



Performance in Sustainability

1.1 Performance in Economic and Governance Aspect

Key Financial Information



(Unit : Million Baht)	2020	2021	2022
Revenue from sales and services	8,196.25	11,087.76	15,403.32
Profit (loss) before financial costs and income tax expense, depreciation and amortization	372.56	920.25	1,106.87
Profit (loss) before income tax expenses	47.50	578.78	692.28
Net profit (loss) of the Shareholders' equity	37.65	562.64	684.05
Total assets	5,288.49	6,482.32	6,938.10
Shareholders' equity	1,439.35	2,084.49	3,245.63
Dividend paid to shareholders*	-	-	810.00

(Notes : *Shareholders' dividend started paying in 2022 since the Company was listed on the SET for the first time on 30 September 2022).

Financial Ratios

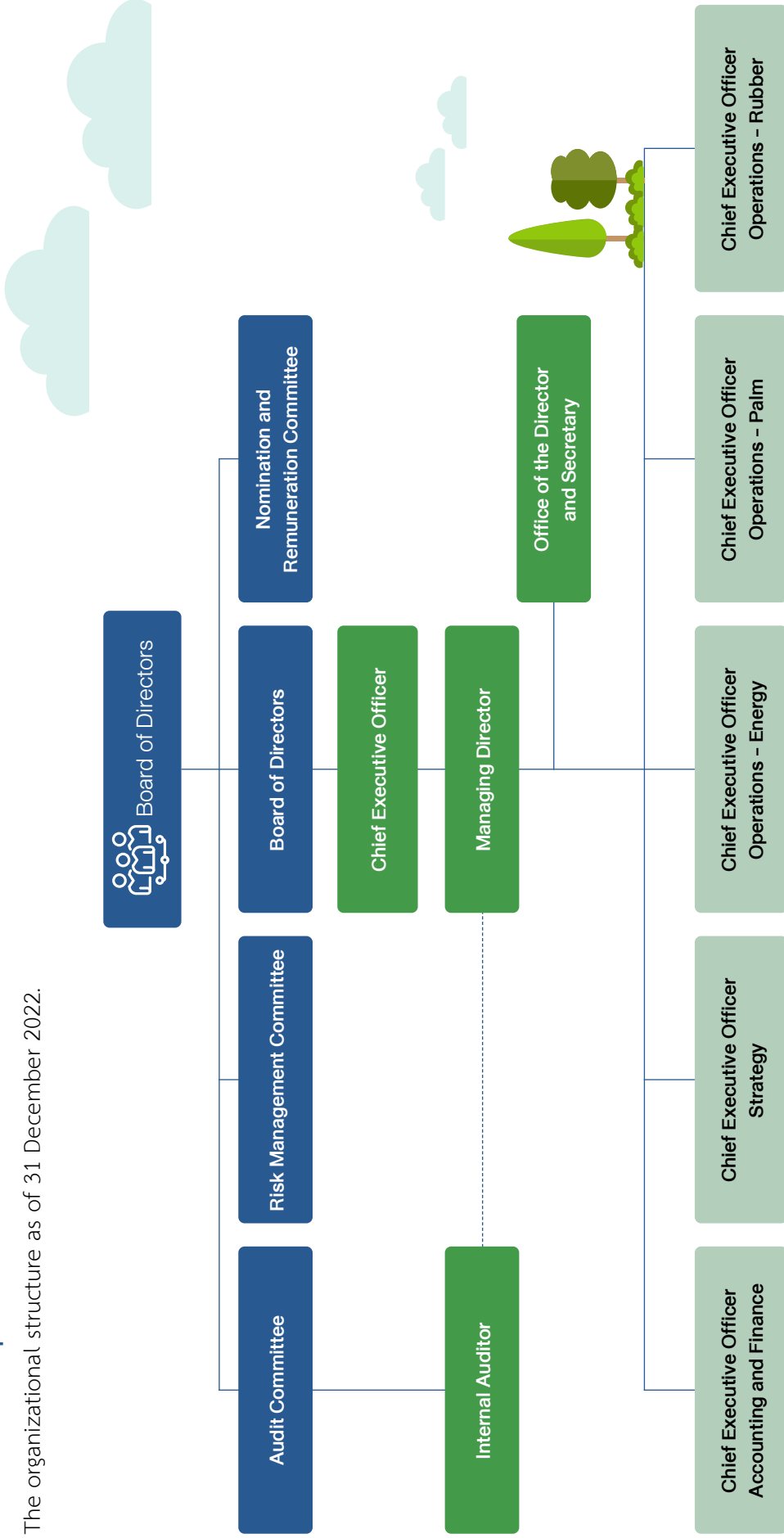


(Unit : Million Baht)	2020	2021	2022
Gross profit margin	7.43	10.71	10.29
Net profit margin	0.46	5.07	4.44
Current ratio	0.83	1.01	1.32
Debt to Equity ratio	2.67	2.11	1.14



3.1.1 Good Corporate Governance

The organizational structure as of 31 December 2022.



The Board of Directors intends to develop the Company to operate under the principle of good corporate governance with standard management, internal control and internal audit for the greatest benefit of shareholders. The Company’s business operation shall take into account all stakeholders and be transparent, traceable, ethical and against corruption based on the good corporate governance policy, the risk management policy, the business code of conduct, the confidentiality and use of inside information policy, and the written anti-corruption policy. In 2022, the Board of Directors has approved to revise the good corporate governance policy, the business code of conduct, the confidentiality and use of inside information policy, the social and environmental responsibility policy, and the sustainable development policy to be in conformity with the criteria of Corporate Governance Report (CGR), the criteria of Thai Private Sector Collective Action Against Corruption (CAC), the criteria for the assessment of the Thailand Sustainability Investment (THIS), and the good corporate governance standard of leading companies. The purposes are to adjust to the current business operation, create a sustained business value, and ensure that the performance of the Board of Director is always efficient under the good governance.

