Fit Shape and Clear Eyes Project for working age-monitoring measures for epidemic outbreak in the workplace.



### 2. Happy Heart (good will)

promote thoughtfulness mindset

- "PG Blood Donation for others" activity.
- "Desk Calendar for the Blinds" activity to Foundation for the blind in Thailand under the Royal patronage of H.M. the Queen.
- Visiting Sick Employees activity.



### 3. Happy Society (Good Society) promote the harmony in the community where we work, live and maintain good environment.

- Distribute young plants to the employees.
- Donate beverage boxes to recycled beverage box center so as to make roofs.
- Offer foods to priests by lots and set up almshouse with the community.

### 4. Happy Relax (Relaxation) to be relax for work operation and life

- Fun sports competition
- Singing Contests
- "Hands Relaxation" activity.



5. **Happy Brain (Learning)** encourage the employees to develop themselves all the time from various sources which will lead them to be professional and have the good career path.
  - Develop and train the employees in terms of knowledge, skills and capabilities.
  - Kaizen activity including providing feedback for work improvement.
6. **Happy Soul (peaceful mind)** support the employees to have faith in religion and morality in their life.
  - Alms giving activity- Chanting before commencing their work.
  - Offering candle activity during Buddhist lent period.
7. **Happy Money (Debt- free)** encourage the employees about savings, free of debts.
  - Savings with Government Saving Bank project and Credit Union
  - Cost of Living reduction project by selling goods with the corporate price.
8. **Happy family (good family)** work and secure family, instill the mindset of love in the family.
  - Employees' offspring activity.
  - Breast Feeding Promoting activity.



### 3.3 Human Resource Development

The company has developed its employee by role-based, responsibility and work standards to encourage employees to be knowledgeable in various areas such as System And Application in Data Processing (SAP), Value Creation & Integrated Marketing, and Technical and Skills knowledge. Said developments were coached by learning from experiences, Curriculum of sewing problem analysis, quality control in production process, QA-QC Training-Schedule of Activities. These programs aim to develop its human resources as their role and assignment to achieve company business goals.



Strong corporate culture and creating leaders at all levels to be ethical, they will be able to bring the organization to the business goals in a fair, honest, transparent and verifiable manner. In addition, all employees were continuously developed. The Board of Directors, all senior executives and employees have focused on the development of human resources, which has been a valuable asset of the organization since the past to the present. From the first day of becoming an employee, all employees at all levels, from the operation level to the management level, have the opportunity to develop their own potential to grow together with company. Guidelines of human resources development cover business knowledge, management knowledge, leadership skills including technical skills development. All staff realized the importance of ISO 9001:2008 and ISO14001 through safety working, SHE Law & Regulations as well as indoctrinating the above knowledge to all employees since the first day of working

### 3.4 Management in the area of Occupational Safety, Health and Environment

The Company attaches importance to safety management by defining a clear and concrete policy on safety. There is also the Occupational Safety, Health and Environment Committee (SHE Committee) as the representative of employees to give suggestions and examine the unsafe working conditions, with the following implementations.

#### Occupational Safety, Health and Environment committees

Business Places	Legal Stipulations		Arrangements by the company			
	No. of Employees	No. of Committee Member	No. of Employees	No. of Committee Members		
				Male	Female	Total
Headquarters	100 - 499	11	502	10	5	15
Lamphun	100 - 499	7	336	8	7	15
Kabin Buri	100 - 499	7	295	4	3	7
Total			1,133	22	15	37
			Percentage (%)	60	40	100

#### Occupational Safety, Health and Environment Teams

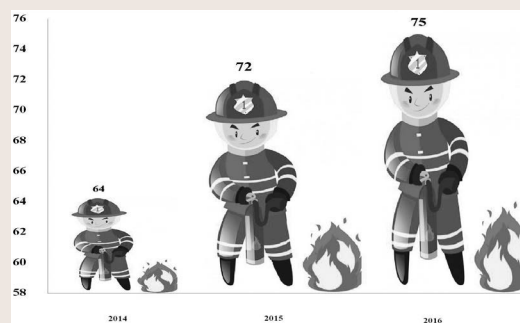
Business Places	Headquarters No. of Team Members			Lamphun No. of Team Members			Kabin Buri No. of Team Members			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
1. Executive Level	14	20	34	2	1	3	3	-	3	19	21	40
2. Supervisor Level	11	43	54	2	15	17	5	5	10	18	63	81
3. OSHE professionals	1	1	2	2	-	2	-	1	1	3	2	5
Total	26	64	90	6	16	22	8	6	14	40	86	126
Percentage (%)	29	71	100	27	73	100	56	44	100	32	68	100

#### Compliance with safety and environmental laws

The Company attaches importance to strictly compliance with safety and environmental laws by giving as a guideline through its policy on occupational safety, health and environment. In respect of environmental policy, there is monitoring to ensure compliance, especially for the new law that requires training on electrical safety related work practices for personnel whose works are related to electricity, inspection and maintenance of electrical systems and products for their safety. In addition, there is preparation of record on examination result and electrical system certification provided for the safety officer in the area.

