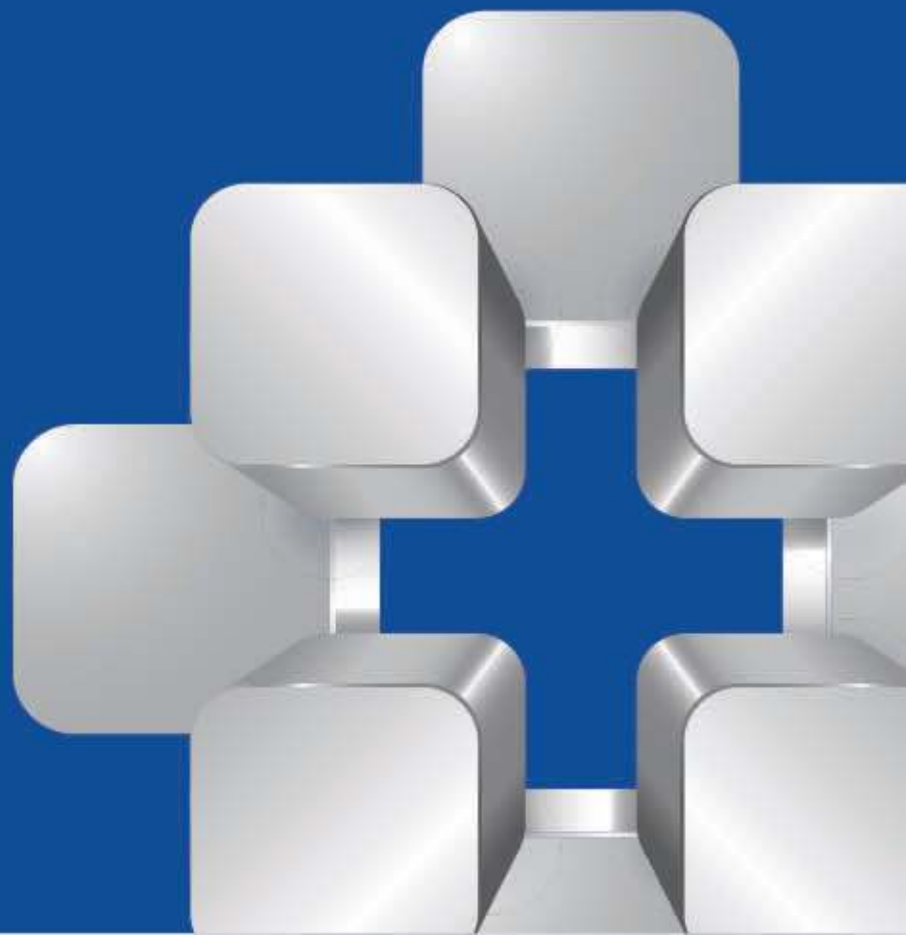




Principal Capital Public Company Limited

**SUSTAINABLE DEVELOPMENT
REPORT 2018**



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Message from Chairman of the Executive Committee

Year 2018 Principal Capital Public Company Limited (“Company”) determined to build sustainable business by the expansion of hospital network and create Hub and Spoke model that would support the sustainable growth and continued to promote organization development with Duty of Care, Duty of Accountability, Duty of Loyalty and Anti-Corruption by joining Collective Action Coalition Against Corruption : CAC and successfully obtained such certification on June 7, 2018. This showed the Company’s intention to protect and control risk from corruption and impact to the Company’s reputation and punishment by law as well as support Thai business sector to do business in good faith.

In the past year, the Company prepared to open 3 new hospitals (of which 2 hospitals will commercially operate in Q1/2019 and the other hospital will commercially operate in Q4/2019). Those 3 hospitals complied with the Company’s guidelines that are located in less visited province where the good quality of medical service is provided at suitable price and easily access by the community. The vision to use technology in hospital business would increase the company’s competitive advantages and enable the Company to manage hospital network easily and efficiently. The Company will install and implement the systems including hospital operation management, human resource management, accounting and procurement system to all hospitals to help manage cost and resources efficiently which lower the healthcare service charge to the customers.

