



The Circle of Happiness

SUSTAINABILITY REPORT
2012



Thai Beverage Public Company Limited

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Message from President and CEO

Dear Shareholders

Business operations under the sustainability development concept played an important role for Thai Beverage Public Company Limited in achieving sustainable values for our stakeholders. ThaiBev is resolute to expand its domestic and overseas businesses with adherence to good corporate governance. In addition, we are determined to support social and environment development in order to enhance confidence and long-term returns to shareholders as well as to ensure fair treatment to our business counterparts.

Our determination is to be “a company with business growth and social accountability”, which does not focus only on short-term profit. This has been a drive behind our contribution to the society, with an aim to achieve long-term social development through various projects related to social, educational, sports, public health, and cultural aspects. Our renowned project “ThaiBev Unites to Fight the Cold” has been carried out for 13 consecutive years. Other projects include environmental conservation through development of quality and standard of our facilities to obtain certification of GMP, HACCP, ISO 9001, and ISO 14001 to ensure sound environment management, which leads to sustainable co-existence between the Company and the community.

It is my belief that a company requires a solid foundation to attain sustainable development as it ensures readiness to cope with changes. Hence, our employees are a key force to drive our organization forward. ThaiBev focuses on providing employees’ welfare as well as encouraging their development for higher level of work efficiency. Also, we cultivate our people to adhere to the “ThaiBev Core Values” in order to continue delivering quality products for consumers as well as values to shareholders and the society.

With our devotion to build a strong business foundation for us to maximize our potential, together with our concept of sustainable development, I am confident that ThaiBev is ready to embrace new challenges on a regional level. Dedication of our management and employees will contribute to our business growth and further our success to enhance long-term values and yields for all parties.



Thapana Sirivadhanabhakdi
President and CEO





Bringing
happiness
by caring

Looking beyond commercial success alone, we also take the impact of our business on society and the environment into account. With such considerations in mind, our research and development department has leveraged the use of cutting-edge technology to devise processes that are eco-friendly and optimize our use of resources. As such, we are able to coexist harmoniously and “happily” with the people and nature in the communities we operate in, in the world we live in.



Bringing
happiness
by giving

As we reap the rewards of our success, we seek also to give back to the community. Our hearts go out to those in need, and we hope to ease the hardship they experience, provide them with opportunities, and help realize their dreams, and add “happiness” to their lives. Both givers and receivers are blessed as we do what we can to build a society that teems with love and compassion.



Awards and Recognitions

The business of Thai Beverage Public Company Limited has significantly expanded, both through the launch of new products and overseas growth. As a result, the Company has been more actively involved with the environment, society, and stakeholders. In addition, new technologies led to various changes in the business operations and at the same time, competition was more intense. As ThaiBev strengthens its footprints on an international level, the Company realizes the significance of sustainable development. Hence, we have policy for development of our directors, executives, and employees of all functions in order to build a strong and solid foundation for us to be ready for competition and changes. Such readiness will lead to our sustainable development as well as create benefits and value addition for stakeholders, and contribution to the society and environment.

ThaiBev is committed to our mission to strengthen relationship with all stakeholders i.e. shareholders, employees, customers, agents, and the society. We, including our directors, executives, and employees jointly make decisions and proceed with mutually agreed policies. Various functions and responsibilities were defined to account for the development of the organization, value of products and services, and innovative business models to better serve the demands of consumers and to achieve sustainable development of the Company.

ThaiBev's determination to expand our business while cherishing social responsibility is recognized as per the following awards and international standard certifications from the leading agencies in respect of environment care, safety, biosafety, and work environment.

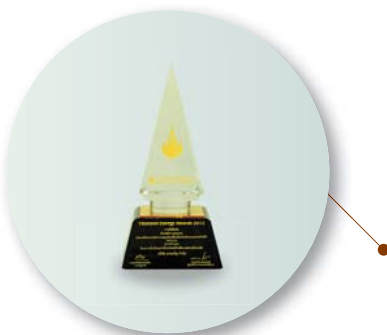
The Prime Minister's Industry Award by the Ministry of Industry

- 2012 The Prime Minister's Industry Award for Quality Management
Beer Thai (1991) Public Company Limited
- 2011 The Prime Minister's Industry Award for Environment Quality Management
Beer Thip Brewery (1991) Co., Ltd.
Athimart Co., Ltd.
- 2010 The Prime Minister's Industry Award for Energy Management
Beer Thip Brewery (1991) Co., Ltd.
- 2010 The Prime Minister's Industry Award for Environment Quality Management
Beer Thai (1991) Public Company Limited
- 2009 The Prime Minister's Industry Award for Energy Management
Beer Thai (1991) Public Company Limited

These awards represent recognition for initiatives and perseverance of companies contributing to the industries of Thailand. We have been among consecutive award receivers.

Thailand Energy Awards in Off-Grid Renewable Energy Projects by the Ministry of Energy

- 2012 Kankwan Co., Ltd. for the Biogas Production
from Distillery Slop for Use Project
 - 2009 Beer Thai (1991) Public Company Limited for
Biogas Production in Wastewater Treatment Project
- The award honors companies with outstanding energy performance.





**Green Industry Award 2012, Level 4 : Green Culture
by the Ministry of Industry**

Sura Bangyikhan Co., Ltd.
Athimart Co., Ltd.

The award represents recognition of companies that commits to do business in an environmental friendly way to achieve sustainability goal by developing and improving continuously on production process and environmental management including corporate social responsibility both internally and externally throughout the supply chain.



**Green Industry Award 2012, Level 3 : Green System
by the Ministry of Industry**

Simathurakij Co., Ltd.
Thanabhakdi Co., Ltd.
Kankwan Co., Ltd.

The award represents recognition of companies that commits to do business in an environmental friendly way to achieve sustainability goal by developing and improving continuously on production process and environmental management including corporate social responsibility both internally and externally throughout the supply chain.