With strong commitment and intention to operate the business with good corporate governance, the Company has been continuously certified and awarded by several organizations.



Being selected to be included in the addition of FTSE SET Shariah Index for the review period of December 2022



The Outstanding Corporate Reward in Labour Relations and Welfare, Department of Welfare and Labour Protection



The Participatory Governance Award 2022 for Effective Change by Digital Economy Promotion Agency (DEPA)



Good Governance Certification for the Year 2021-2024 by the Department of Business Development



The Thai Chamber of Commerce Business Ethics Standard Test Awards



The Board of Directors

- The Company has achieved the board diversity in which the board skill matrix is employed to ensure that the board’s skills are consistent with the Company’s business strategy, and the board is diversified in terms of education backgrounds and experiences without any limitation based on other differences.
- The board shall have no fewer than 5 members and no more than 15 members without sex discrimination. Currently, the board has 9 members of which one member is female, and 5 members are non-executive directors which is equal to 56% of the total number of directors.
- The number of independent directors shall be more than one third of the total number of directors. Currently, there are 5 independent directors equaling 56% which is more than a half of the total number of directors according to the good corporate governance principle.
- The Chairperson of the Board shall be an independent director who is not the same person as the Chief Executive Officer and the Managing Director and does not hold any office in the committees for the sake of the segregation of duties and performance of duties (details of the Board of Directors are revealed in the 56-1 One Report for the year 2022).
- The Chairperson of the committees shall be an independent director who is not the same person as the Chief Executive Officer and the Managing Director and does not hold any office in the sub-committee (details of the committees are revealed in the 56-1 One Report for the year 2022).
- In 2022, there is no director holding an office in more than 5 listed companies as stipulated by the policy.

