



Structure of Sustainability



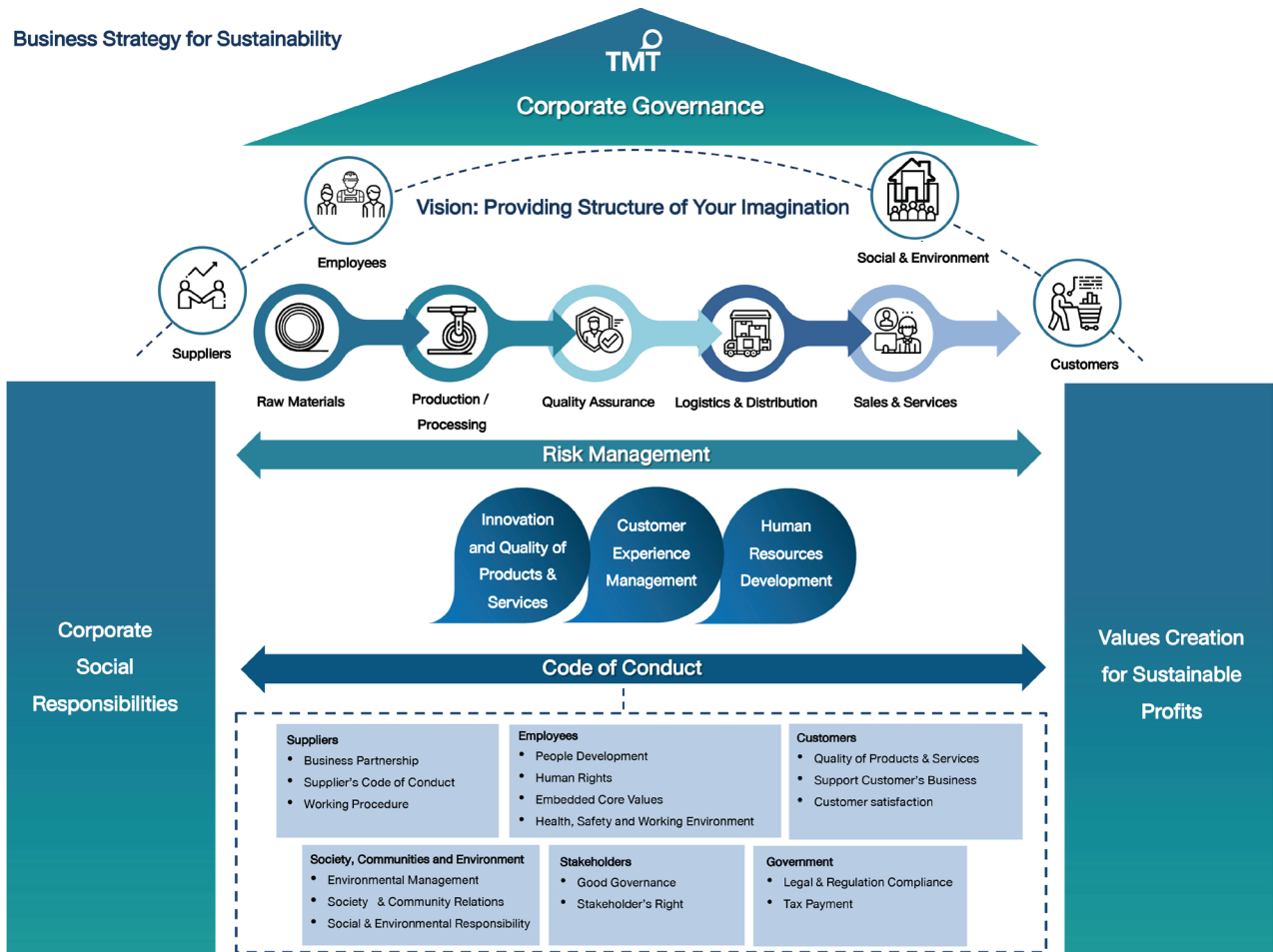
Annual Report 2019
รายงานประจำปี 2562



บริษัท ทีเอ็มที สตีล จำกัด (มหาชน)
TMT STEEL PUBLIC COMPANY LIMITED



Business Strategy for Sustainability



TMT strives to be the leader in the best integrated steel service center in the country with a vision “Providing Structure of Your Imagination”. The company attaches importance to being a structure for the success of every stakeholder, especially as part of the success of our customers’ business. The company does not only focus on innovation to produce quality products that meet the needs of customers, but focuses on the development of various services in order to help customers maximize the production efficiency, production capacity and maximize the benefits of customer’s business. The company set a sales growth target of 10% for at least 3 years in accordance with the investment plan between 2017 and 2022. The plan was to support growth so that the company could create a production capacity up to 1 million tons. Under these challenges, the company realizes that the business must be conducted on the basis of sustainable development by adhering to good corporate governance principles, economy, society and the environment, along with appropriate risk management which will build business sustainability from within to deliver good value to all stakeholders and enable the company to achieve sustainable growth.






Engaging with Stakeholders

The company analyzed and identified the key stakeholders from the business operations of the company, beginning with the procurement of raw materials, production and processing, product quality inspections, logistics, sales and services. All such activities are important to the company's business operations and are relevant to all stakeholders. Therefore, the company collected the interests of the stakeholders in the plan and sustainability issues which included providing contact methods by establishing channels for comments and suggestions, whether official or unofficial, as well as promoting participation with all stakeholders in order to enable the company to be able to efficiently respond to needs and expectations, continue to create sustainable value and returns. This can be summarized as follows:

Stakeholders	Relevance to Business Processes	Engagement/Frequency	Expectations	Responding to Expectations
Trade Partners/ Suppliers 	<ul style="list-style-type: none"> o Procurement of Raw Materials 	<ul style="list-style-type: none"> o Evaluate trade partners once a year o Visit trade partner factories once a year o Meet Regularly with partners to have plans for purchase order throughout the year 	<ul style="list-style-type: none"> o Fair competition without discrimination o Efficient procurement system that is transparent and verifiable 	<ul style="list-style-type: none"> o Have policies and practice guidelines regarding procurement o Develop trade partners to have good practice guidelines such as Code of Business Conduct of trade partners and anti-corruption policy
Employees 	<ul style="list-style-type: none"> o Production/ Processing o Quality Inspection o Logistics o Distribution and Service 	<ul style="list-style-type: none"> o Channels to receive suggestions, comments and complaints through the company's complaint system throughout the year o Survey of corporate values or employee satisfaction once every 2 years o Internal communication channels such as TMT Magazine, email, Line@, Touch Point and public relations board at least once a month o TMT Talk / TMT Day once a year o Meeting of Welfare Committee in the workplace 4 times per year o Training seminars according to the company's training plan o Talk & Share activities 5 times a year 	<ul style="list-style-type: none"> o Career Advancement o Acquiring development of capabilities o Benefits both monetary and non-monetary o Equality without discrimination o Promote and supervise work safety 	<ul style="list-style-type: none"> o Equitable and fair treatment, and respect for human rights o Communicate business Target and policies via TMT Talk/ TMT Day o Performance evaluations 2 times per year o Develop employees to be promoted o Talent Management o Average staff development is 23 hours/person o Join the wage survey with the HR Center each year o 11 Projects for employee benefits whether monetary or non-monetary.