**3Rs Award 2012 for Waste Management Based on 3Rs Principle
by Department of Industrial Works**

Kanchanasingskorn Co., Ltd.
Theparunothai Co., Ltd.
Fuengfuanant Co., Ltd.
Mongkolsamai Co., Ltd.
Sura Bangyikhan Co., Ltd.
Sura Piset Thipparat Co., Ltd.
United Winery and Distillery Co., Ltd.

The award honors factories whose operations fully comply with related industrial waste laws.



**Zero Waste to Landfill Achievement Award 2012
by Department of Industrial Works**

Kanchanasingskorn Co., Ltd.
Fuengfuanant Co., Ltd.
Mongkolsamai Co., Ltd.
Sura Piset Thipparat Co., Ltd.
S.S. Karnsura Co., Ltd.

The award represents recognition for factories which utilize waste for internal and external benefits of the factories with zero waste to landfill.



National Excellence Award for Workplace with Excellence
on Safety, Biosafety, and Workplace Environment 2012
by Department of Labour Protection and Welfare, Ministry of Labour

Kankwan Co., Ltd.

Theparunothai Co., Ltd.

S.S. Karnsura Co., Ltd.

Athimart Co., Ltd.

Sura Bangyikhan Co., Ltd.

Nateechai Co., Ltd.

Mongkolsamai Co., Ltd.

Luckchai Liquor Trading Co., Ltd.

Simathurakij Co., Ltd.

The award honors factories which carry out activities for safety of workplace environment.



Honorary Certificate for Factories with
Excellence in Water Consumption Reduction 2012
by Department of Industrial Works

Sura Piset Thipparat Co., Ltd.

Sura Bangyikhan Co., Ltd.

The award represents recognition for companies with excellence in reducing consumption of water.



Carbon Footprint 2012
By Thailand Greenhouse Management Organization,
Ministry of Natural Resources and Environment

The 640-ml. Chang Classic is the first beer to be granted
the carbon footprint symbol, which demonstrates its care for
reduction of CO₂ emission in each process of the operations.



NSF International Certificate
by National Sanitation Foundation "NSF"

Chang and Crystal drinking water are the only drinking water brands which
receive "NSF" certification from the United States of America. NSF was established
for 69 years and it is delegated by the World Health Organization ("WHO") to oversee
the drinking water standards and production on international level to ensure consumers
are provided with standardized and clean drinking water.

Sustainable Development in Relation to Stakeholders

ThaiBev believes that internal and external stakeholders are to be taken into account for sustainable development, besides business, industrial, and economic contributors. Thus, the Company is determined to build sustainable growth based on fair treatments to all parties and to encourage active participation, which is summarized as follows:

Share holders

ThaiBev was listed in the Singapore Stock Exchange ("SGX") in May 2006. The Company has carried out its business with transparency and corporate governance with the aim to ensure that our business practice conforms to international standards. We adhere to compliance with the laws, rules, and regulations of SGX in order to maximize benefits and yield sound returns to shareholders on a continuous basis. ThaiBev allows both retail and institutional shareholders to express their opinions in Shareholders' Meetings and discloses the information of the Company through SGX, in its annual report, and on the Company's website.

Employees

ThaiBev believes that personnel are key mechanism to achieve sustainable development. We therefore take care of the quality of our employees' life. Our principle and human resources management system are based on fairness and equality. The Company encourages our staff to advance on their career path by providing training courses and on-the-job training as appropriate to different needs of our employees for enhanced work efficiency and opportunity for career advances. The Company does not only focus on knowledge development, but also instill adherence to proper ethics and values i.e. the following 7 ThaiBev Core Values.

T Team Spirit
H Heart
A Accountability
I Initiative

B be Best, be Bold, be Bright
E Efficient
V Virtue

Customers

To ensure ThaiBev products deliver maximum "happiness" and satisfaction to consumers, ThaiBev places importance on product development with an aim to respond to customer demands. Our products are eco-friendly and manufactured from top quality raw materials undergone world-class advanced production technology which are hygienic, eco-friendly, and energy-saving. All processes are designed to deliver the best products for consumers.

Business Counterparts

ThaiBev treats our business counterparts with honesty and fairness. We place importance on supporting the business of our distributors by providing information, advices, and training workshops on a regular basis. Also, we provide service and support on technology and logistics in order to assist our agents to achieve sustainable growth. The Company has collaborated with our agents to install the online data system. The initiative forms part of the Agent Development project called "ThaiBev Family" with an aim for agents to have their own system, which leads to the more effective business management and product distribution. We introduce the use of Personal Digital Assistant (PDA) device, which enhances the efficiency of agents and more importantly, their business opportunities.

Society

Besides business growth, ThaiBev sees significance in giving back to the society. We focus on achieving the production and operational processes to efficiently decrease and control the impact on the environment and community. The Company provides support for research and development of renewable energy to reduce consumption of natural resources, the effort of which has been recognized by several awards presented to us. ThaiBev establishes various projects and Corporate Social Responsibilities ("CSR") initiatives to provide assistance and improve the quality of life of the community. In addition, the Company fully cooperates and ensures strict compliance with the laws and we contribute to the country by paying taxes, fees, and charges as stipulated by the rules and regulations of the related government agencies. ThaiBev also provides assistance in projects on social and community development initiated by the public sector.

Business Operation and Sustainability



Good Corporate Governance

ThaiBev adheres to good corporate governance principle, and conducts our business with effectiveness, transparency and clarity. In addition to comply with all laws and regulations applied to us, we also aim to be the role model in respect of professionalism, transparency and good corporate governance to build trustworthy relationships with shareholders, investors, employees, customers, stakeholders, and all concerned parties.