#### Building the awareness of safety and health

To build the awareness of safety and health by covering personal safety and safety in the production process, entire work process.



Training on basic firefighting and with 75 percent of employees in each unit passed the training





**Workshop on “Drive Safe” every year continually**



**Safety Exhibition**

## Employee Health Enhancement



**Health checking up to give precedence to employees to have good health and know the disease prevention**



**Cervical cancer screening**



**Ergonomics and Stretching muscles to reduce fatigue from work**

## Work Environment Measurement

The Company has conducted work environment measurement, i.e. heat, light, noise, dust, intensity of chemical substances or vapors in operating areas, to keep the environmental quality to safety standards.



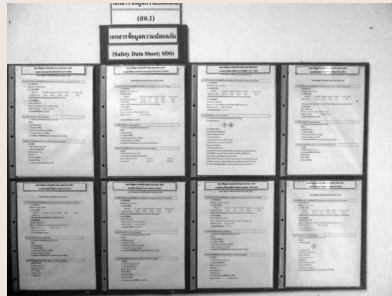
## Safety Equipment Inspection

There is safety inspection of various systems by specialists to maintain the equipment to safety standards, e.g. electrical system, boiler system and regulator using liquid as conductor of heat, freight elevators



## Regulatory Compliance Management of Chemicals

The Company has ensured that chemicals are used in accordance with legal requirements for prevention of health hazards to operating employees and environmental impacts. In this regard, there has been preparation of Safety Data Sheet (SDS) and hazardous chemical list, as well as material safety data sheet as prescribed by law, clearly labeled on the chemical containers to ensure correctly and safely use. There is proper and adequate personal protective equipment for employees. There is control device in case of chemical spills, as well as to arrange chemical spill drill for preparedness and response for potential situations.



## Emergency Drills and Disaster Preparedness

The Company attaches importance to preparedness and response for emergency situations and readiness for efficient handling with disasters. It has prepared emergency response plan to lay down guidelines and procedures for timely suppression. There are 3 plans altogether, i.e. preparedness and response for emergency situations in case of fire, chemical and oil spills, and boiler leakage or explosion. There is regular training and review for employees and emergency drill at least once a year, for workplace safety, minimizing the effect on life and property of employees and the Company, as well as to build confidence of the stakeholders and neighboring communities. There is also preparedness for disaster, i.e. earthquake evacuation drill, which had been conducted by every branch.



Daytime fire drills, 4 times a year



Fire drills, in case of working overtime



**Training on preparedness for earthquake and earthquake evacuation drill**



**Boiler leakage and chemical spill drills**



Due to its active prevention of accidents, there have never been any occupational accidents to the extent of cessation of works, as well as work-related sickness or diseases. As a result, the Company received gold class award (non occupational accident to the extent of cessation for 14,567,080 working hours incessantly) in the “Zero Accident Campaign” for 2016 of the Ministry of Labor, being the 9<sup>th</sup> year incessantly. In addition, it also received from the Ministry of Labor the award for outstanding workplace in occupational safety, health and environment at national level.

## 4. Social and community development

To get involved in community and social development is the practical approaches in the operation of this Company. The Company holds true to the ideologies in operation for social development and community with sustainability, together with the reduction of impact on society and the environment. The Company plans to implement the social and community development activities that could meet the needs of the community along with the operation of the organization.

The Company has established a framework for improving the quality of community life and society in the area around the office and factories as follows:

1. Promoting learning for youth and develop skills that benefit to the occupations.
2. Conserving of natural resources and the environment.
3. Supporting employment within the community.
4. Promoting good health within the community.

In 2015 , The Company, together with the headquarter, branch factories in Lamphun, Kabin Buri and Wellgrow have been participated in 6 community development and social activities as follows:

	BKK	KB	LB
Education	The project “generosity from PG” at Klongchaorang School, Prachinburi		-
	Student Internship Summer Program - Rajamangala University of Technology Krungthep - Kitti Technology College of Business Administration	-	Student Internship Summer Program - Chiang Mai Rajabhat University - Mubankru Technological College
Environment	PG Sustainable Forest Volunteer Project, Year 9	-	-
Society	Blood Donation Project		
	-	-	Donation for Female Prisoners Project



### Promote educational opportunities to youth

The Company recognizes the importance of education for both children of employees and young people in school age. The company hope that they will pay attention on studying and making happy to Thai society and progressing in the future as well, creating morale, alleviating the family burden.

The company offers the following scholarships:

- Co-operation with Dr. Thiam Chokwatana Foundation, to 19 scholarships to Employee Children in elementary - higher education level.
- Co-operation with Saha Group to grant 2 bachelor degree scholarships for Chemical Engineering, Textile and Textile Engineering Rajamangala University of Technology
- 2 Scholarship for bachelor degree level at Chitralada College

### Encourage employees to involve and create value for society.

The Company supports and encourages its employees to contribute to community and society, giving the employees a sense of sacrifice, cooperation, and unity, resulting in good relationships between employees and community. The company also organizes activities that unify employees to make decisions together to achieve goal.