Stakeholders	Relevance to Business Processes	Engagement/Frequency	Expectations	Responding to Expectations
Customers 	<ul style="list-style-type: none"> o Distribution and Service 	<ul style="list-style-type: none"> o Customer satisfaction survey once a year o Meet regularly with customers through the year to be aware of their needs o Provide regular visits to factories and production processes throughout the year o Train to consistently educate customers throughout the year 	<ul style="list-style-type: none"> o Quality products and services o Complete range of products o Correct usage of steel products o On time delivery 	<ul style="list-style-type: none"> o Develop innovations in products and services o Produce quality products that meet customers' needs o Logistics management to have on time delivery o Provide technical and academic consultations by the Technical Service Team o Systematic inventory management in order to have products ready to instantly respond to customers' needs
Society, the Community and the Environment 	<ul style="list-style-type: none"> o Production/ Processing o Logistics 	<ul style="list-style-type: none"> o 5 community visits per year o Open factories and production processes for visits and provide regular iron education throughout the year o Install a solar rooftop generation system of 2.5 MW to generate electricity from renewable energy o Cooperate with the education sector in providing bilateral education and internships o Cooperate in standards that prevent and solve drug problems in the workplace. 	<ul style="list-style-type: none"> o Caring for the environment around the community o Conduct business that does not negatively impact the community o Share useful thing to promote a good quality of life for people in the community 	<ul style="list-style-type: none"> o Improve the production process and environmentally friendly work processes by controlling air and noise pollution o Improve the environment inside and outside the factory so it is clean and increase green space o Regularly share and provide knowledge for institutions, departments, and organizations on issues that the company has expertise o Support resources and equipment that is useful such as a community drinking water project, steel project for sustainability, etc. o Signing an MOU with educational institutions in bilateral projects. o Project to stop smoking

Stakeholders	Relevance to Business Processes	Engagement/Frequency	Expectations	Responding to Expectations
Shareholders, Investors, Analysts 	<ul style="list-style-type: none"> o Distribution and Service 	<ul style="list-style-type: none"> o Shareholders' Meeting once a year o Analyst Meeting once a year o Provide channels for inquiries through the investor relations website and telephones throughout the year 	<ul style="list-style-type: none"> o Operating results of the company o Transparency in business operations and good corporate governance 	<ul style="list-style-type: none"> o Annual Report o Explanation of operating results through the company website and the Stock Exchange of Thailand o Manage the company's operating results under appropriate risk management o Proceed according to the investment plan o Be selected in the ESG100 group of companies
Government Sectors 	<ul style="list-style-type: none"> o Product/ Processing o Quality Inspection o Logistics o Distribution and Service 	<ul style="list-style-type: none"> o Report business performance and operating results to relevant government agencies at the specified frequency o Continuous participation in government activities and projects 	<ul style="list-style-type: none"> o Comply with regulations, laws and policies of regulatory agencies 	<ul style="list-style-type: none"> o Report business results and provide information that is true, correct and complete as stipulated o Cooperate and support various projects of government agencies o Comply with the laws related to tax management
Competitors 	<ul style="list-style-type: none"> o Distribution and Service 	<ul style="list-style-type: none"> o Joint meetings with associations and organizations that are relevant to the business according to the agenda and appropriate opportunities o Provide channels to regularly receive suggestions, comments and complaints through the company complaint system 	<ul style="list-style-type: none"> o Company business information o Market share o Conduct business transparently and fairly 	<ul style="list-style-type: none"> o Disclose operating results through the company website and the Stock Exchange of Thailand. o Create fair business competition conditions

The Process to Determine the Content of the Report

1. Identify Important Issues

Consider the external factor analysis, challenges in the steel industry, and sustainability issues that are important or affect stakeholders and business (economy, society, and the environment). This includes an analysis of internal factors such as weaknesses, strengths, risk factors, and the company's performance.

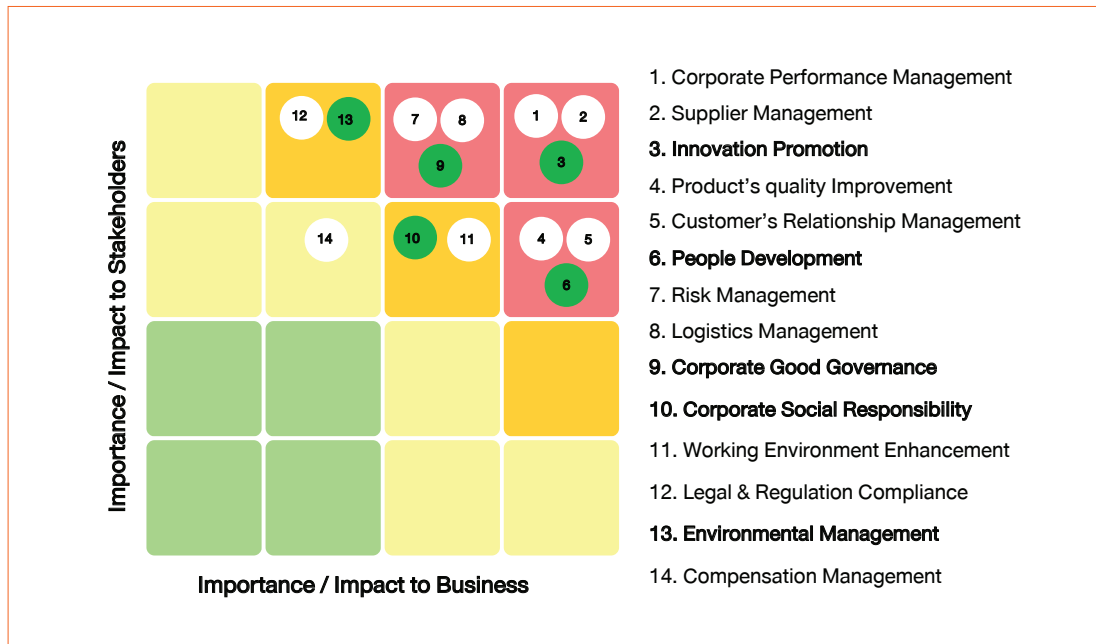
2. Prioritize Matters of Importance:

Consider and prioritize of important issues based on the perspective of the company and external stakeholders whether the opportunity and the impact of each issue that affect the economic, society and the environment.

3. Verification of Issues:

Propose issues that were prioritized to senior executives and the Board of Directors in order to approve the important issues and the content to be presented in the annual report and disseminated on the company website. In addition, the company assigned relevant departments which include the Board of Directors and the Sustainable Development Working Group to consider, verify the accuracy and completeness of the significant issues in order to obtain comprehensive issues that cover economic, social or environmental dimensions. The results of the key issues and the determination of the company's key issues each year were determined by the process of conducting a survey on the interests and expectations of interested parties. The results will be used as important information to make appropriate decisions regarding sustainability policy and strategy.

In 2019, the important issues are as follows:



Due to the preparation of important issues, the company categorized various issues into groups and planned sustainability operations to be in line with the company's business strategy and Target for 2019. This covered the economic, social, environmental dimensions, and important stakeholders in all aspects.



Economy

- Good Corporate Governance
- Innovation Promotion



Society

- People Development
- Corporate Social Responsibility



Environment

- Environmental Management

Economy Good Corporate Governance

Policy

The Board of Directors recognizes the importance of the company's good corporate governance by adhering to the principles of morality and ethics as a guideline for business operations and establishing various policies in order to perform duties with responsibility, caution, honesty and adhering to morals. The company develops products and services that focus on creating value, adding long term value to the business, and treating all stakeholders equally. This will enable the business to move forward with efficiency, transparency and gain the trust of shareholders, investors, interested parties, and all stakeholders. The company has set the following policies, guidelines and various processes:

- Code of Business Conduct
- Good Corporate Governance Policy
- Board Diversity Policy
- Quorum of the Board of Directors Policy
- Performance Assessment for the Board of Directors and CEO Policy

(Details about the mentioned matters are disclosed in the annual report and the company's website at www.tmtsteel.co.th.)