Corporate governance report for the year 2012 explains the structure and relationships corporate governance disclosure, operating results, future opportunities, and sustainable development in order to create the competitive advantage, between Board of Directors, Management Committee, and shareholders, including focus on providing support and boosting business performance of customers for the long lasting prosperity, as well as add values to shareholders in the long run, with consideration on other stakeholders. Details are as appeared in the Annual Report 2012.



Business Ethics

In order for a business to grow and prosper in a sustainable manner and be accepted in the community, one of the most important factors is that the Company must conduct its business ethically. Business Ethics of Thai Beverage Group, which is available in the form of publication, consists of four interrelated parts as follows: Business Ethics of the Company, Ethics of the Directors, Ethics of the Executive Officers, and Ethics of the Employees.

Thai Beverage Group adheres to responsibilities to stakeholders comprising the Company, shareholders, employees, customers, business counterparts, the society, the stock exchange, and complies with the ethical considerations and the scope of morality. Giving, offering to give, or soliciting, including receiving or accepting bribes in any circumstances are not permitted by the Company.

ThaiBev determines to conduct its business honestly, lawfully, morally, and ethically. We have a transparent process of work and adhere to and comply with the good corporate governance policy. Therefore, we announce Business Ethics of Thai Beverage Group to our personnel of all levels, including Directors, executives, and employees in order to ensure that such standards are strictly adhered to and maintained in a consistent manner.



Risk Management Policy

ThaiBev's Board of Directors operates its business with prudence for corporate and environmental sustainability, and therefore; the Risk Management Committee is established to ensure efficient and effective management of risks arising out of internal and external factors, including compliance with laws and environmental control in contribution to sustainable development of ThaiBev.

The Risk Management Committee prepares the risk management report to be published in the Annual Report on an annual basis.



Policy on Human Resources

To achieve sustainable development, an organization needs its fundamental strength as well as the readiness for various changes and challenges, which will lead to the organization success. People are the key mechanism to drive the business forward and therefore ThaiBev places importance on the quality of life and human resources development.

ThaiBev pays attention to each of the human resources management processes, starting from recruitment and hiring, in order to obtain the right employees for the job and the corporate culture, consideration of proper compensation and welfare, and development of a fair performance assessment system.

Over the past years, ThaiBev has implemented a variety of internal activities to enhance understanding of employees across the Company about ThaiBev Core Values, and ensure that employees are committed in alignment with the aforementioned concept. One of ThaiBev Core Values, "Efficiency", was promoted in 2012 in the "Year of Efficiency" campaign. We focused on encouraging employees to improve their work efficiency, as well as initiating a contest to provide an opportunity for employees to apply useful ideas to practice.

In addition, ThaiBev is determined to develop employees' competency together with cultivating morality and ethics, as well as offer career advancement. Therefore, the Company continues providing training courses, which are in alignment with and support the business strategy. We also initiated the internal knowledge management project to promote learning and ensure we are ready to cope with changes. Nevertheless, ThaiBev also provided various kinds of activities to create happiness and work-life balance for employees.

Economic Sustainability

Aligned with ThaiBev's key objective to build growth, the economic management of the Company is based on domestic and overseas expansion, together with social and environmental accountability, which lead to our sustainable growth. In 2012, the Company invested in shares of Fraser and Neave, Limited ("F&N"), a Singapore-based leading beverage and distributor with long-established history and various famous products on a regional level. We consider the investment as a synergy to our business in line with our long-term strategy.

The 2012 operating results saw total revenues from sales of Baht 161,044 million, or growth of 21.8 percent, and net profit of Baht 28,760 million, or over 140.3 percent growth when compared to the year 2011. Sales continued to increase as a result of our leadership in the domestic beverage business, with readiness in terms of production bases, extensive distribution network, and potential to expand to regional beverage business.

	2012	(Restated) 2011	(Restated) 2010
Financial Highlights (Unit: Million baht)			
Income / Expenses			
Revenues from sales	161,044	132,186	120,472
Income tax expenses	5,146	5,317	4,146
Net profit	28,760	11,967	10,659
Assets / Liabilities (Unit: Million baht)			
Total assets	207,686	99,362	77,033
Total liabilities	122,714	36,159	20,153
Dividend payment (Unit: Million baht)			
Dividend paid	10,546	9,291	8,789

Social Sustainability



Social Aspect

ThaiBev cherishes the concept of a company with business growth and social accountability that gives back to the society, and not one focusing only on short profit. Our people contribute to corporate social responsibility or CSR policy and guidelines to ensure the beneficial contribution. Then, the related action plans are formed for all functions to implement on a continuous basis. ThaiBev's various CSR activities include the following projects.

Village Development Partnership Project

ThaiBev has sponsored the Population and Community Development Association or PDA since 2007 to present. PDA utilizes the sponsored funds to establish a community bank, gives career advices to members of the community, and provides micro-loans for career start-up, which will be repaid as the borrowing members earn money. The project helps improving the life of community members as they become self-reliable. In addition, it raises awareness of community members to lead a life following the Sufficiency Economy principle, to stand on their own feet, and not create unnecessary debts. The Company's sponsors 2 villages i.e. Samrong Village in Amphoe Lamplaimas, Buriram province and Ban Lan Moo 5 Village in Amphoe Ban Pai, Khonkaen province. The project aims to expand in order to assist more communities to obtain sustainable strength.

King's Wild Elephant Project

ThaiBev places emphasis on conservation of and assistance for elephants, which is the national animal of Thailand. The Company sees the abundance of forests in the West of Thailand, from Kanchanaburi province to Prachuap Khiri Khan province, especially Kuiburi forest, which has the densest elephant population in Thailand.

In the past, the area suffered an issue of human inhabitation which invaded the natural habitat of elephants, leading to co-existence problem that worsened through time. As such, King Bhumibol Adulyadej restored the forest under the Kuiburi National Forest Reserve Royal Development Project. The area later became the Kuiburi National Park.