### The project “generosity from PG”

The company's primary purposes are to support the education of students in various public schools. The company sponsors teaching aids, scholarships, sports equipment, as well as necessary supplies to students and schools. The company has been carrying out this project continuously for 13 years.



### Complaints from the community

The company aware of cultivation and development of the consciousness of board of directors, executives and employees entire the organization to take part in social and community responsibilities that may be affected by the company's operations. The company has joined the CSR-DIW program and has been certified by the Ministry of Industry as a participatory social entrepreneur throughout the business period. It does not appear that People's Garment Public Company has received complaints from the community around its factory.

The company is committed to maintain the quality and standards of its operations and better development and not to make a negative impact on society and community.

# Conducting of Business with Sustainability in Environmental Area

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The Company conducts business on the principle of environmental management throughout the organization for better environmental development. There is Energy and Environmental Conservation Committee, which is a working committee on energy and environmental management system. It has also received cooperation from every employee and its trading partners by complying with the environmental management system, ISO14001.

Receiving the Green Industry award, level 3, from the Ministry of Industry, the Company is still determined to continue its development by applying for Green Culture for sustainability in energy and environmental management, covering every activities until becoming a part of organizational culture towards the vision, "Being the leader in Textile and Clothing Industry, Sustainable Growing with the Society and Environment"

## Energy and Environmental Management

The Company defines policy on energy and environmental conservation as well as the targets to be used as energy and raw materials guidelines for efficient use and with maximum benefit, which shall be followed by the executives and employees throughout the organization

### Energy and Environment Management Policies

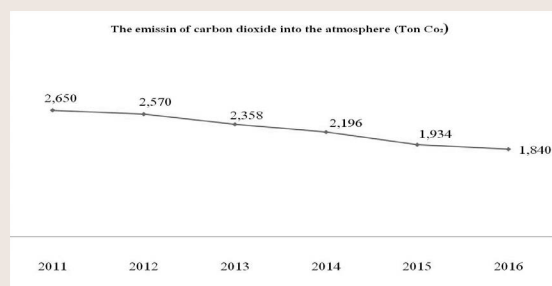
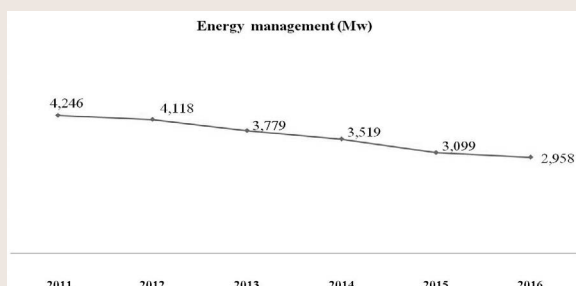
1. Respect the laws and related regulations regarding energy saving and environmental conservation of the company.
2. Nurture a corporate culture and implant an awareness of involvement and accountability on energy and environmental conservation at all level of operations.
3. Promote development initiatives on energy-saving and environmental conservation. Consider the energy and environmental effects in every step of production phases starting from industrial design of product packaging, production, distribution, applications, waste management and resource optimization.
4. Promote energy-saving and environmental conservation activities. design all corporate events with an objective to improve and develop the consumption of energy and natural resources to be more effective and reduce the adverse effects on climate change and ecological system.
5. Promote the management systems for energy-saving environmental conservation. They should start from the effective use of resources with 5R principles (Reduce, Reuse, Recycle, Repair, Reject), reduction of consumption, reuse, recycle, repairs, avoiding the unnecessary use, restoration and rehabilitation, alternative energy, monitoring and preventive programs. These all are aimed to maintain the equilibrium of ecological systems and human life.

### Energy Management

The Company manages energy use in its office building and factory by attaching importance to the reduction of energy use and greenhouse gas emission (carbon dioxide) concurrently through various activities such as electrical energy management in office equipment, production, employee participation in the efficient use of energy, maintenance of machine and equipment as scheduled on regular basis, in order to meet the targets. In 2016, the

Company consumed 2,958,207 units of electricity (amounting to the emission of carbon dioxide into the atmosphere of 1,840 TonCO<sub>2</sub>), a decrease from the previous year of 140,875 units or 5%, which can be considered as a step of success in its energy management.