Target



- Received a good corporate governance evaluation with a 5 star rating (excellent)
By the Thai Institute of Directors Association (IOD)



- Selected to be in the “List of Sustainable Stocks” or Thailand Sustainability Investment (THSI) By the Stock Exchange of Thailand (SET)

Strategies

- Comply with the laws regarding the business operations of the company and the whole business chain.
- Improve internal control processes, rules and Company's Article of Association in accordance with the situation at all times.
- Implement Good Corporate Governance Principles for Listed Companies 2017 (CG Code)

Operations

In 2019, the company implemented good corporate governance as follows:

1. Complied with the law regarding business operations of the company and the whole business chain. In 2019, No lawsuits have been filed regarding non-compliance and there are no labor disputes
2. Improved the internal control processes, rules and Article of Association of the company so that they were in accordance with the situation at all times. The Audit Committee appointed EY Corporate Services Company Limited to be responsible for planning, auditing and reviewing the plans that were approved by the Audit Committee. In 2019, EY Corporate Services Company Limited reviewed the internal control system, especially the review of calculations and the cost data reporting. This proceeded as follows:
 - Step 1 – Plan and determine the scope of the project work.
 - Step 2 – Study, collect, analyze and review cost data.
 - Step 3 – Make recommendations regarding cost calculation principles and cost reporting.

This was completed and the assessment results regarding cost calculations and cost data reporting were submitted to the Audit Committee for consideration.

3. Implemented Good Corporate Governance Principles for Listed Companies 2017 (CG Code)

- **Performance Assessment for the Board of Directors and CEO**

The company implemented the performance assessment for the entire Board of Directors, individual committee members, every sub-committee, and the Chief Executive Officer at least once a year in order for the Board of Directors to jointly consider their previous performance and continue to improve and develop. The company Secretary summarized the evaluation results for 2019 and proposed to the Board of Directors to consider, review and approve the evaluation results at the Board of Directors' Meeting No. 1/2020 (criteria and evaluation process were disclosed in the annual report under the topic of good corporate governance).

- **Establishment of a Risk Management Committee and the Corporate Governance and Sustainability Committee**

At the Board of Directors Meeting No. 6/2019, the Board of Directors had a policy to establish a Risk Management Committee and a Corporate Governance and Sustainability Committee to supervise systematic risk management and search guidelines for development and sustainable growth in order to build confidence, credibility with customers and trade partners, for the benefit of business values and a sustainable economy. The Board of Directors assigned a person who is responsible for establishing the committees and determining the charter of the said committees and propose them to the Board of Directors for consideration in Meeting No.1/2020.






- **Determination of a Remuneration Policy for the CEO**

At the Board of Directors Meeting No. 6/2019, the Board of Directors assigned the Nomination and Remuneration Committee to consider the remuneration policy of the Chief Executive Officer by considering the evaluation results of the performance of the Chief Executive Officer, which was evaluated by the Board of Directors. The evaluation results were considered together with the remuneration guidelines for the Chief Executive Officer of other companies in the same industry by taking into account the success of the company's business operations in accordance with the short-term Target and long-term sustainability strategies in order to motivate the Chief Executive Officer to perform their duties with the highest efficiency and effectiveness for the organization, create value and stability for all stakeholders. The Nomination and Remuneration Committee shall submit the remuneration to the Board of Directors for approval at the Meeting No.1/2020.

Operating Results



TMT received the status of sustainable business practices “ESG100 Company” which was selected as one of the ESG securities that had an outstanding performance regarding the environment, society and governance for the consecutive years between 2016 and 2019. This was from the data assessment of sustainability securities of 771 companies listed on the Stock Exchange of Thailand (year 2019) by the ESG Rating Agency, Thaipat Institute, ESG.

Year	Average score of listed companies	Average SET100 Index score	Average score SET 50 Index	Score TMT receives	Symbol
2019	82%	90%	92%	88%	
2018	81%	88%	91%	88%	
2017	80%	87%	90%	85%	
2016	78%	86%	88%	83%	
2015	75%	84%	87%	80%	

Innovation Promotion

Policy

Under rapid technological change, the company sees the importance of bringing innovation to improve product quality and create value in both manufacturing processes and management in order to best meet the different needs of customers and maintain its leadership in the business of manufacturing and distribution of steel products to various industries in Thailand. The company also encourages continual process innovation development from the inside in order to increase productivity, reduce work time, create a safe working environment for employees, and reduce any environmental impact which is a principle for the company's sustainability.

Target


- Customer satisfaction results regarding the products to be more than 80%.
- Increase production capacity to 1 million tons.
- Implement technology to continuously improve the efficiency of work process every year.
- The number of works that result from improvements and developments of employees is 100 tasks per year.

Strategies

- Study and understand the needs of customers.
- Apply technology as a tool to increase efficiency in product development and work processes.
- Assess and review risks and development opportunities in business and work processes.
- Promote a work culture that continually encourages learning, improvement and development.

Operations

1. Product Development of STAY FLAT, the first ultimate-flatted steel sheets in Thailand

Technology is developing rapidly nowadays. The automation system has been used to help increase the efficiency in the manufacturing process. The flatness of the steel sheet remains the most important factor in the production to produce the ultimate workpieces as well as good quality and a reduction of losses. The process that makes steel sheets completely smooth is very important to the customer's success. The company has studied and collected data from customers who use steel sheets and found that manufacturers or users of steel sheets often have problems with steel sheets springing back. That means when the steel sheet that looks flat is cut, it can bend or be deformed. This sometimes causes damage to customer's machinery because the sheets spring back. Thus, we raised the problem statement: "How to produce the perfectly flatted steel sheet", even after continuous processing whether it has been laser or plasma cutting, welding, drilling or forming, etc. According to the above question, the company then studied advanced technology to help solve the problem of steel sheet's springing back and installed a machine to cut steel sheets by using Stretcher Leveling technology in order to produce a completely flat steel sheet which maintains an even flatness across the entire sheet. This helps to increase its efficiency and creates an excellent quality to be best used in the production of various pieces of work in the customer's industry. The company was the first to release the product under trademark  to the steel industry in Thailand in August 2018. The company continually studied customer usage data throughout 2019 to meet the needs and focused on the best benefits for customer's businesses and met the objectives to use the products in various industries. This was found to be helpful and helped increase productivity, reduced working time, and reduced losses of the customer's business.

2. Apply Technology to Increase Efficiency in Work Process Development

The company implemented an automation system and robots in the work process by integrating them into some production steps in order to increase work efficiency and employee safety, reduce the risk of accidents, waste, and the use of energy that may affect the environment. Currently, the automation system and robots are used in the production process, namely **a robotic system**, in the process of changing the blades of the slit machine which requires a lot of time and delicacy. However, this robotic system can reduce working hours and eliminate risk from fatigue that may cause accidents to employees during work. **Automatic strapping** to the steel pipe machine were installed in order to speed up production, increase the packing quality to meet standards, and replace the employee workforce during operations to reduce health risk regarding fatigue and increase employee work safety. In addition, **the steel pipe production model program (COPRA)** was used in the analysis, design, adjustment of rolling set and pipe production simulation to help increase accuracy and reduce work time in the rolling set design process before the actual production in order to reduce losses caused by design errors. In addition, **an application on smartphones** was developed together with start-up companies to manage the machinery maintenance in factories so that they are more efficient and faster, reduce work steps and reduce paper usage by 100%.