ThaiBev took direction based on HM the King's remark on reforestation as the Company realized the importance of bringing back sustainable abundance to the destroyed forests. Hence, the Company collaborated with the public and private sectors, the Kuiburi Local Administrative Organization in Prachuap Khiri Khan province, and the World Wildlife Fund or WWF to establish the Foundation for the King's Wild Elephant. The goal was to restore and build sustainable food and water sources for wild elephants in the Kuiburi National Park in Prachuap Kiri Khan province. In this connection, action plans and activities are mutually agreed among the Company, the community, local organizations as well as members of the Foundation for the King's Wild Elephant to achieve concrete progress.

ThaiBev Safe Driving Program

As a beverage company, ThaiBev is serious in its endeavor to deliver substantial progress on CSR projects, especially those related to safe driving and responsible drinking.

2004 marked the commencement of ThaiBev Safe Driving Program to raise awareness and motivate consumers and alcohol drinkers to drink responsibly and encourage safe driving. The Company cooperated with the public and private sectors as well as non-governmental organizations, including Royal Thai Police Headquarter, Bangkok Mass Transit Authority, Department of Land Transport, Don't Drive Sleep-Deprived Fund, Don't Drive Drunk Foundation, Thai Foundation for Responsible Drinking or TFRD and media partners. The program aims to communicate with the target audience to care more for their fellow road users. The concept of "Drive Safely, Care for People around You" was set in the year 2011 and related activities been carried out until the present.

The activities focus on public relations about the safe driving concept and guidelines for our personnel and the general public via JorSor. 100 radio station, taxi adverts, and social activities. The ThaiBev Safe Driving manual is distributed on a regular basis, especially long holidays and major events.

The Company continuously promotes the ThaiBev Safe Driving Program to raise awareness and encourage responsible drinking discipline as well as nurture safe driving culture in compliance with the laws. Undisrupted preparation and activities have been rolled out throughout the project.

Picture 1
Thai Beverage PLC. continues
"ThaiBev Safe Driving Program"
for 8th consecutive year.

Picture 2
ThaiBev raises awareness of safe driving
for drivers of Bangkok Mass Transit Authority
(BMTA).

Picture 3 – 5
"ThaiBev Unites to Fight the Cold:
13 Years of Keeping Thais Warm"
Caravan provides blankets to those in need



ThaiBev Unites to Fight the Cold Project

Since the year 1999 to the present, ThaiBev Unites to Fight the Cold Project has given the warmth to Thai people in need, who live in different rural and remote areas that are difficult to access. We receive cooperation from the Ministry of Interior, Department of Disaster Prevention and Mitigation, local civil officers and the press in a survey of areas affected by the cold weather. Then, the Company prepares quality blankets and distributed to the people living in these areas in time so that they could keep warm in the coming winter.

In the past 13 years, ThaiBev has been giving away over 2,600,000 blankets for Thais. Each year the blankets are distributed to people residing in 571 Amphoe of 41 provinces in the Northern and Northeastern regions, which are regularly affected by the cold weather every year. Besides the blankets, the Company also prepares food for the people coming to get the blankets. Also, the Company provides scholarships to schools in the areas, including academic scholarship, lunch funds, and library construction funds. ThaiBev sponsors sports gears, teaching materials, and computers to schools as well. Apart from the warm blanket, the Company warms these people's heart as it participates in activities to strengthen relationship with the community and students in these areas as we live up to our concept of "Thais Give Thais".



Project to Encourage the Public Minds

With gratefulness and great loyalty to His Majesty King Bhumibol Adulyadej, ThaiBev was among main sponsors of the “Do-D” Project which consisted of a television program to encourage Thai people to express their loyalty to HM the King under the concept of “Love Our King by Doing Good Deeds”. Broadcasted on Channel 5, the program featured inspirational stories of the King and his good deeds for audience to apply to their lives.

In addition, the Company provided sponsorship to the “People of the King Rama IX Reign” program, consisting of roadshow nationwide to cultivate the conscience and encourage Thai people to contribute as a Thai of the HM the King’s reign. The project comprised several activities such as photo exhibitions of photos which won the King’s trophy from the Photo of the Land Contest, the White Elephant Art Project, Do-D Foundation T-shirts sale for charity, Thai traditional art performance by high school and university students, online well-wishing for the King through social network, and other online activities. There are around 5,000 participants joining these activities and currently, there are over 28,000 online participants.

These activities inspire people with the good deeds of HM the King for them to do good deeds and to review their lives whether their actions are appropriate as people of the King Rama IX reign. The project aims to raise awareness of Thais to follow the footsteps of our Father of the Land.

Picture 1 – 3
Thais demonstrating loyalty
to HM the King

Picture 4
Summer internship
finish celebration

Picture 5 – 6
Interns in actions at Oishi



Education

β-Young Entrepreneur Program

Thai Beverage Public Company Limited and Sirivadhanabhakdi Foundation, in association with the Thai Chamber of Commerce and University of the Thai Chamber of Commerce, initiate “β-Young Entrepreneur” under Bachelor of Business Administration Program in Entrepreneurship, University of the Thai Chamber of Commerce, with the aim of creating new high potential entrepreneurs for local and international businesses, as well as cultivating students’ awareness of morality, ethics, and social accountability.

In addition to learning opportunities through the β-Young Entrepreneur program, ThaiBev provides support and promotes the program with several activities to develop specific entrepreneurial skills; such as field trips, the lectures on business-related experiences delivered by special lecturers, and work experience ranging from the summer internship program to the ownership of businesses through the establishment of “Society”, a mock-up company for social purposes, to provide students with an opportunity to learn how to start, manage, and run the business in a concrete manner so as to extend their business perspectives and experiences for their future entrepreneurship. ThaiBev also provides recommendations on organizational structuring, corporate governance, and offers consultancy of lecturers, experts, and business operators. Furthermore, the Company emphasizes on cultivating and raising social awareness of students by continuously encouraging them to participate in our CSR activities.