*Note: Mw stands for Mega Watt which is a unit of power, 1 Mw equals 1,000 kW*

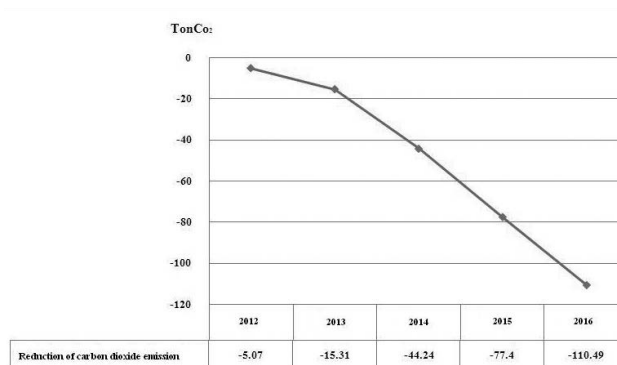
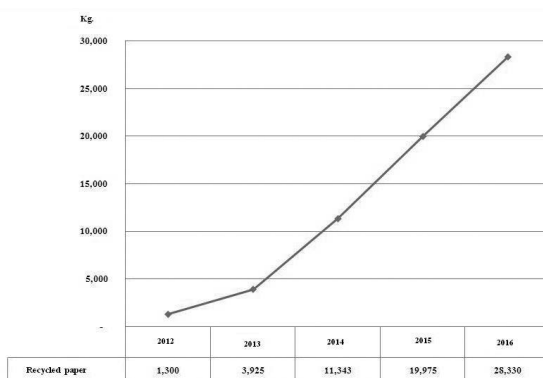
## Environmental Management

The Company gives emphasis to proactive operations. In terms of environmental conservation, it aims at the sustainable use of resources by complying with ISO 14001, waste and pollution control by applying 5Rs/Clean technology/Green productivity and Eco design. Furthermore, it also takes into consideration waste minimization, pollution mitigation, and reduction of greenhouse gas emissions. In this regard, there will be planning, monitoring, assessment and review for every internal system for the purpose of continuous development.

## Sustainable Use of Resources

The Company has followed the clean technology and 5Rs principle, with monitoring and control in place to ensure compliance with guideline on resource use. As a result, it can continually reduce the use of resources that are raw materials for production. Concurrently, the Company also takes into consideration the worthwhile use of resources, in addition to the most efficient use of raw materials by using eco-friendly recycled paper to reduce the use of natural resources in its production and management.

The quantity of recycled paper used from 2012 to the present has accumulated to 28,330 kilograms, calculated as a reduction of carbon dioxide emissions of 110.49 TonCO<sub>2</sub>



## Air Quality Management

The Company attaches importance to air quality management because it realizes that air pollution affects climate change. In this respect, the Company has minimized and controlled wastes arising from production process for the purpose of pollution prevention and environmental impact reduction. The company uses chopped fuels to produce steam for the production process, which is a natural raw material. The Company has made the measurement of air quality discharged from boiler stack, i.e. dust, Sulfur dioxide (SO<sub>2</sub>), Nitrogen dioxide (NO<sub>x</sub>), Carbon monoxide (CO), on yearly basis, to ensure that the air quality does not cause any impact on the environment and neighboring communities.



In 2016, the Company found out that the quality of air discharged from boiler stack does not exceed the standard value under the Notification of the Ministry of Industry. Accordingly, it can be confident that the quality of air discharged from its factory will not have any impact on the surrounding communities. The result of air quality estimation discharged from boiler stack for 2016 is as shown in Table 1.

**Table 1. The results of the air quality inspection from the chimney of boiler in 2016**

Parameter	Results	Standard	Test Result against standard
Volume of dust density (mg/m <sup>3</sup> )	4.928	320	Passed
Volume of Sulfur Dioxide Density (ppm.)	2.748	60	Passed
Volume of Nitrogen Dioxide Density (ppm.)	4.662	200	Passed
Volume of Carbon Monoxide Density (ppm.)	517.761	690	Passed

**Standard**

- 1) Standard amount of contaminants in the air emitted from the plant according to Ministry of Industry in 2006
- 2) Standard amount of soot in the air emitted from the chimney of the plant according to Ministry of Industry in 2006

**Remarks**

Amount of pollutant relative to 1 atmosphere pressure and the temperature of 25 degree Celsius with 7 percent of volume of oxygen in the polluted air and type of fuel: Biomass

## Wastewater Quality Management

The company has the water control system for water released from production process by using the aeration turbine including quality monitoring system for wastewater discharged from the plant annually. The wastewater is measured for its quality before being released to the wastewater treatment pond and before being discharged out of the wastewater treatment pond without using chemicals and rain water is used to water trees for sustainable water management.



The result of wastewater quality discharged from the plant is within the standard according to the law. The result of wastewater discharged from the plant in 2016 are shown in Table 2

**Table 2 Results of wastewater discharged from the plant in 2016**

Indicator	Results	Standard	Result Against Standard
Acidity and Alkalinity	8.1	5.5-9.0	Passed
BOD (mg/l)	17	≤ 20	Passed
COD (mg/l)	90	≤ 120	Passed
Oil and Fat (mg/l)	11.92	-	Passed
TDS (mg/l)	396	≤ 3,000	Passed
Suspension (mg/l)	46.4	≤ 50	Passed
Temperature (°C)	24.2	≤ 40	Passed

**Standard :** Standard characteristic of wastewater discharged from the plant of Ministry of Industry 2 (1996) issued under the Factory Act 1996  
 Company measures and analyzes samples/ control : Global Utilities Service Company Lamphun Industrial Real Estate