3. Promote Work Culture that Encourage Continuous Improvement and Development

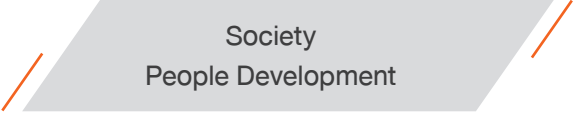
The company promoted activities to develop new creativity, whether it was methods, patterns, steps, devices or inventions from improving working procedures of operational staff to the improvement of work processes at the department level in order to improve work in the same format to be more effective, reduce errors, and increase quality or add value to the completed work. This also creates awareness among employees to have continuous work development which is an important factor that leads to sustainable innovation development. The company supports various departments to create projects that improve and develop the work from the work process of employees, starting from employees at the operational level to the level of supervisor. In the past year, employees were able to create and build upon the achievements as follows:

- Improved and developed the work of the employee in production, maintenance and human resources. There were a total of 265 tasks. This helped the company reduce costs by approximately 103,000 Baht.
- Developed internal connection systems to assist in opening orders for specific groups of customers that have a large purchase amount. This enabled the sales support officers to reduce work time and the use of people working with documents by 50% in the process.
- Created holistic work so that relevant departments could use the information to manage the stock of products to be ready for sales. This can reduce a salesperson's work by one step.
- Increased the efficiency of product delivery within the factory through the process of transportation management and gathered products in one place. This resulted in warehouse staff being able to finish work earlier, from 9:30 pm. to 8:30 pm.

Operating Results

- Customer satisfaction result regarding the products was more than 88%.
- Total production capacity increased to 962,919 tons.
- Technology was implemented to help increase efficiency in the work process in a total of 4 areas.
- The number of task that resulted from improvements and developments of employees were 265 tasks.





Society People Development

Policy

TMT employee's potential is one of the most important keys in the company's structure. Thus, we developed our people to be professional, knowledgeable, experienced, have the expertise and be ready to give advice through systematic knowledge management. The company gives everyone opportunities to participate in presenting ideas that lead to action, work methods that are committed to success, supporting technology learning and new innovations in order to support the demand of unlimited steel and making TMT employees ready to be a structure for sustainability.

Target

- TMT employees are developed continuously and receive an average of 25 hours of training per person/year.
- Work behavior that is consistent with corporate values "TMT DNA" is at an average score of 85%.
- The turnover rate is less than 10%.

Strategies

- Analyze the need of staff development in all departments and organize training courses that support the company's Target so that they are consistent with the values and expected behavior along with allocating a sufficient budget for employee development.
- Prepare employees to be able to work professionally, be service minded, and have modern knowledge through job coaching and systematic coaching from experts from inside and outside the organization.
- Promote and develop employees to have career advancement and fully utilize their potential.

Operations

1. Prepare to be Ready for being a "Structure"

The company has been prepared, starting from the recruitment process and has provided facilities for people development systematically and continuously in order to thoroughly increase the knowledge and potential of employees by proceeding as follows:

1.1 Recruit and select employee based on qualifications, attributes, skills, knowledge, abilities and attitudes that are appropriate for the job position and corporate values. Operating in accordance with the requirements of the Thai Labor Standards, support and protect human rights. The company is not involved with human rights violations, hiring illegals and child labor. The company treats employee equally, does not discriminate and gives equal opportunities to everyone. This includes the employment of disabled people and allows women to hold positions in the management, etc. In addition, there is a project called "Friends Recommend Friends" in order to recruit employees with qualifications and attitudes that are suitable for the position and values of the organization. This is considered an additional channel and opportunity to find suitable candidates for certain positions in which the company rewards employees who introduce friends or acquaintances with suitable qualifications to apply for jobs and pass probation. The total number of employees from the Friends Recommend Friends Project was 23 people. Over the past year, the company was able to recruit employees according to the organization's growth target. As of December 31, 2019, the company had a total of 1,235 employees which can be divided into 857 males and 378 females, an increase of 119 people or 10.66% from 2018.

1.2 The TMT Knowledge Center is a center for learning and developing the potential of employees. The company promotes knowledge for employees through the TMT Academy program, which is a basic course that employees gain knowledge and skills needed to perform their work. A survey on the necessity of training and developing employees was done by interviewing managers in each department together with job analysis, performance evaluation, and designing

a training plan in accordance with the Target and strategies of the organization. The company is able to provide training in accordance with the Target of each department. TMT employees received an average of 23 hours of training per person and the company increased learning channels through 22 E-Learning courses in order to enhance knowledge and modern skills, prepare employees to be ready for future growth as well as create quality internal trainers to pass on the knowledge, give advice and encourage employees to learn new things all the time. In addition, the TMT Educational Program (TEP) was continually conducted in cooperation with the Non-Formal and Informal Education Center, Wang Noi District, Phra Nakhon Si Ayutthaya for the 4th year. This aims at employees who want to increase their basic knowledge and qualifications at the elementary and secondary levels in order to have the opportunity to continue studying voluntarily outside of work hours in which the company prepared a place and fully facilitated the teachers. There are a total of 15 graduates and 8 people who are currently studying.

2. Instill TMT DNA to support every “Imaginations”

Corporate values were established as the foundation for the organization's vision. The company communicates and puts an emphasis on employees so that they recognize the value of the organization through communication channels and various mechanisms of the organization on a regular basis. This also creates a corporate culture “TMT DNA” that everyone adheres to as an operational guideline, starting from the top management to the staff. Customers and outsiders can perceive from their experience in working together with TMT by our intention of delivering the best products and services through the 4 values which include determination, challenging, reliable and responsive. The company organized various activities to promote corporate values. They are as follows:

2.1 TMT Challenging Run 2019

This was held for the second consecutive year in order for employees to challenge their potential through various running styles. Employees can choose to apply in accordance with their aptitude. This included virtual runs, single runs and team runs. Moreover, employees saw the importance of exercise for good health. This also contributed good things to the community as a result of 100 Baht application fee from each person. A total of 437 people joined the project which generated an income from application fees without any deductions of 43,700 Baht. The money was used to purchase drinking water filters for Wang Noi School (Phanomyong) and community in village Moo 5 in Lam Sai Sub District (Expect to completely install within March 2020.)

2.2 Reduce Belly, Reduce Disease activity (BYE BYE FAT)

Promote behavioral change regarding weight control that exceeds standards and reduce the risk of disease in the NCDs group. There were 68 employees who enrolled in the project and from this project the company received a “Healthy Organization” plaque from the Office of the Health Promotion Fund (Sor Sor Sor) to encourage and praise the organization that developed into a health promoting organization.

2.3 Think & Talk activities

Invite people to think, talk, exchange, share views and listen to ideas among each other in an informal way. Employees were able to propose topics or issues of interest to join in discussions. This was an exercise in critical thinking and questioning skills. The activity was organized 5 times and there is a target to continue this activity in 2020.

2.4 TMT Day 2019,

“TMT Loves the Earth” was organized to encourage employees to be conscious of the environment by “Start with Us”. These activities created employee participation and had a variety of activities such as waste separation activities, creative dress from waste materials contest, lessons to make a dish from water hyacinth, and tie-dyeing handkerchiefs, etc. Almost all of the TMT executives and employees (99%) attended the event.

2.5 TMT DNA Survey 2019.

In order to ensure that employees recognize the corporate values and express them through work methods, the company organized 2019 TMT DNA Survey. The survey's average score of 4 values was 86.55%. The survey results were communicated and recommended for the self-development of employees through the internal communication channels of the company. The company set a training plan to ensure that all new employees are trained in the TMT DNA program.