Board Skills Matrix

Position	Industrial	Operation	Strategy	Risk Mgt	Financial	Sustainability
Mr. Anon Sirisaengtaksin			☑	☑		☑
Mr. Prawit Kijpaisalrattana				☑	☑	
Mr. Apichart Kasemkulsiri	☑		☑	☑	☑	☑
Dr. Ekarin Vasanasong		☑	☑	☑		☑
Dr. Worapong Janyangyuen			☑		☑	☑
Mr. Chalerm Kokanutaporn	☑	☑	☑			☑
Ms. Sineenuch Kokanutaporn	☑		☑	☑	☑	☑
Mr. Kongkit Kokanutaporn	☑	☑	☑			☑
Mr. Kerkkun Kokanutaporn	☑	☑	☑	☑		☑
Dr. Kamolthip Komolyudtaphaet	☑			☑		☑
Mr. Wongkrit Jiamsripong			☑	☑	☑	☑



The Company's Executive Committee has resolved to appoint the Corporate Sustainability Working Group of which Ms. Sineenuch Kokanutaporn Director / Managing Director is the Chairperson. The duties and responsibilities of such working group are as follows:

1. Determine the corporate policy, strategy, direction, goals, and work plan on sustainability that include the governance and economy, the social and the environmental aspects to be proposed to the Executive Committee and the Board of Directors.
2. Support and advance the cooperation in corporate sustainability and promote the integration of sustainability in both short-term and long-term strategies and work plans.
3. Assess and review the risks of sustainability to be up-to-date and propose the practices on corporate sustainability in accordance with the standards and best practices.
4. Assess the annual material topics on sustainability to be consistent with the need of stakeholders, external context, organizational direction and goals, and propose to the Executive Committee for approval and delegation to the management for implementation and monitoring.
5. Monitor and summarize the outcome of corporate sustainability implementation and report the progress to the Executive Committee and the Board of Director at least once a year.

Oversee and control the disclosure of information about corporate sustainability to be accurate and complete in every aspect through the annual 56-1 One Report, the annual Sustainability Report, and the corporate website.

Evaluation of the Performance of the Board of Directors

To ensure that the governance of the Board of Directors is efficient, the Board conducts the evaluation of its performance at least once a year to jointly consider the outcome and improve. The evaluation is performed in 2 formats i.e. the board evaluation and individual evaluation.



The average score of the board evaluation is **99%**, being at an **excellent** level.



The average score of individual evaluation is **100%**, being at an **excellent** level.

The results of the evaluation of the committees:

Committees	Average Score (Unit: Percentage)	Result
Audit Committee	99	Excellent
Executive Committee	96	Excellent
Nomination and Remuneration Committee	96	Excellent
Risk Management Committee	100	Excellent

The Remunerations of Directors and High-level Executives

Policy and Criteria of Directors' Remuneration

The Board of Directors has developed the policy and criteria on directors' remuneration which includes remuneration and meeting allowance of the board and committees i.e. the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee and the Risk Management Committee. The Nomination and Remuneration Committee is responsible for considering and scrutinizing the structure and rate of directors' remuneration to be submitted to the Board of Director for approval before proposing to Shareholders' Meeting for final approval. The remuneration is based on the Company's business performance and the responsibilities of directors in comparison to other SET listed companies with similar market capitalization and in the same industry group so that the remuneration structure and rate are proportionate to directors' efforts, responsibilities and experiences (details of the remuneration are revealed in the 56-1 One Report for the year 2022).

Policy and Criteria of High-level Executives' Remuneration

The Chairperson of the Executive Committee, as the representative of the directors, has formulated the criteria of executives' remuneration. Such remuneration is determined appropriately under the Company's remuneration structure and in comparison to the survey on remuneration of reliable institutes, organizations and agencies, the inflation rate and the Company's net profit, as well as work performance so as to be consistent with their assigned duties and responsibilities.



Monitoring the Implementation of Policies and Practices on Corporate Governance

Recognizing the importance of good corporate governance, the Group undertakes an annual review of its policies and practices by applying the guidelines from the CG Code by the SEC Office and the code of conduct and ethics so that the policy is in line with the business and current situation. It is also intended that the directors, executives and employees of the Company perform their duties with honesty, comply with laws and regulations, maintain integrity and transparency, take into account all stakeholders and be responsible towards the society, community and environment, leading to the Company's sustainable growth.