## Waste Management

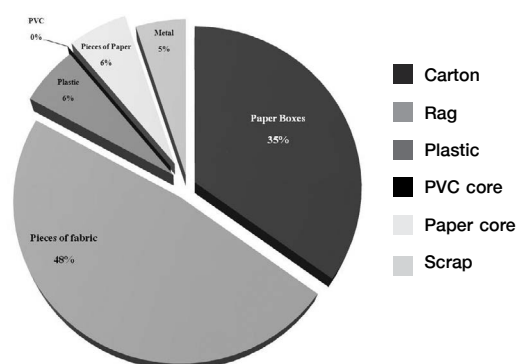
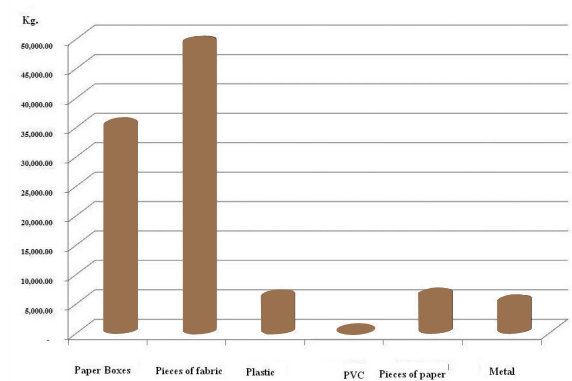
The company has managed the waste from production process with a strict compliance with law and implement 5R waste management principles such as usage reduction or use as necessary (Reduce), (Reuse), repair things for further usage, (Repair), avoid to use any materials causing pollution (Reject) and process for reuse (Recycle) and optimize the usage of resources. The company has classified the waste in 4 categories: general waste, compostable waste, recycle waste and hazardous waste.

The company has managed general waste, recycle waste and compostable waste in compliance with Ministry of Industry and Environment Management Standard ISO 14001 : 2004 by setting management procedures from separating waste, storing and inspecting the readiness for transportation, selecting licensed contractor and waste management company to manage with the waste in the plant and office through the following projects.

### Waste Separation Project (5R) through “5R” Reduce, Reuse, Recycle, Repair and Reject Principles

To create mindset for everyone in the organization including outsiders who coordinate with the company to take part by putting waste items in the correct bins. Results from implementing this project are that everyone in the company have participated in maintaining the environment and helped reducing global warming. This also generates the establishment of correct and integrated waste management that will not impact the environment in the company and society.

Reducing landfilling the waste to 101,717 kilograms per year and the emission of Co<sub>2</sub> 159,474 kg Co<sub>2</sub> per year.



## Absorbing Carbon Dioxide Activities

### Planting activity

The company has used different energies in business operation and emitted carbon dioxide into the atmosphere which causes global warming.

The company has realized the importance of this issue in society and set policy to take care of environment by absorbing carbon dioxide and reducing temperature by organizing activities.

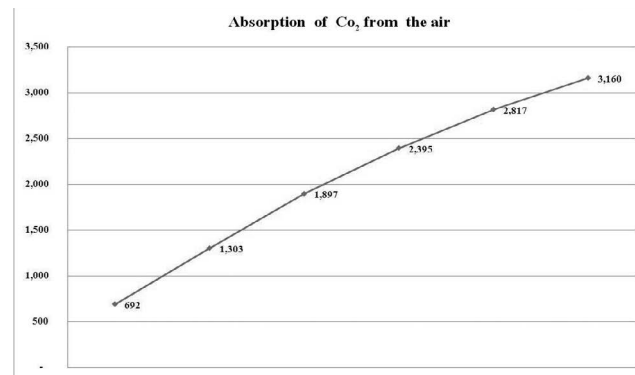
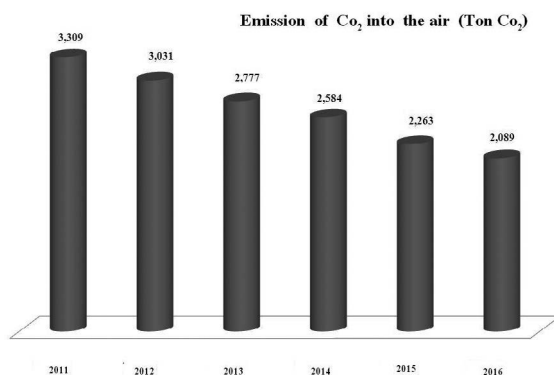
- PG Volunteering for Sustainable Forest Project which has been consistently organized for the 5th year.
- Distributing young plants to the employees and other people who are interested.

This planting activity has enabled carbon dioxide to be extracted from the air to biological of the trees: trunk, branch, leaf and root through the process of photosynthesis which makes carbon attached with tissue and wood permanently and in the long duration. This is to rehabilitate the ecosystem and in this year the company has planted 3,078 trees representing 67.95 TonCo<sub>2</sub>.