There are currently 2 classes of students in the program, comprising 33 sophomores and 42 freshmen.



2012 Employees' children scholarship program



Scholarship Program for the Children of Employees

ThaiBev and most of its subsidiary companies have provided scholarships for the children of employees, since the year 2010 to the present. The scholarships for the year 2012 were offered without limitations to area of study. The scholarship criteria and selection process were determined by the working committee on the scholarships for the children of employees. There were 2 types of scholarships as follows:

1. General Scholarships

The purpose of this scholarship was to assist and ease the financial burden of high performance employees, as well as provide educational support for the children of employees with academic excellence at the following 5 education levels i.e. elementary school (1st– 6th Grade), middle school (7th– 9th Grade), high school (10th– 12th Grade / Vocational education), higher vocational education, and university education.

2. Special Scholarships (White Elephant Project)

The purpose of this scholarship was to assist with and ease the financial burden of high performance employees, as well as provide support for higher education of children of employees with distinguished academic excellence. The scholarships were granted for selected students from the second academic year onwards. In this regard, special consideration will be given to any White Elephant Project's scholarship grantee, regardless of academic year, who apply for work at ThaiBev or its subsidiary companies after graduation.



Public Health

ThaiBev cares about the public health of people, especially underprivileged people and financially-challenged patients. We provide continuous sponsorship and support as follows:

- Donation to the Children's Hospital Foundation for the construction of Queen Sirikit 80th Birthday Anniversary Building to provide medical services for pediatric complex diseases, 4 centers of medical excellence, 20 sub-specialty clinics, and the largest research center and center of training on sub-specialty pediatric diseases in Thailand.
- Donation for construction of hospital for seniors through the "Walk rally in celebration of 84th birthday anniversary of HM the King" event. Proceed was donated to the Bangkok 2009 Foundation for construction and establishment of the hospital for seniors. The project is a part of preparation of public health care facilities for Thailand's changing demographic structure to the aging society, for rehabilitation and fitness of seniors, and for becoming the hub of geriatric medicine and senior wellness and healthcare. The hospital construction is expected to complete in 2013.
- Part of proceeds from sales of Chang Drinking Water was donated to Siriraj Hospital to fund various public health works.
- "Giving Blood...Giving Life" is among internal activities of ThaiBev and its subsidiary companies held on a quarterly basis. The activity aims to provide a chance for executives and employees to do good and dedicate our merit to our beloved Father of the Land. The Company in coordination with National Blood Service Branch, Institute of Pathology, Royal Thai Army Medical Department, Phramongkutklao Hospital, and the hospitals in each region to provide mobile blood and organ donation services at workplaces. In this regard, the amount of blood collected each time is to be stored in blood banks to save lives in dedication to the royal merit. The project has on ongoing since 2010 until the present.



Art and Culture

ThaiBev is determined to promote, conserve, and pass on the Thai traditional heritage. The Company collaborates with art and culture alliances in Thailand to build a platform for artists to express their talents and showcases works of art, which provide an opportunity for preservation of cultural heritage and a stage for rising artists to shine among the general public. ThaiBev has provided sponsorships for various artistic agencies and institutions in the following projects.

White Elephant Art Award

The White Elephant Art Award was first held by the Company in 2011 and it was among several projects organized in honor of His Majesty the King's 84th birthday anniversary.

The main objective of the project was to provide a channel for artists to disseminate knowledge and understanding on contemporary art to the majority of the general public and to express the artistic potential through art pieces in realistic and abstract styles. The competition was divided into painting, sculpture, and graphic art. The judge panel consisted of experts and national artists. Not only did the entries reflect the magnificent artistic view of the artists, but also demonstrate the love and loyalty for HM the King and the pride of being a Thai under the reign of our beloved King.

ThaiBev continues to organize the White Elephant Art Award to provide moral support and a platform for artists to express their artistic talent as well as to add value to the Thai and international art field.

Picture 1
HRH Princess Maha Chakri Sirindhorn graciously presides over the grand opening of the "1st White Elephant Art Award" exhibition.

Picture 2
"Tomorrow", a painting by Mr. CHAIRAT SANGTONG, White Elephant Art Award winner (left)

Picture 3
"My Inspirational King", a painting by Mr. NUNTAPONG SINSAWAT, 1st Prize winner of White Elephant Art Award (right)

Picture 4
"Sufficient life led by Sufficiency" photo, the winner of the HM the King's trophy by Mr. KANCHIT SITTHIPOL, inspired by the Sufficiency Economy philosophy, royally bestowed to Thai people by HM the King

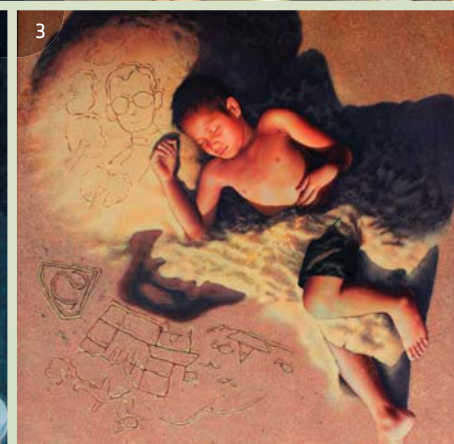


Photo of the Kingdom Project

The Photo of the Kingdom Project has enjoyed success since its launch in 2007 to the present. The project has been held in honor of the birthday anniversary of HM the King on an annual basis. The project draws great attention from both professional and amateur photographers who enrolled for the contest. The project was greatly honored for His Majesty King Bhumibol graciously selected the winning photos for the 2011–2012 contests. The working group of the contest has mutual intention to continue this project as an activity to honor HM the King for his royal craftsmanship in photography.