In 2022, the Group reviewed and revised its existing policies and guidelines as follows:

1. Good corporate governance policy
2. Business code of conduct
3. Confidentiality policy for company and customers
4. Social and environmental responsibility policy
5. Sustainable development policy

The Company publicizes its policies on the website <https://www.thaieasterngroup.com/thaieastern/corporate-governance.php>



Anti-Corruption and Complaint Management

The Group's anti-corruption policy is imposed on the Board of Directors, executives and employees at all levels, including companies in the Group, subsidiaries and branches of the Company. The Group plans to join the Thai Private Sector Collective Action Against Corruption (CAC) in 2023 to take part in solving the corruption problem in Thailand. The Group has communicated its anti-corruption policy to directors, executives and employees via email, the intranet and the website, as well as has organized employee training to provide correct knowledge, raise consciousness, and raise awareness on the risk of corruption. Such policy shall be a framework for performing works.

The Group has communicated and announced its "no gift policy" during festive seasons and other occasions on the Company's website (www.thaieasterngroup.com) to express its intention and convey the message to all stakeholders, whether customer, suppliers, farmers and employees, affiliated companies and external parties, to emphasize its intention in establishing good norms in business operations. Therefore, the "no gift policy" has been announced since 2018 and has been in used for 5 consecutive years.

Whistleblowing

The Group commits to operate the business in an honest, transparent, fair and traceable manner conforming to the principle of good corporate governance and ethics and arranges channels for all stakeholders to inform or report any actions not complying with the policies, provisions, laws, good corporate governance, business code of conduct which may cause damages to the Group's assets and reputation. Such actions will be investigated and rectified within a specified timeframe. The complaints shall be responded immediately in a preliminary stage. The Group arranges channels for whistleblowing and complaints:



Channel 1 mailing to or directly submitting to the Chairperson of the Audit Committee or the Company Secretary of Thai Eastern Group Holdings Public Company Limited No. 171 Moo 2 Khaosok Sub-district, Nongyai District, Chonburi 20190;



Channel 2 filing a complaint on an online system at <https://www.thaieasterngroup.com/thaieastern/complaint.php>;



Channel 3 send an email to whistleblower@thaieasterngroup.com;



Channel 4 making a complaint by phone at number (+66)38-168541-55 ext. 622;



Channel 5 making a complaint directly to a responsible unit.



The Group has publicized the complaint channels to employees through training and internal communication channels, as well as informed external stakeholders of such complaint channels on the Company's website. The anti-corruption policy and the complaint management policy are disseminated on the Company's website (<https://www.thaieasterngroup.com/thaieastern/corporate-governance.php>).



In 2022, the Group have had no complaint from all channels for 5 consecutive years.

Anti-Corruption Policy	2019	2020	2021	2022
No. of complaint about corruption	0	0	0	0

Risk Management



The Group has applied the risk management framework in the organization to prevent and mitigate the impact of risks that may impede the achievement of set objectives. This is to assure stakeholders that the Group will be able to operate under constantly and rapidly changing circumstances in the present. Executives, employees at all levels and subsidiaries are required to take part in the implementation of standard risk management system, along with the corporate strategic planning and the sustainable business development that incorporate and balance the Environment, Social and Governance (ESG). The Group's risk management structure comprises the Risk Management Committee (RMC) responsible for formulating the policy and framework of risk management to be implemented in the organization and supervising and supporting risk management in several areas to be successful both in organizational and project levels. The Risk Steering Committee (RSC) composed of executives and the management from various units is responsible for regularly monitoring the implementation of risk management at the organizational level. Employees at all levels are encouraged and trained to recognize and understand the importance of risk management and be able to implement to an extent that produce a corporate culture (the details of risk management policy are revealed in the 56-1 One Report for the year 2022).

Risk Management Approach

The Group's risk management procedure is in line with the principle of good corporate governance. The Enterprise Risk Management (ERM) of the Committee of Sponsoring Organization of the Treadway Commission (COSO) which is an international framework for risk management is also applied to the risk management of the Company and its subsidiaries. In addition, risk management shall be taken into account when making a decision and planning strategies, work plans and work operation. The risk management shall include 6 main risk factors i.e. strategic risk, financial risk, operational risk, compliance risk, ESG risk, and emerging risk which are already considered by the Risk Management Committee and presented to the Board of Directors for comments (the details of the risk management policy are revealed in the 56-1 One Report for the year 2022).