3. Prepare for “Growth”:

Provide employees career advancement. The company set career paths for employees at every level and has guidelines to develop the competency of employees in each position. This includes the transfer of the line of work to meet increased capabilities. Employee who move up to the level of supervisor and above must prepare an Individual Development Plan (IDP), follow up and report the results of self-development to executives for acknowledgment systematically. The company establishes talent management program by selecting talents based on knowledge, competency and various dimensions such as performance, working experience, and personal characteristics. This is a form of human resource management that helps employees to have clear development directions, supports the growth of the organization, and motivates people to continue to develop for higher Target. Over the past year, there were a total of 181 employees who were promoted. A total of 13 managerial, 9 supervisors, 50 officers and 109 staff were promoted which was 14.66% of the total employees. In addition, the company provided welfare and various projects to promote a good quality of life, build morale, and increase the corporate commitment to employees. This included 11 projects in both monetary and non-monetary form.

Operating Results

- TMT employees are continually developed, receiving an average of 23 hours of training per person/year
- Working behavior that is consistent with the corporate values “TMT DNA” had an average value score of 86.55%
- The turnover rate of employees equal to 24.94%, decrease from 2018 that was 34.20%



Conducting Business with Corporate Social Responsibility

Policy

The company is aware of working together with the community and society by giving importance to every stakeholder. The company learned to develop and live together with the community through activities that build understanding as well as promoted participation with all stakeholders in order to ensure that the business activities of the company will not affect or cause trouble to individual's normal way of life, communities and the surrounding society. This enables the company to respond to needs and expectations efficiently, create sustainable value and business result together.

Target

- Customer satisfaction in all areas with an average over 80%.
- The Injury Frequency Rate (IFR) decrease continually every year.
- Have 0 external complaints.
- Continually implement projects that create cooperation between the company and society every year.

Strategies

- Create engagement with all stakeholders through the use of resources and the expertise of TMT in order to maximize value.
- Create good experiences for all stakeholders through activities or projects that are mutually beneficial.

Operations

The Company complied with Code of Business Conduct and created participation with stakeholders under the business operations with the following social responsibility:

1. Customers

The company is aware that customers are highly supportive of the company's success and growth. Therefore, the company strives to be ready to meet the needs of customers to create maximum satisfaction. Besides regularly meeting customers and channels to receive suggestions via the company's website, the company continually conducted customer satisfaction surveys in 2019. The results of the customer satisfaction surveys regarding product quality and service had an overall score of 86.80% which was higher than the previous year. Customers were very satisfied to extremely satisfied with the quality of products and services. In order to improve and develop service, the company analyzed the results of the satisfaction score that did not meet the criteria of the company as well as other recommendations. The company has a plan to improve, change, and develop all aspects by assigning responsible departments to implement the guidelines together in order to improve and achieve the set Target. In addition, the company also organized a training program to educate customers about steel products in order to have a better understanding of the use of steel products. The executive management and employees of 12 client companies attended. In addition, customers were invited to visit the factory on a regular basis in order to ensure that the company has products and services that are truly ready to meet all customer needs. In the past year, 106 client companies visited the factory.

2. Employees

Employees are valuable assets of the company, as a result, the company encourages and supports employees at all levels to have a good, safe quality of life, to progress and grow alongside the expansion of the company. The company uses the results from dialogues with employees, meetings of the Welfare Committee at the workplace and surveying

corporate values and forwarded to all relevant parties to consider. The company pays attention to every issues from the employees at all levels, analyzes them and organizes them into various projects which are beneficial to employees, such as an education fund for employees' children, a project to reduce and stop smoking to help build good health and reduce illnesses, promote savings in the family which includes staying away from drugs, a project to give vaccines for the 4 strains of influenza in order to reduce employee illnesses and prevent the spread of illnesses to others, the TMT Challenging Run, etc. In addition, over the past year, the company opened a new air-conditioned cafeteria with an area of more than 1,200 square meters to support the increasing number of employees. It was also equipped with an automatic dishwasher in order to promote the quality of life and good hygiene of employees. There are more healthy food choices on menus for employees as part of the belly reduction program. The new cafeteria also received a Clean Food Good Taste certification from Lam Sai Subdistrict Administration Organization. In order to support advancement in the digital age, the company also installed a high-speed internet network for employees to use in the cafeteria and participate in the company's activities online. The company installed 2 automatic snack and beverage vending machines and installed 6 SMART TVs to serve as a channel to disseminate information and knowledge to employees. The company also prepared space to support recreational activities for employees such as outdoors running track etc. The new cafeteria uses electricity that generate from the TMT's solar rooftop.

The company implemented an occupational health and safety management system (ISO45001: 2018) as a guideline in the management of occupational health and safety. The goal is to be certified in 2020 in order to develop and promote safety mindset for employees. Over the past year, the Safety Department registered 18 occupational safety and health courses under the TMT Academy guidelines and organized training for all employees in accordance with the Safety Skill Matrix. There are assessments about safety risk and opportunities as well as occupational health in all activities. The company has documented procedures for safe operations in order to be communicated with operating staff. In addition to this, safety was organized to promote safe behaviors such as Safety Week, TMT BYE BYE FAT project, Good Safety, free lunches Project, and Safety Small Group activities to instill safe work behavior in employees.

The company encouraged employees to be aware of social responsibilities through activities which were held continuously every year. These included donating blood, safety driving program, saving water and power-off campaigns during lunch breaks, separating garbage and food waste and providing security guards that handle traffic during rush hours or during heavy traffic on the public road in front of the factory in order to create safety for road users in the community. The company also labeled speed control signs in the factory to help drivers in the factory use appropriate speeds and reduce the risk of accidents. TMT Market Project enables employees to buy good quality products at reasonable prices and helps promote income distribution in the community. Most importantly, it is also a direct help to people with disabilities to sell products without charging any fees.

3. Shareholders:

The company realizes and gives importance to shareholders as owners and take care of shareholders' rights in accordance with good corporate governance principles. The company communicated with shareholders through the Annual General Meeting of Shareholders for 2019 and disclosed a variety of information through the channels of the Stock Exchange of Thailand, through a licensed securities analyst and through the company website. This included information for shareholders, contact channels for independent directors and the investor relations department, etc.

4. Business Partners / Suppliers

4 Business Partners / Suppliers are those who have contributed to procure various factors that are necessary for the company's business operations. The company gave partners the opportunity to visit TMT factory and allowed employees to visit the supplier's factories in order to create a good understanding of working together and promote cooperation in

product quality development and long-term business alliances. The company emphasized fair treatment to trade partners in accordance with the commercial conditions and the contract. The company has a channel to receive complaints and listens to opinions through the company's website. In 2019, the company did not receive any complaints from suppliers. In addition, the company prepared a Code of Conduct for business partners for the acknowledgement and to be used as a guideline for mutual sustainable development.