In 2012, the working group of the project set the contest theme to be “For the benefit and happiness”, based on HM the King’s first royal speech “We will reign with righteousness for the benefits and happiness of the Siamese people”, royally addressed to Thai people at the coronation ceremony on Friday, May 5, 1950.





Sugree Charoensook Foundation and Mahidol University's College of Music hosted the 4th Kunnatham Num Panya Concert.

HRH Princess Maha Chakri Sirindhorn Royal Photo Exhibition Project Sponsorship

The project aims to provide an opportunity for the general public to admire the royal expertise in photography of HRH Princess Maha Chakri Sirindhorn in an exhibition of royally-given photos, continuously organized since the year 2007.

On January 5, 2012, HRH Princess Maha Chakri Sirindhorn graciously presided over the grand opening of the “Born into This World” royal photo exhibition at Bangkok Art and Culture Center. The exhibition showcased 190 photos taken by HRH Princess Maha Chakri Sirindhorn during the year 2010 and 2011 from HRH’s domestic and overseas trips. These photos were reflections of a wide world, filled with diversified way of life of people of different nationality, who speak different languages, cherish different culture as well as the life of animals, plants, and places which caught the interest of HRH Princess Maha Chakri Sirindhorn and were captured in photos that came with interesting stories.

1st Chang Fine Art Photo Contest Project

This project aims to promote the photography industry to enhance diversification of photographic art and to provide a platform for Thai artists to advance in the international arena. ThaiBev collaborated with the Royal Photographic Society of Thailand to organize the 1st Chang Fine Art Photo Contest in 2012. The objective of the project was to support photographers with interest in artistic photography, with focus on conceptualization and expression of imagination.

Music Initiative Sponsorship in Collaboration with the College of Music, Mahidol University and Sugree Charoensook Foundation

Among others, ThaiBev places emphasis on the music talent of Thai children. This is to provide a platform for Thai youth to demonstrate their talent on both domestic and international levels. We provide sponsorship for the following entities.



1. Thailand Philharmonic Orchestra

Thailand Philharmonic Orchestra was established with an aim to found a professional symphonic orchestra in Thailand to perform at art and culture events on national and international levels. Musicians of the orchestra mainly consist of professors, students, and undergraduates of the College of Music, Mahidol University. Talented musicians from outside the institution are also eligible to join the orchestra.

2. Sugree Charoensook Foundation

The operation of Sugree Charoensook Foundation mainly aims to gather donations from the general public with interest in granting scholarships to financially-challenged children with great interest to pursue music study. The Foundation holds musical activities and provides musical knowledge. In addition, it grants scholarship to music teachers with potential and ability to further their study and come back to develop the art of music in Thailand. The Foundation conducts research on talent study as well.

3. Scholarships / Competition sponsorship / Overseas performance support

College of Music, Mahidol University is the first music college of Thailand offering music-intensive study programs from high-school level to Doctor of Philosophy degree. It is the only institute which offers the Doctor of Philosophy degree in music. Its professors are experts of each music instrument and it is the only institution which offers Thai and international music study programs. Scholarships are divided into 3 categories based on activities and ability of the students i.e. Scholarship for Potential Development to International Level, Scholarship for National and International Competitions, and scholarships for selected or invited overseas performances on national and international levels.

ThaiBev has been a serious and longstanding sponsor and supporter of various sports associations as well as major sports events. The Company facilitates in a form of sponsorship, advices, and arrangements. In addition, the Company provides support on training programs for youth to raise the children's awareness and instill passion for sports in these children. This is because the Company considers that sports can improve the quality of life of children and it is a useful activity in their free time.

ThaiBev Thai Talent Project

2012 marks the 6th year of the ThaiBev Thai Talent Project, which provides support to Thai youth with athletic, cultural, musical, and academic talents. The main concept of the project is to strengthen relationship with the community, to inspire youth and the society, and to support gifted Thai children to thrive on professional leagues and international levels. We encourage skill and expertise development for talented Thais to advance in their professional career and make good earnings to reach their goals with pride. We believe that "Thais are as good as any peoples in the world". With devotion, Thai people will shine on an international level.

ThaiBev Thai Talent project is determined to encourage youth and provide them with proper support. Our concrete result is children's behavior i.e. spending their free time usefully and



1



2



3



4



5

Picture 1 - 2
Children activity with
Everton Football Club

Picture 3
Mr. Gunn Charoenkul,
participant of the PGA Tour
Golf Academy training program.

Picture 4 - 5
Thailand's national
female volleyball team

staying away from drugs. The project has received good feedbacks and admiration from the society; and ThaiBev is trusted by the society to be an organization with determination to giving back to the society.

Major activities provided with sponsorship by ThaiBev Thai Talent project include the following programs.

1. Football

ThaiBev is keen to assist development of Thai football for youth. The event has been held for the 7th consecutive year, by cooperation of Everton Football Club, which competes in the English Premier League. The project aims to realize the dream of youth to advance on the path to become professional footballers. "The Chang-Everton Football Clinic 2011" project was launched to offer a chance for "Chang Junior" young footballers and 400 youth participating in the "ThaiBev Football Academy" program (TBFA) to learn about football techniques known as "the Everton Way" program, taught by the coach of Everton Football Academy. The program aims to develop the youth's football skill and potential to advance to the international level.

2. Golf

ThaiBev Thai Talent organizes "Chang Junior PGA Golf Clinic" for the 3rd year. The world's renowned coaches of PGA Tour Golf Academy, USA joined the project to transfer the international skills and techniques for young Thai golfers from across the country. This activity reflects the intention of ThaiBev Thai Talent Project to open a window of opportunity for young golfers of all skill levels to learn about international golfing skills, to gain more experience, and to be ready to advance on their way to becoming professional golfers.