Key Risk Factors Relating to ESG

The Group has assessed the ESG risk that may impact its business operation and stakeholders such as farmers, customers, suppliers, employees, business partners. With an intention to operate the business together with the community, society and environment in a sustainable way, the Company has analyzed the economic, social and environmental aspects and conducted risk management according to the international standards i.e. ISO 45001, ISO 14001 and ISO 50001 as follows:

1. Economic risk
2. Social risk
3. Environmental risk
4. Emerging risk



Economy Risk

Key Risk Factors

The fluctuations of material price and the material shortage which depend on several factors beyond the Group's control such as climate, government policies and measures relating to prices, international economic situation, price of synthetic rubber, and prices of different types of oil. Such factors can affect the Group's business performance and business opportunity.

Risk Management

Closely monitor the change in prices of cup lump, fresh latex and fresh fruit bunch and analyze the price trend of para rubber and fresh fruit bunch to plan for advance purchasing in appropriate quantity for production. Buying stations/areas are established in every region of the country to minimize the risk from the fluctuation of para rubber and fresh fruit bunch quantity due to the climate conditions in any particular area. The Group also sources raw materials from several sellers to avoid too much dependency on one particular seller.



Social Risk

Key Risk Factors

The risk from contagious diseases that if not controllable may cause a labor shortage in production line due to health issue and a delay of goods delivery due to a shortage of truck, container and cargo ship leading to a failure to deliver goods to customers on time and probably leading to a significant higher cost of transportation.

Risk Management

Have sanitary and preventive measures to protect the health of employees and workers. A working group is established to handle a disease spreading situation. Disease screening is conducted for employees, contractors, visitors (according to risk level) and equipment is prepared sufficiently. To solve the problem of a delay in delivery due to a shipping line not operating, the Company finds an alternative shipping line to the destination, manages goods delivery using a breadbulk method and studies about goods delivery by a freight train.



Environmental Risk

Key Risk Factors

Since the Company operates a production business, there may be an environmental issue relating to energy management, waste management from production process, water and air pollution management, environmental request, or failure to comply with regulations relating to the environment which may lead to a damage to the reputation, fines or ceased operation of the Group.

Risk Management

The Company manages environmental risk pursuant to ISO14001:2015; for examples, having in place a surveillance measure on environment, inspecting and monitoring air and wastewater quality, conducting a community survey to acknowledge potential impacts and timely perform prevention, developing an energy conservation measure and program, organizing a campaign to raise awareness among employees, and imposing a measure to reduce carbon emissions.

Sustainable Supply Chain Management

The Group commits to sustainability and recognizes the importance of supply chain development which includes stakeholders from farmers, community, employees, suppliers to customers. The Group adheres to the principle of environment, social and governance (ESG) which helps increasing an opportunity, reducing risks and enhancing business competitiveness.

The Group also encourages the suppliers to better recognize the ESG principles, as well as promotes a green procurement in which suppliers are selected and assessed based on the ESG principles and are monitored and inspected on a regular basis.

The process of sustainable supply chain management is as follows:

1. Prepare a supplier code of conduct for sustainable business development based on the EST principles. The code of conduct is divided into 5 sections:
 - Management system
 - Labor, welfare and human rights practices
 - Environmental management
 - Occupational safety and health management
2. Identify a supplier group and analyze key suppliers by considering suppliers who sell products, raw materials and services that affect the Company's product quality.
3. Encourage suppliers to act on sustainability and conduct annual supplier assessment.



Innovation and Diffusion of Innovation

The Group emphasizes the research and development of state-of-the-art products and production processes. There are research and development projects covering all product groups of the Company to differentiate and enhance the quality standard of the products. This can add value to the products and create long-term competitiveness.

Currently, the Group has more than 60 projects that have already been carried out. The budget for research and development in 2022 was approximately 4.0 million baht which can be divided by business types as follows:



Para Rubber Business

Development of PafaFIT concentrated latex for para rubber bedding products

Outcome on economy and social: Reduce working capital for product processes, safety for workers.