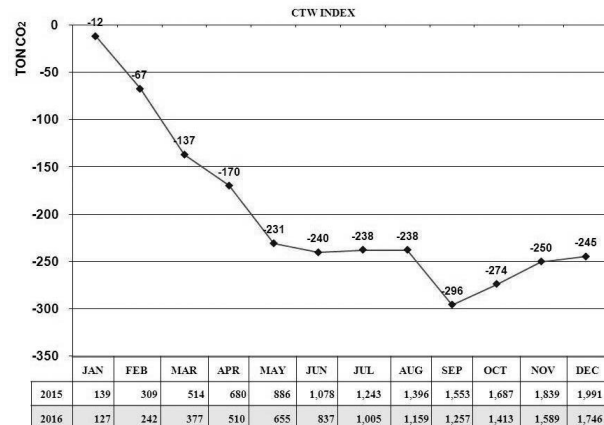
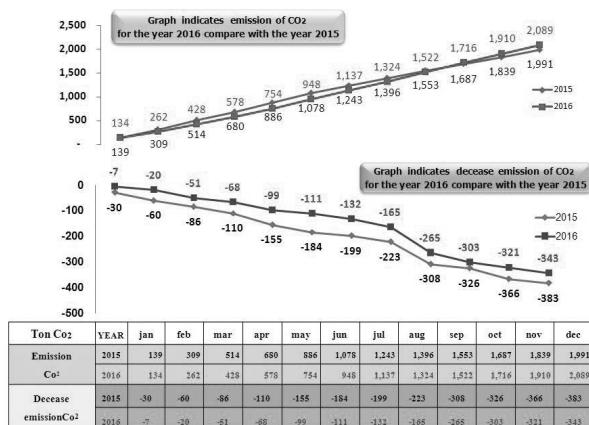


## Overview of Environmental Management

In 2016 through different activities, the company has emitted carbon dioxide 2,089 TonCo<sub>2</sub> which reduces from the previous year 174 TonCo<sub>2</sub> representing 7.68 percent, reduces the impact to the environmental circumstances and recovers the weather condition. The company has implemented different activities to absorb carbon dioxide which the accumulated amount from 2011 up until present is 3,160 TonCo<sub>2</sub>.



**Ratio of Emission and Absorption of CO<sub>2</sub> from each activity of The Company. Year 2016**

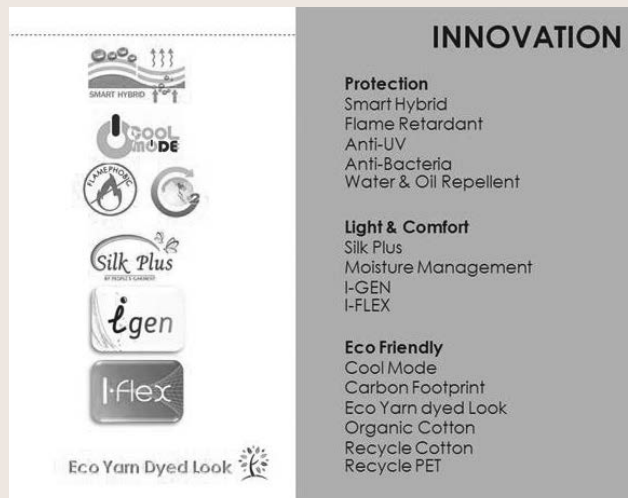


# Innovation from Responsible Business

The company prioritizes research and development (R&D) on textile and garment. Knowledge and expertise gained from real experiences in doing business has been transformed into an innovation based on social and environmental concerns. These kinds of innovation help increase the competitive advantages and business values.

With that innovation strategy, the company appoints R&D Unit who are specialized in developing innovation in textile and garment. This unit will add values to the company's products and it is also supported and collaborated by government agencies and private sector consistently.

The company aims to manufacture products of values that are environmentally-friendly and safe.



In 2016, the company developed raw materials and products to respond to customers' need as well as adding value to its products by developing fabric texture followed fabric trends presented to both domestic and foreign customers also developing the pattern with colorful included fabric construction of knitting and finishing for being an alternation to customers for Spring / Summer'17 and Autumn / Winter'17-18 seasons.

The company gained sale revenue from innovation products counted as 20.46 million baht representing 1.92% from total sale revenue, the details was shown in topic "Nature of Business".

## Innovation on Products

### COOL MODE

Innovation of fabric texture has special function on absorbency and ventilation that are safe for humans and environment. They are comfortable when wearing even though it is 25°C. So, it helps save energy consumption. The T-shirts can ventilate heat from human body to outside of the T-shirts. They can absorb sweat fastly. This COOL MODE is also certified by Thailand Textile Institute: THTI and Thailand Greenhouse Gas Management Organization (Public Organization) to use the label of "COOL MODE" as the first company in Thailand.

At present, new fabric has been developed using Twill Cotton / Polyester / Elastane for making polo shirts for adding an option in using Cool Mode fabric and adding value to the products.