In 2012, 30 young golfers were selected from across Thailand to participate in a training program to learn new golfing techniques popular among professional golfers competing in the PGA tournaments in the "Chang Junior PGA Golf Clinic". The result was satisfactory as many trainees were selected to be national athletes and some were successful in professional competitions namely,

Mr. Gunn Charoenkul, participant of the PGA Tour Golf Academy training program. He applies learnt techniques and skills to fit his golfing style. His improved his performance made him qualified for various international golf tournaments.

3. Volleyball

Companies in ThaiBev Group have provided sponsorship for the volleyball sports for 25 consecutive years. Advances and potential of the volleyball teams have been developed in a systematic manner and pattern. The drive behind the team's success i.e. Thai coaches demonstrated their capability and Thailand Volleyball Association has efficient management. Consequently, the Thai volleyball teams, both indoor and beach volleyball teams, have outstanding performances in the global competitions. The Thai national female volleyball team won the Asian Championship title in 2009. In 2012, they won the championship title from the FIVB Volleyball World Grand Prix 2012 and the championship title from the 3rd Asian Volleyball Confederation Cup or AVC Cup in Kazakhstan.

Environmental Sustainability

Sustainable development of ThaiBev is not only about business performance as it takes into account the social responsibility excellence and environmental conversation. ThaiBev is resolute to turn ideas and capability into efficient operations, to give back to the society, and to achieve harmonious and supportive co-existence with the society and environment. Our distilleries, breweries, and non-alcohol beverage production facilities operate with adherence to social responsibility. Bearing in mind the significance of environmental preservation, we focus on research of technology and production process to enhance efficiency and optimize resources utilization while minimizing the impact on nearby communities.

Biosafety management is among our priorities as the Company aims to restore and return the natural abundance namely, reforestation, increase of green space, environmental management and pollution control to minimize impact on the ecological system, and prevention of resources loss. Our environmental projects are carried out based on these goals.

Moreover, ThaiBev realizes the importance of the laws and good corporate governance and shapes our business operations to ensure strict compliance. Our employees are delegated to follow up on rules and regulations and prepare related guidelines in order to ensure compliance with the laws related to industrial factories and the environment currently enforced. In addition, a committee, consisting of functions inside and outside our facilities, was established to assess the environmental management system in order to ensure correctness and compliance with the said laws.



Water Management

Water is among resources of great significance for ThaiBev because it is the vital ingredient for our production and more importantly, it is indispensable element of human lives. ThaiBev designs and selects only machinery and technologies that optimize utilization of water resources and energy-saving. We also focus on the recovery system and constant development to reduce water consumption. The wastewater from the production process are properly treated by our advanced and up-to-standard wastewater treatment system in order to ensure that wastewater undergoes the process until it meets or exceeds the required standards as stipulated by the related laws before being discharged to the natural water resources.

Our great care for water is reflected in our pioneering utilization of the zero discharging wastewater treatment system, which was implemented at Bangyikhan Distillery. The wastewater from the spirits production or distillery slop is eliminated by incineration. This enables the facility to operate without the distillery slop pond and distillery slop transportation from the factory, which save both space and logistics cost. Moreover, the by-product from incineration i.e. the steam power can be utilized in the spirits production and substitute the heavy fuel oil needed in generating the steam by 50 percent or around 14,000,000 liters per year. This approach incurs the least impact towards the environment. Furthermore, ashes of burnt distillery slop can be sold to fertilizer producer, which is value addition for the Company. Other 5 distilleries of the Company utilize the Low-Rate ADI-BVF

Reactor whereby distillery slop is sent to the wastewater treatment pond for digestion by microorganism, which produces biogas. The biogas can replace the use of heavy fuel oil by over 90 percent or about 15,000,000 liters. However, the approach requires space for construction of the bio-treatment system and incurs expenses for distillery slop transportation. As such, the Company has planned to switch to the Zero Discharging system for these facilities to achieve the sustainability as a Green Factory.

In addition, the Company opts for the highly-efficient wastewater treatment system fit for its facilities as follows:

- 1) The aerobic wastewater treatment system: The activated sludge system of 99.5 percent treatment efficiency is suitable for diluted wastewater (with less than 1,000 mg/l of COD) such as water used for bottle cleaning and that consumed in the facilities.
- 2) The anaerobic wastewater treatment system: The up-flow anaerobic sludge blanket (UASB) and the Internal Circulation Reactor (IC Reactor) of 90 percent treatment efficiency is suitable for concentrated wastewater namely, the distillery slop from the distilling process, the cleaning water used in the brewing process. The by-product from the anaerobic wastewater treatment system is biogas, the renewable energy which can substitute the heavy fuel oil used by boilers, resulting in the reduced greenhouse gas emission by over 30,000 CO₂ tons per year. The water treated by the anaerobic system undergoes the aerobic treatment system in order to ensure that the treated water meets and exceeds the required standards stipulated by the public sector.

The wastewater treatment system is closely monitored 24 hours a day and the quality of treated water is regularly tested at the quality analysis laboratory of our facilities, which are registered with the Department of Industrial Works as certified private quality analysis laboratories in compliance with the requirements of the Department of Industrial Works under the Ministry of Industry. In addition, the COD/BOD Online equipment is installed to report on quality of released water on 24-hour a day basis to the Department of Industrial Works. With such strict quality assurance, the discharged water is cleaner than the required standards.

The Company applies the concept of water optimization and reuses the water instead of releasing it to the water resources. For example, the treated water is used for plant watering or agricultural activities in nearby areas in order to reduce the consumption of water from natural resources. Treated concentrated wastewater such as distillery slop has soil improvement quality. Therefore, the Company gives away the treated water to agriculturists in the community as substitute for chemical fertilizer or sends it to our group company for bio-fertilizer production. In 2013, ThaiBev plans to collaborate with Utokapat Foundation under Royal Patronage of H.M. the King on the research and field study of underground water storage for agricultural purposes.