Outcome on environment: Reduce ammonia vapor because of reducing its use by 30-75%.

Knowledge gained: Reduce the cure time of concentrated latex from 21 days before usage to 3 days.

Development of portable cup-lump and latex analyzer (PCLLA)

Outcome on economy and social: Establish a trading standard for para rubber farmers.

Outcome on environment: Reduce the use of chemicals and laboratory waste.

Knowledge gained: Using the NIR inspection instead of visual inspection.



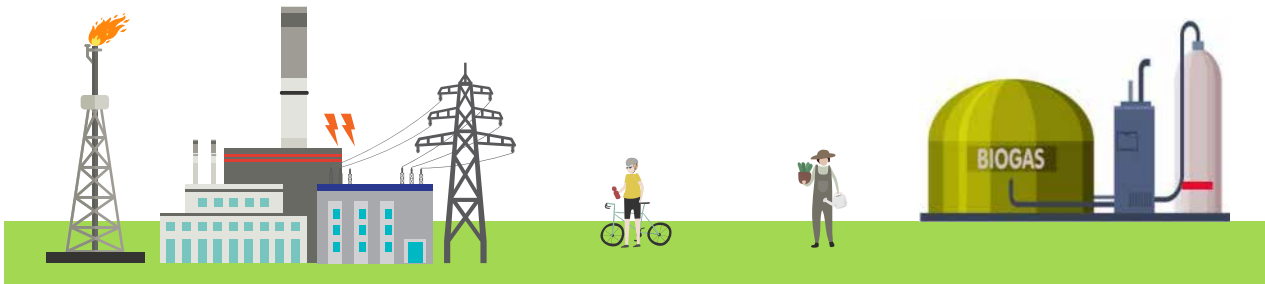
Crude Palm Oil Business

Development of palm oil nano-emulsion

Outcome on economy and social: Create a cheaper, easy-to-access and safe carrier of drug and cosmetic substances.

Outcome on environment: Being biodegradable and leaving no toxic residues in the environment.

Knowledge gained: Add value to palm oil as a main material for preparing nano substances.



Renewable Energy and Organic Waste Management Business

Green carbons from biogas

Outcome on economy and social: Provide an opportunity to access advanced nano materials at a lower price.

Outcome on environment: Reduce CO2 emissions by changing from using fuel to high quality GBC or CNTs composites.

Knowledge gained: Innovation of changing biogas to carbon products using the CVD technique.

Development of single cell protein from biogas

Outcome on economy and social: Develop an alternative protein source which uses less production space.

Outcome on environment: Using biogas as a food source for bacteria can reduce the emissions of excess gas to the atmosphere and produce less waste.

Knowledge gained: The production of single cell protein that uses biogas as a carbon source.

Development of biohythane production technology from industrial waste and acetic acid from carbon dioxide

Outcome on economy and social: Create value added to agricultural waste.

Outcome on environment: Create zero waste and reduce greenhouse gas emissions to the atmosphere.

Knowledge gained: Transform agricultural and industrial waste into circular economy

Moreover, the Group encourages employees to take part in improving the organization, creating innovation, improving procedures to reduce costs and increase work efficiency, enhancing capacity and learning activities through personnel and work procedure development tools such as Quality Control Cycle (QCC), Kaizen, and One Point Lesson (OPL). In 2022, the details of employees interested in the activities are as follows:



Type of Activity	Number of Topic
Quality Control Cycle (QCC) Contest	26
Kaizen Project	1,211
One Point Lesson (OPL) Project	692

Notes: (1) QCC refers to work development or innovation creation using a small group that reasonably brainstorms and uses tools and techniques to solve a problem, optimize and improve work procedures. This method focuses on solving a problem of work procedures through a small group of employees. (2) Kaizen refers to a continuous improvement of work procedures which can be done by oneself without setting up a group. (3) OPL refers to knowledge transfer through a simple and concise storytelling from experiences so that learners can pick up easily and quickly.