#### Special Features of COOL MODE T-shirts

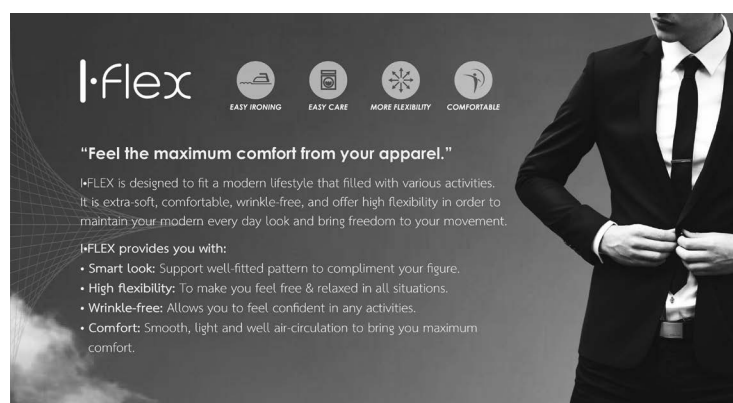
The T-shirts are comfortable, easy to wash, high quality and durable as well as safe. the main 3 features are as follow:

- Production process The chemicals and dye color are safe and free from cancer risks and heavy metal.
- Quality and Durability The T-shirts are resistant to any pressure after washing and durable for spinning, sunlight and sweat. They are as good as Thai Industrial Standards and international standards.
- Cooling quality It is a special quality in reducing human body temperature, making the customers feel cool and comfortable. It requires less to use air-conditioners while wearing this T-shirt.





In 2016, the company was supported by both public and private organizations in recognition of its contribution to reducing global warming, orders have increased by 10% over the previous year



## I-Flex

The company has innovation on fabric under trading name "I-Flex". Its qualification is can be stretched 360 degree (more flexibility) which keeps comfortable and flexible body movement to wearer. Its fabric is easy care, easy ironing, and not crease easily. The company participates in reducing global warming by producing various environmental friendly products such as Suit, Dress, Skirt, and Slacks.

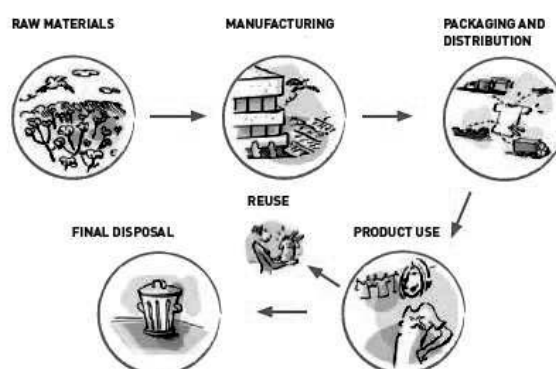
In the last year, the company had been continuously developing on fabrics both touching and weighing of fabric, especially in cutting the suit which need more comfortable when wearing.

## Innovation on Environment

### Environmental Footprint

The company attached great importance to the environment. The Company formulated a clear environmental policy. With the Textile Industry Development Institute, the Company engaged in a project on the development of textile products that are sustainably environmentally-friendly in order to conduct an environmental footprint assessment on the product "white male polo shorts made of 100% cotton." It is an assessment of life cycle assessment of products (LCA). From LCA assessment, the company arranges environmental footprint for consumers acknowledgement and participation in using products with friendly to environment.

### THE LIFE CYCLE OF A PRODUCT



The impact assessment on environment and the arrangement of Environmental Footprint are as following;

1. Global Warming
2. Energy Depletion
3. Water Depletion
4. Human Toxicity



Accordingly, the assessment revealed information about the use of energy and raw materials in the manufacturing of the Company's product; it served as the database for the development of products and the manufacturing process to achieve more efficiency, thus reducing the use of energy and raw materials. Also, it allowed for environmental labeling of the product, which served as a channel for marketing and advertising its environmentally-friendly product to consumers to help persuade them to become more environmentally aware. An environmental impact assessment was conducted in 14 areas, in line with the EU guidelines. As previously mentioned, for the project, the Company performed an assessment of the white male polo shorts made of 100% cotton. Four major environmental impacts were selected for environmental footprint labeling, which are as follows:

1. Change in the atmosphere = 12.0 kg CO<sub>2</sub> eq. (carbon dioxide equivalent)
2. Use of water = 0.196 m<sup>3</sup> water eq.
3. Soil acidity[A1] = 0.0040 molc H<sup>+</sup> eq. (concentration of hydrogen protons equivalent)
4. Abnormal growth of aquatic plants = 0.0017 kgP eq. (phosphorus equivalent)

## Water Footprint

Carbon footprints were assessed on the ARROW white cotton polo shirt for men, and its carbon footprint label was certified by the Greenhouse Gas Management Organization (public organization). Also, the environmental footprints were assessed on this product. The carbon footprint and environmental footprint assessment equipped the Company's personnel with knowledge about, and experience in, the assessment of products' environmental impacts.