Air Quality Management

ThaiBev realizes the importance of air quality management because we are aware of the vast impact of air pollution. The Company puts in place the policy and measures to control the air pollution as required by the laws. In addition, the Company conducts the air quality test to ensure compliance with the standards and prevent any impact on the community which may be caused by the air released from our facilities. Quality test of air released from the ventilators of our factories is conducted on a regular basis. The test result indicates that the volume of particles namely, dust, Oxide of Nitrogen (NOx), and Sulfurdioxide (SO₂) emitted by the facilities meets the required air quality standards as per the Notification of the Ministry of Industry.

ThaiBev actively participates in the global warming reduction projects. The Company establishes the Carbon Footprint Project to provide information on CO₂ emission of products based on the Life Cycle Assessment concept ("LCA") which assess every process, ranging from the acquisition of raw materials, logistics, production, to distribution to consumers. The Carbon Footprint Project was initiated in 2011 by the breweries of ThaiBev to motivate manufacturers to further develop their technology to be more eco-friendly and to raise awareness among consumers regarding the CO₂ emission from consumption, which could encourage the change of consumption behavior to reduce the CO₂ emission.

The Carbon Footprint Project was completed in 2012. Currently, the 640-ml. Chang Classic is the first and only beer product granted with certificate of Thailand Greenhouse Management Organization, Ministry of Natural Resources and Environment and approval to utilize the product carbon footprint symbol No. 116.

The analysis from the Carbon Footprint Project assisted the Company in identifying key issues and priorities of needed improvement while the Life Cycle Assessment concept contributed to eco-friendly product development. This was a pilot project, which will further conducted for other products of ThaiBev, with the aim to further reduce CO₂ emission in the future.



Energy Saving and Renewable Energy Utilization

ThaiBev is well aware of cost increasing trend due to the limited fuel resources, especially the cost of heavy fuel oil, which is the major fuel of our manufacturing process. Therefore, the Company is supportive of energy-saving and renewable energy projects in order to achieve effective resource utilization.

In 2012, Beer Thai (1991) Public Company Limited installed the thermal hybridization machinery at breweries. The system allows switches of power resources, including heavy fuel oil, C2+, and bituminous to produce steam, which leads to around Baht 60 million cost-saving per year. The system offers optimal resource utilization with minimum impact on the environment. The project offers a brilliant option for facilities utilizing steam to provide heat in the manufacturing process. In the future, the Company plans to conduct feasibility study on installing the system at other facilities.



Sustainable Resource Utilization

Apart from the production process, logistics is an energy-consuming supply chain business. ThaiBev and Serm Suk Public Company Limited ("Serm Suk") opt for the marine logistics to reduce the transport costs, energy consumption as well as traffic congestion and air pollution on the mainland. Serm Suk commenced its marine logistics since 1980 whereby products have been transported by ships instead of trucks. As a result, a trip of marine transport equals 20 trips of truck transport, which reduced the consumption of petrol of Serm Suk by approximately 240,000 liters per year.

ThaiBev aims to achieve sustainable utilization of resources because we realize that natural resources are limited as much as they are vital to human life and the business. Therefore, the Company applies the following 3Rs principles in its operations to ensure resources optimization.

- **Reduce:** We reduce the use of volume of raw materials for packaging production. Oishi's factory is the first to install the Cold Aseptic Filling, advanced technology from Japan which reduces the use of plastic in bottle production by approximately 30 percent when compared to the hot-filling technology. Moreover, the Company develops the packaging which is fitter for current logistics and handling methods. Many service providers have opted for pallet handling and therefore; the packaging no longer has to endure high impact during the handling. As such, the weight of bottles could be reduced without incurring any quality effect. The Company ensures continuous packaging development by catching up with the international market trends, which encourage the decrease of natural resource consumption such as paper and aluminum. By choosing the technology which is suitable for the management process, the Company could reduce the consumption the natural resources effectively.
- **Reuse:** Most of the Company's packaging is returnable glass bottle. For example. A beer bottle can be reused around 5–10 times per year while a spirits bottle can be reused about 10–12 times per year. Serm Suk's returnable carbonated soft drink bottle can be reused for approximately 40 times per year. In 2012, Oishi launched Oishi Returnable Bottle Green Tea, which also allows the packaging reuse. These are our contribution in reducing the use of natural resources in our business operations.
- **Recycle:** ThaiBev arranges for material sorting to enable recycling of certain materials. For example, the glass scraps are sent to the bottle manufacturing facility where they will be recycled for production of new bottles.

Furthermore, the Company ensures maximized value of resource consumption and decreased pollution emission by carrying out the following activities:

- Reduce excess or unnecessary use of energy; for example, reduce the use of excessive water for bottle cleaning and adjust valves to ensure suitable level of air compressing for cans to reduce power consumption.
- Decrease power in production of steam by water boiling. Hot water in the bottom of the distilling tower runs through heat exchanger to increase the temperature of water before boiling.
- Substitute heavy fuel oil, used in producing steam for production process, with biogas produced by organism degradation of distillery slop from the sprits production.
- Reuse heat discharged to the sphere to reduce use of fuel in steam production.
- Reuse cooling water of condenser.
- Improve the steamer system to reduce fuel consumption.
- Electronics document filing to reduce use of paper.
- Turn off lights during lunch break campaign.
- Water saving campaign.
- The Biggest Saver Contest 2012 was held to motivate employees to present creative ideas on process improvement or development to enhance work efficiency.
- Heavy fuel oil quality improvement with emulsion technology to reduce soot pollution and reduce unnecessary energy consumption.
- Oishi's facility utilizes the Econo-Pilot Cooling System, which consists of wall panels to absorb the heat from outside the building and save energy by up to 50 percent. The facility optimizes daylight use to minimize electricity use.

These activities and projects raise awareness of our personnel on sustainable and valuable utilization of natural resources. They lead to substantial value addition to the Company without impacting the standards and quality of our products, which will bring about the sustainable growth of the business and pave the way for our future generations to carry on our earth-caring practices.

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