5. The Community and Society

The company supports activities that benefit the community and society along with business operations. The company has a communication channel with the community in which the company went into the area surrounding the factory to talk with the community a total of 5 times. This included Palazetto Village, Wang Noi Hospital, Wang Noi School (Phanom Yong) Community, Village Moo 5 Lam Sai Sub-district and Lam Sai Subdistrict Administrative Organization in order to listen to the opinions and needs in order to create projects that create mutual benefits. These included: **1. Increase green areas and improve scenery around the factory** to create a good environment by planting a line of trees around the fence of the factory and improve the drainage canal in front of the factory to be a lotus pond and install turbines to increase oxygen in the water. **2. Improve the efficiency of transport vehicles** by supporting areas for service providers to repair and inspect vehicles in the factory in order to ensure the readiness of transport vehicles. Improve components and install systems to help keep cargo clean and safe without causing danger or losing items along the way. **3. Support clean drinking water to the community** by using the money from the TMT Challenging Run application fees to purchase equipment and drinking water filters for Wang Noi School (Phanomyong) so that students and teachers have clean drinking water to consume, create good hygiene, reduce illnesses, and reduce costs from buying drinking water. **4. Waste Management project**, the company collaborated with 4 local companies to donate the income from the sale of waste to Lam Sai Subdistrict Administration Organization in order to help the disabled, the elderly and bedridden patients in the area **5. Sustainable steel projects** by supporting structural steel to improve school buildings and build a cafeteria for communities in remote areas such as Mae Hoi School, Mae Chaem District, Chiang Mai Province, through the Northern Thai Volunteer Club of King Mongkut's University of Technology Ladkrabang and renovate the school at the Mae Fah Luang Mountain Community Learning Center, Mae Chaem District, Chiang Mai Province, through the rural development volunteer camp of the University Student Club, Faculty of Engineering, King Mongkut's University of Technology, North Bangkok, which is an institution that company can recruit engineers to work on a regular basis. Currently, there are 19 alumni from both institutions working at the company. **6. Steel University Project**, in 2019, there were more than 10 institutions, departments, organizations, both public and private, that visited TMT and learned the production process in order to jointly share knowledge of the steel business in Thailand to the international level. This was done by welcoming visitors of the South East Asia Iron & Steel Institute and the World Steel Institute in collaboration with the Iron and Steel Institute of Thailand in order to make the company become more internationally known and be able to create more opportunities to do business with foreign partners **7. The Internship Program and Bilateral Projects** in which there were 108 students who attended the internship with the company. This was divided into 37 undergraduate students and 71 vocational degree students who were bilateral project students. This was collaboration between the company and the school. In 2019, the company signed a bilateral project with the Saraburi Technical College to help create educational opportunities and promote the training of professional skills and real work experience for students to be able to use the knowledge they have learned and prepare them before they enter the workforce after graduation. In the past year, the company was able to recruit 13 people from bilateral projects.

6. Related Government Agencies

The company adheres to the guidelines and strictly complies with the laws, rules and regulations of the government in order to be orderly and fair prevent risk and various impacts, promote stability in business operations and a good image for the organization. The company was willing to cooperate through providing information on business operations of the

company to government agencies to be used in various areas as deemed appropriate, comply with the law and regulations correctly and completely, and also report on business performance and operations to the relevant government agencies according to the frequency specified by the department. This includes continuous participation in activities and projects of government agencies such as training, seminars etc. as well as welcoming all 3 relevant government agencies that visit the factory.

7. Business competitors

As for business competitors, the company operates business in accordance with the free and fair competition framework. The company does not damage the reputation or distort information to cause damage to competitors and does not use social issues as a competitive advantage.

Operating Results

- The total satisfaction of customers in all aspects equal 86.80%.
- The Injury Frequency Rate (IFR) of 10.95%, decreased from 11.58% in 2018.
- External complaints equaled 0.
- There were 7 projects that created cooperation between the company and society per year and the projects will continue.



Environment Environmental Management

Environmental Policy

The company is committed to environmental management by reducing emissions, energy consumption and reducing the use of natural resources for a sustainable environment.

Targets

- Reduce greenhouse gas emissions per unit of production (ton CO₂e/ton Product) by 20% compared to the base year (2018) by the year 2027.
- Improve the work environment to reduce the impact of loud noises in the production process. The average noise level is in accordance with the standards in all areas.
- Increase green area by 20% by the year 2027.

Strategies

The company pays attention to environmental protection in parallel with business operations. The company promotes and supports employees to participate in the conservation of natural resources and save energy as well as avoiding any actions that may cause pollution in the environment whether at work or in daily life. This includes cooperation and strict compliance with environmental laws.

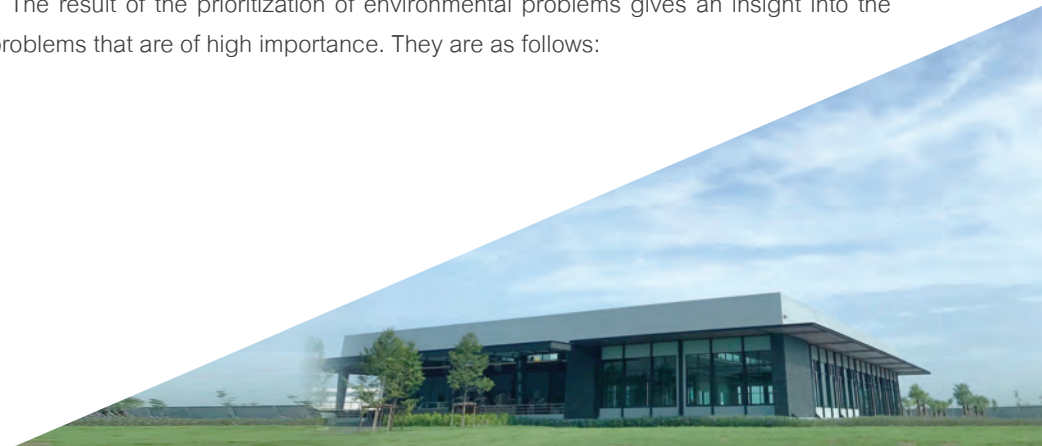
Operations

1. Assessment of Significant Environmental Problems

Assessing environmental problem is considered the first priority in the organization's environmental management. This is a process that makes the organization aware of activities that impact the environment. The company carried out the following activities to search for significant environmental problems because of the business operations of the organization.

1.1 Analyze and evaluate significant environmental problems (environmental aspects). The company analyzes environmental problems by considering the entire life cycle of the product that the company can control. This includes the all of the operations in the company, whether it is normal or abnormal conditions, or emergencies. The company assesses the significance of the enumerated environmental problems in order to find the significant environmental problems of the organization by comparing them with the assessment criteria and then prioritizing the characteristics of the assessed environmental problems.

The criteria used to prioritize included the potential of occurrence, the seriousness of the problem and legal issues and other requirements. The result of the prioritization of environmental problems gives an insight into the characteristics of the environmental problems that are of high importance. They are as follows:



Department/Process/ Activities	Nature of Environmental Problem/Use of Resources	Total Score	Grade (A, B, C)	Law (A, B, C)	Priority (A, B, C)
Acquisition of Raw Materials Steel coil	Iron ore	49	A	C	A
Acquisition of Raw Materials Steel coil	Electricity	49	A	B	A
Acquisition of Raw Materials Steel coil	Fuel	49	A	B	A
Manufactured Long Product Forming	Noisy	35	B	A	A
Manufactured Flat Product Cut coil	Noisy	35	B	A	A
Manufactured Flat Product Folded	Noisy	35	B	A	A

Remark: Priority of environmental problems

Environmental problems can be prioritized into 3 levels as follows:

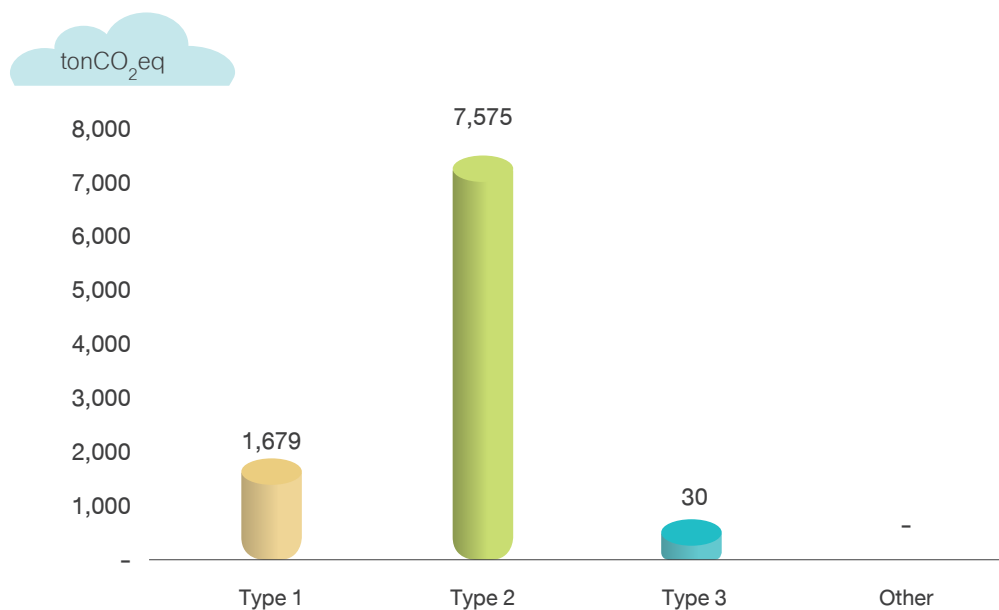
Priority	Characteristics of Pollution/Resource Problems
A High Significant	A score of 45 points or higher
B Medium Significant	A score between 22 and 44
C Not Significant	A score of 21 points or lower

1.2 Company Carbon Footprint Project. The goal is as follows:

- Assess greenhouse gas emissions from corporate activities.
- Find significant causes for greenhouse gas emissions and find solutions to reduce greenhouse gases

Operating Results

- Able to estimate the greenhouse gases emitted from corporate activities. In 2018 it was equal to 9,291 ton CO₂eq. The greenhouse gases emitted from energy consumption activities were electricity and fuel (type 2), equaled 7,575 ton CO₂eq which accounted for 81.59% of the total greenhouse gas emissions.



1.3 Carbon Footprint Products Project. The goal is as follows:

- Calculate the amount of greenhouse gas emissions emitted from at least 4 products.
- Products that carbon footprint has been calculated are registered with the Thailand Greenhouse Gas Management Organization (TGO) at least 4 products.

Operating Results

- Calculated the amount of greenhouse gas emissions emitted from products and registered them with the Thailand Greenhouse Gas Management Organization (TGO) for the following 4 products:
 - 1) Steel sheet thickness 2 mm = 1.27 kgCO₂eq/kg product
 - 2) C-shaped steel structure, size 100 × 50 × 20 mm, thickness 1.2 mm = 2.05 kgCO₂eq/kg product
 - 3) Cold-formed structural steel, square pipe type, size 50 × 50 mm, thickness 1.2 mm = 2.92 kgCO₂eq/kg product
 - 4) Cold-formed structural steel, black round pipe, size 4 inches, thickness 4.5 mm = 2.23 kgCO₂eq/kg product

2. Environmental Management

The company appointed a working group on energy management to provide energy management solutions that are efficient and sustainable. In addition, an environmental and safety working group was appointed in order to manage and operate in the environmental and safety dimensions related to sustainable development. This included activities such as the Environmental Aspect Assessment of Carbon Footprint Project. The company acknowledged that business activities that significantly affect the environment are the use of electrical energy, as a result, the company focuses on conducting business in an environmentally friendly way by using renewable energy. These are the past activities:

2.1 Solar power generation system. The goal was as follows:

- Reduce the amount of electricity used by 30%, the target of saving 3,518,000 kilowatt-hours/year which is equivalent to 13,966,460 Baht/year.

Operating Results

- Solar PV Rooftop 2.5 MW, saves 637,064.70 kilowatt-hours/year, equivalent to 2,484,552.31 Baht/year. This can reduce CO₂ gas generation equal to 370.84 tons/year.



Solar PV Rooftop 2.5 MW

2.2 Lamp replacement project from H.I.D Lamp High Bay to High Bay LED

Target

- Reduce the amount of electricity used by 2% (saving target 250,000 kilowatts-hours/year which is equivalent to 800,000 Baht/year).

Operating Results

- Changed to 155 180W High Bay LED lamps in some areas of the factory. This can reduce the amount of electricity use by 52,287 watts/year and reduce electricity use by 351,523 units/year. This can save electricity costs by approximately 1,330,000 Baht/year.

2.3 The Effects of Noise Project

From the prioritization of the environmental problems caused by the organization's business operations, the company found that the problem of noise in the production process is a high level of importance. Therefore, over the past year, the company designed and improved machines to reduce the noise level at the source so that operating staff experience a lowered noise level.

The operations include:

- 1) Installed a sound reduction cabinet that covers the pipe cutting set of 3 pipe machines, in order to reduce the noise impact from the production process.
- 2) Installed a cabinet at the Zinc Spray to reduce smoke, noise and light.
- 3) Improved the steel plate support system at the steel plate cutter to reduce the noise from steel cutting.

In 2020, the company plans to improve the working environment to reduce the impact of noise in the production process. This will cover the controls that pass through and controls the sound the receiver experiences.

2.4 Effects from Iron Dust and Iron Saturation

In addition to improving machinery to reduce noise levels from the production process, the company also improved the gas cutting machine by installing a water table to capture dust and chemical fumes caused by the gas cutting process by improving 3 gas cutting machines.

Operating Results

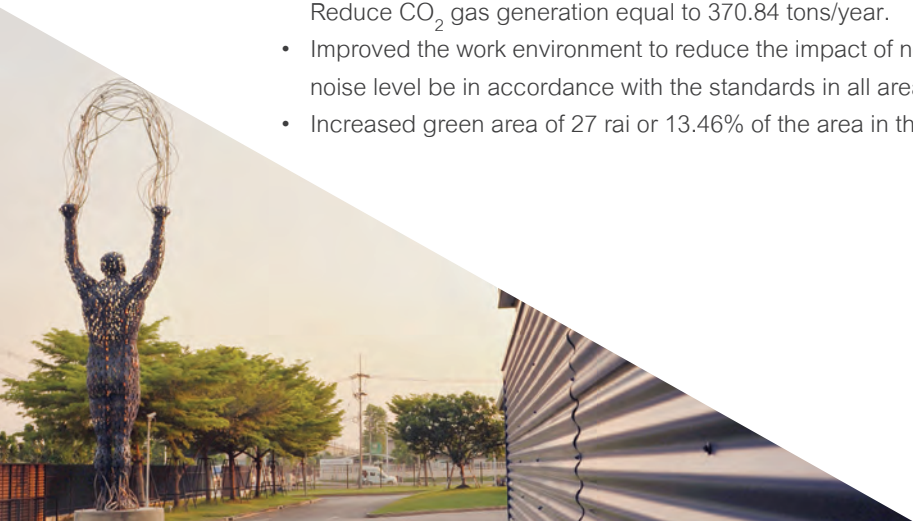
Steel dust and fume content of steel reduced by 99%.

2.5 Increasing Green Space

Increase the green area in the factory to filter air pollution and create a good environment both inside the company and the nearby area of 27 rai in order to filter the air pollution and create a good environment.

Operating Results

- Solar PV Rooftop 2.5 MW saves 637,064.70 kilowatt-hours / year, equivalent to 2,484,552.31 Baht/year. Reduce CO₂ gas generation equal to 370.84 tons/year.
- Improved the work environment to reduce the impact of noise in the production process. Made the average noise level be in accordance with the standards in all areas.
- Increased green area of 27 rai or 13.46% of the area in the factory.