In term of activities to educate and develop existing personnel and the outsiders, the Company made video clip about the Secret to Manage Hospital

Professionally in 20 episodes lectures by Dr. Pongsak Viddayakorn M.D. who has knowledge and experience in hospital management for more than 40 years for the general benefits. The executives and general public can watch this video without any charge. It is hoped that the content in this video will contribute to public health circles which will be beneficial to Thai people. For internal personnel, the Company takes advantage from being hospital network to develop the general curriculum for personnel training and development with the same standard as well as building good connection and relationship with the personnel of each hospital in its network to enable the smooth cooperation between the hospitals in the future and also creates economy of scale in curriculum development.

The Company is still confident to operate business with sustainable growth by balancing economic returns and social & environmental returns. In this year, the Company’s subsidiaries that operate hospital business become a part of our hospital network. The Company views that it is a good opportunity to develop a project contributing to society and environment. Each organization can apply the same principle for the benefits to the community where that organization is located, develops organization’s strength in parallel with the community and enables the organization and community to grow sustainably together.



Dr. Satit Viddayakorn
Chairman of the Board of
Directors

Policy on sustainable business development with responsibilities to society and environment

Principal Capital Public Company Limited (“PRINC”), operates private hospital business in parallel with property for rent located in the CBD area. It also offers full-service office building management services in term of sale, administration, accounting etc by the professional team with fairness and transparency. Apart from this, the Company also operates Information Technology service, dedicates to develop sustainable business growth with responsibilities to society and environment to achieve continuous benefit for all stakeholders such as shareholders, investors, counterparties, staffs, societies, and environment, thereby specifying policy to comply as follow:

1. Generate business growth with transparency, good corporate governance, and ethical for benefit to stakeholders, societies, and environment.

2. Manage our stakeholders objectively and encourage free trades with no conflict of interest and anti-corruption.

3. Dedicate and respect human right and fair treatment to staffs in terms of compensations, welfares, safety and work sanitary. Also, training to enhance knowledge and skills for career advancement, engagement between staffs and organization, and staff participation in internal and external corporate social responsibility are supported in both direct and indirect manner.

4. Create value and quality by developing products and services which reduce impacts and harms to consumers and environment while enhancing better quality of life that suits for consumers.

5. Generate benefits to life quality development for surrounding local communities and Thai society by employing business processes which reduce society impact.

6. Focus on environment management by considering potential impacts, maintaining safety, using resources effectively and saving energy.

7. Encourage innovation from stakeholders which creates value to communities, society, and environment with sustainable business development



Business development with responsibilities to society and environment ISO 26000



Relationship among organization, stakeholders, and society



Our stakeholders



PRINC shall consider all stakeholders as follows:

1. Shareholders and investors
2. Environment
3. Communities and Societies
4. Customers
5. Counterparties and competitors
6. Staffs and families



Principal in sustainable business development with responsibilities to society and environment

The Company is aware that major factor contributing to sustainable business growth is to create the balance of economic, social and environmental profit. Therefore, other than the determination to expand the business to meet the target, the Company has set up more continuous social and environmental activities that show clear concrete outcomes, by focusing on building the understanding and awareness within the organization as the first priority. When sub-units of the organization understand, the outcome shall be fruitful as expected. The Company has adhered to the 7 main policies, which is in accordance with the guiding principle of the Stock Exchange of Thailand and ISO 26000 standards as follows:

1. Good corporate governance

The Company has determination to operate the business with transparency, accountability and disclosure of important information comply with the laws and other related regulations, including taking the benefits of all stakeholders into consideration. To make it clear and the employees have the same understanding of the best practice, the Company has outlined the Corporate Governance Policy and other related policies and posts such information publicly on the intranet for the employees' acknowledgement.





2. Doing business with fairness

To do business fairly, the Company has announced the anti-corruption policy as an operational guideline, which will help reducing the problems on conflict of interest or violation of laws. Also, the Company has set up the information technological policy that covering the use of products with valid license in order to eliminate the problem of intellectual property infringement by having the penalty code and published such information on intranet of the Company for employee’s conduct and acknowledgement. In addition, the Company review corporate governance standard and improve the policy to be in line with international standard. Furthermore, the Company receive the Certification in Collective Action Coalition Against Corruption or CAC reflecting the determination to pursue anti- corruption policy and put into practice in the organization as well as joining every form of anti-corruption campaign. On June 7, 2018 the Company obtained the Certificate in relation to “Thailand’s Private Sector Collective Action Coalition against Corruption (CAC)”

3. Human Rights and Employees Treatment

The Company has treated its employees equally and fairly, providing welfare, safety and hygiene according to labor standard. Other than the compensation in a form of wages and bonus, the Company enhanced the skill of employees by arranging 2 in-house training courses so that the employees can improve their abilities in various areas and develop their relationship within the organization. The training courses held are as follows:

- Capacity development to improve yourself - Effective communication and teamwork and other specific course for business unit

In addition, in 2018 the Company encouraged 2 directors to attend the training program organized by “Thai Institute of Director”.