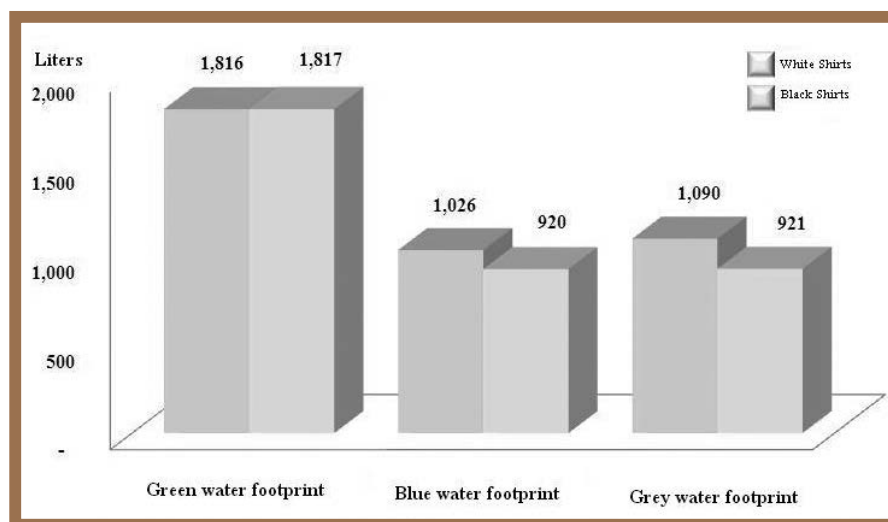
The Company's awareness of the importance of water resource management, which is important to environmental management, was as a result of the fact that it has used water from various sources, including tap water, surface water, and groundwater for manufacturing and other activities within the Company.

To show the amount of water used throughout the chain of the production of its products, a water footprint assessment was conducted on the ARROW white and black male polo shorts made of 100% cotton. The assessment consisted of a calculation of the amount of water used in the manufacturing process for the shirts by means of the LCA (Business to Consumer or B2C). This manufacturing process includes cotton growing, yarn spinning, knitting, dyeing, and sewing. Water footprints investigated included green, blue and grey water footprints.

This water footprint assessment manifested that the water footprints of a 227-gram white cotton polo shirt, size M, and the black one with the same weight and size equated to 3,762 liters and 3,827 liters, respectively. The water footprints for the white and black cotton polo shirts are illustrated in the graph below.



## Water footprint on white and Black Cotton POLO Shirts



The water footprint assessment has resulted in the Company gaining knowledge about the amount of water used in the production process and assessing the production impacts associated with water resources and water pollution.

Furthermore, the assessment will lead to water management that connects to the production of other products and the whole production chain system.

# AWARDS



## Transparent Organization stay away from corruption.

The company has been certified by Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)



Awarded as Excellent in Passing the Evaluation of Corporate Governance for Thai Listed Companies 2015 from Corporate Governance Report of Thai Listed Companies 2014 (CGR) and granted 4 seals from National Corporate Governance Committee, Thai Institute of Directors Association (IOD).



The company has awarded "Investors' Choice Awards 2016" for 8 consecutive years.



Received the gold medal. (No accidents from work up to 14,567,080 working hours) in the "Zero Accident Campaign"

## Social and Environmental Awards

Institute/ Organization	Year	Awards
Ministry of Labour	2015	Awarded the Excellent Establishments on Labour Relations and Social Welfare - Head Office : 9 consecutive years (2008 - 2016) - Lumphun : 9 consecutive year (2008 - 2016) - Kabinburi : 8 consecutive years (2009 - 2016)
		The organization commitment to dedicated project of safety workplace in Honor of Her Royal Highness Princess Maha Chakri Sirindhorn
Ministry of Social Development and Human Security	2013	Awarded the Standard on Prevention and Solution to Drugs Problems in an Establishment (SDE)
		Awarded the Excellent Establishment on Safety, Occupational Hygiene and Working Environment in the provincial level at Lumphun branch.
		Awarded the Excellent Establishment on Skill Development at Kabinburi branch.
		Awarded the golden certificate from "Zero Accident Campaign"
Ministry of Social Development and Human Security	2013	Received the certificate for promoting of recruiting disable persons higher level
	2015	than the requirement of the law.
Ministry of Industry	2013	The organization is certified to Green industry in Type 3 factory (Green System)
	2015	Continuous Award 2015 of the organization committed to standard of Social responsibility (Corporate Social Responsibility, Department of Industrial Works)
Ministry of Public Health	2010	Awarded a prize and certification of standard for AIDS management, ASO Thailand, Gold Level.
Ministry of Energy (Department of Alternative Energy Development and Efficiency)	2013	An honor award to "Excellent success <sup>192</sup> " of "Increase Energy Efficiency project" for medium-sized factory in the group of Paper and Textile industry

# Vision

To be a leader in textile and garment business  
achieving sustainable growth along with  
society and environment

# Mission

- : To increase income and profit growth rate consistently
- : To improve employees' knowledge, capability and quality of life
- : To focus on quality development and add value to products
- : To provide returns to shareholders regularly
- : To support activities beneficial to the society and environment

## Organization Culture

- Employees : Be adherence to good faith,  
honesty, and fairness
- Products : Focus on quality and  
fair price
- Stakeholders : Focus on increasing  
reasonable and fair returns

## Value

- : Creative comprehensive communication.
- : Be united to achieve the goal.
- : Be stable and sustainable with a good  
conscience and practice.

Good People  
Good Products  
Good Society



บริษัท ประชาอาภรณ์ จำกัด (มหาชน)

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