Sustainable Development Target (SDGs)





The company intends to support and takes action to be a part of the UN's Sustainable Development Target (SDGs) in order to ensure that the company's operations are in line with international target and generate benefits for all groups of stakeholders. The company commits to drive all 17 of the target to achieve in the future. In 2019, the company had 14 operating results that were in line with the sustainable development target. They are summarized as follows:



Source : <https://www.un.or.th/globalgoals/th/the-goals/>

Sustainable Development Target (SDGs)	The company's Sustainability Issues	Activities/Projects that Support the Target	Benefits for the company	Benefits to Society and the Environment
No Poverty 	Corporate Social Responsibility	<ul style="list-style-type: none"> o Friends Recommend Friends Project o TMT Market 	<ul style="list-style-type: none"> o Additional employment channels to reduce recruitment time. 	<ul style="list-style-type: none"> o Promote employment o Support revenue for community stores o Distribute income from employees to community
Good Health and Well Being 	Corporate Social Responsibility	<ul style="list-style-type: none"> o New cafeteria o Clean Food Good Taste o Reduce Belly Fat Reduce Disease Project (BYE BYE FAT) o TMT Challenging Run o Vaccine program to prevent 4 strains of influenza 	<ul style="list-style-type: none"> o Build good relationships with communities o Build relationship among employees. o Reduce the rate of employee sick leaves 	<ul style="list-style-type: none"> o Employees are healthy and strong and reduce illnesses o Reduce the rate of the spread of influenza to surrounding people.
Quality Education 	o People Development Corporate Social Responsibility	<ul style="list-style-type: none"> o TMT Educational Program o Training to educate employees o Bilateral projects o Steel University Project 	<ul style="list-style-type: none"> o Increase the number of employees that are educated, knowledgeable and skilled. o Increase employment opportunity to students/ university students participating in projects 	<ul style="list-style-type: none"> o Support equal and thorough education, promote life-long learning for employees, students and teachers

Sustainable Development Target (SDGs)	The company's Sustainability Issues	Activities/Projects that Support the Target	Benefits for the company	Benefits to Society and the Environment
Gender Equality 	People Development	<ul style="list-style-type: none"> o Treat laborers equally o Accept women to work in appropriate positions o Promote women to management levels 	<ul style="list-style-type: none"> o Have employees that have suitable qualifications in accordance with the job characteristics and positions o Employees are able to use their full potential in their work 	<ul style="list-style-type: none"> o Promote gender equality o Develop the role of women to be able to work and receive wages from work
Clean Water and Sanitation 	Corporate Social Responsibility	<ul style="list-style-type: none"> o Support water filters for the community 	<ul style="list-style-type: none"> o Build good relationships with the communities 	<ul style="list-style-type: none"> o The community have clean and safe drinking water
Affordable and Clean Energy 	Environmental Management	<ul style="list-style-type: none"> o Solar power generation system o Changed to High Bay LED 180 W lamps o Renovated buildings to use more natural light 	<ul style="list-style-type: none"> o Reduce primary energy consumption and began to use more alternative energy o Help reduce Company expenses in the long run 	<ul style="list-style-type: none"> o Reduce greenhouse gas emissions o Increase awareness to use more alternative energy
Decent Work and Economic Growth 	People Development Corporate Social Responsibility	<ul style="list-style-type: none"> o Use automation system in the production process instead of human labor in risky processes o Promote employees o Comply with legal Employment 	<ul style="list-style-type: none"> o Increase effectiveness in the production process o Build relationship among employees. o Reduce the rate of resignation 	<ul style="list-style-type: none"> o Promote effective employment and proper work for men and women o Encourage employees to advance in their careers
Industry, Innovation and Infrastructure 	Innovation Promotion	<ul style="list-style-type: none"> o Stay Flat products o Implement technology systems in the production process o Promote and job development culture 	<ul style="list-style-type: none"> o Reduce waste o Increase the quality of products and services o Increase the effectiveness in the work process o Increase customer satisfaction 	<ul style="list-style-type: none"> o Invest in technology and innovation o High quality steel plate products o Environmentally friendly production and lower power consumption
Reduce Inequality 	People Development	<ul style="list-style-type: none"> o Treat workers equally with no discrimination o Employ disabled people 	<ul style="list-style-type: none"> o No lawsuits have been filed regarding non-compliance and there are no labor disputes o Build relationship among employees. 	<ul style="list-style-type: none"> o Promote equality in society
Sustainable Cities and Communities 	Corporate Social Responsibility	<ul style="list-style-type: none"> o Sustainable steel project (support steel for public use) 	<ul style="list-style-type: none"> o Build good relationships with the community o The company is well known in remote communities 	<ul style="list-style-type: none"> o Support communities to have steel structure buildings that are strong, safe and suitable

Sustainable Development Target (SDGs)	The company's Sustainability Issues	Activities/Projects that Support the Target	Benefits for the company	Benefits to Society and the Environment
Responsible Consumption and Production 	Innovation Promotion Environmental Management	<ul style="list-style-type: none"> o Produce in accordance with the environmental impact reduction policy 	<ul style="list-style-type: none"> o Reduce energy consumption o Reduce the occurrence of waste in the production process 	<ul style="list-style-type: none"> o Use fair resources efficiently o Support a Circular Economy
Climate Action 	Environmental Management	<ul style="list-style-type: none"> o Carbon Footprint project o Solar power generation system 	<ul style="list-style-type: none"> o 100% of scrap can be sold and recycled o Reduce the primary energy consumption and begin to use more alternative energy o Help reduce Company expenses in the long run 	<ul style="list-style-type: none"> o Reduce greenhouse gas emissions that cause global warming o Increase awareness to use more alternative energy
Peace and Justice, Strong Institutions 	Good Corporate Governance People Development	<ul style="list-style-type: none"> o Comply with Thai Labor Standards (TLS) o Participate in the project that prevent and solve drug problems in the workplace o Anti-corruption policy in the organization 	<ul style="list-style-type: none"> o No lawsuits were filed regarding non-compliance with laws and there are no labor disputes o Build credibility and transparency in business operation of the company 	<ul style="list-style-type: none"> o Reduce conflicts o Reduce social problems o Prevents and fight against corruption
Partnership for the Target 	Innovation Promotion	<ul style="list-style-type: none"> o Use the advanced Stretcher Leveling technology from the United States to develop Stay Flat products 	<ul style="list-style-type: none"> o Gain knowledge of new technology from foreign trade partners (USA) o Increase effectiveness in the production process o Increase the quality of products and services o Increase customer satisfaction 	<ul style="list-style-type: none"> o Enhance the quality of steel sheet products in Thailand o Help customers' businesses become more successful by using Stay Flat products

The scope of information is from January 1, 2019 to December 31, 2019.

Inquiries:

Sustainable Development Committee
 TMT Steel Public Company Limited
 179 Bangkok City Tower 22nd Floor, South Sathorn Rd.,
 Thungmahamek, Sathorn Bangkok 10120
 Thailand

Tel : 0 2685 4000
 Fax : 0 2670 9090-2
 Email : sd@tmtsteel.co.th
 Website : www.tmtsteel.co.th



Sustainability



www.tmtsteel.co.th

บริษัท ทีเอ็มที สตีล จำกัด (มหาชน) TMT STEEL PUBLIC COMPANY LIMITED

179 อาคารบางกอกซิตี ทาวเวอร์ ชั้น 22 ถนนสาทรใต้ แขวงทุ่งมหาเมฆ เขตสาทร กรุงเทพมหานคร 10120 โทร : 02 685 4000 แฟกซ์ : 02 670 9090-2
179 Bangkok City Tower 22nd Floor South Sathorn Rd Thungmahamek Sathorn Bangkok 10120 Tel : 02 685 4000 FAX : 02 670 9090-2