Units: number of Employee	PRINC	MEA	PSUV	CS	VB	VR	VR (SEB)	PRINH
	2018	2018	2018	2018	2018	2018	2018	2018
Social								
Proportion of employees by sex								
Male	15	70	50	21	1	1	26	66
female	20	75	123	23	1	0	23	119
Classified by level								
Management level	14	12	6	9	1	0	0	41
Operating level	21	115	167	35	1	0	49	144
Temporary staff	0	18	0	0	0	0	0	0
Classified by age								
Less than 30	4	48	86	13	0	0	20	57
Between 30-50	23	91	75	17	2	1	28	116
50 years old and above	8	6	12	4	0	0	1	12
Classified by area								
Headquarters	0	0	0	0	0	0	49	45
Branch office	0	145	0	0	0	0	0	0
Staff expulsion								
Male	1	18	30	7	0	0	9	8
female	4	17	57	16	0	0	11	10
Employees retire by age								
Less than 30	1	9	54	11	0	0	8	5
Between 30-50	3	25	30	11	0	0	12	11
50 years old and above	1	1	3	1	0	0	0	2
Resignation rate	0	30.00	0	0	0	0	20.00	18.00
New entry employees by sex								
Male	0	10	18	7	0	0	13	12
female	4	9	60	9	0	0	10	18
New employees classified by age								
Less than 30	1	7	45	9	0	0	11	15
Between 30-50	3	10	29	6	0	0	12	11
50 years old and above	0	1	4	1	0	0	0	4
Employees development								
Company Directors	2	0	0	0	0	0	0	0
Manager level	16	12	0	2	0	0	0	2
Operating level	18	133	81	2	0	0	0	12

Remark

- PRINC - Principal Capital Public Company Limited
- MEA - Marriott Executive Apartments Sathorn Vista, Bangkok
- PSUV - Princ Hospital Suvarnabhumi
- CS - Convergence System Co., Ltd.
- VB - V Brilliant Group Holding Co., Ltd.
- VR - V Residence Co., Ltd. (Headquarters)
- VR (SEB) - V Residence Co., Ltd. (Sumerset)
- PRINH - Principal Healthcare Co., Ltd.



4. Responsibilities to Customers

To maintain high standard of services for high-end customers, the Company entered into a contract with the Marriot group, who is a famous international hotel group to manage and administer Marriot Executive Apartments Sathorn Vista, Bangkok. The Company also monitors its operating result quarterly to ensure that the customers have the best services. This property has always been awarded with the excellent rating from the customers. In addition, the Company entered into the management contract with Ascott International Management (Thailand) Co., Ltd. who is a market leader in serviced apartment management service in Asia Pacific and Europe as well as middle-east, to manage Somerset Ekamai Bangkok Project.



5. Environment and Security

The Company organizes the training on fire drill for the buildings administered by the Company and sends its staffs to attend the training on Advanced CPR with BNH Hospital to learn how to behave in case that their colleagues or customers need an emergency assistance.

6. Participation in Community and Society Development

The Company has operated CSR-In process activities, which are social and environmental activities affecting to an organization's stakeholders and surroundings.

Social Activities of Principal Capital PCL.

- Company visit to Marriott Sathorn Vista Serviced Apartment of the students from Pannapiwat Management School to enhance the understanding about hotel and service business Social Activities of Convergence System Co., Ltd. ("CS")

- The Company has the policy for Convergence Systems Co., Ltd. to implement the information system along with 3-years maintenance services for an integrative Thai medical clinic, which focus on the root cause of both physical and psychological pain so that the patients can be free from endless circle of treatments. Also, this clinic has a policy to not overcharge the patients and offers special rate for the Company's employees. This is another way to promote the Company's stakeholders' health



- Convergence Systems Co., Ltd. (CS), the Company's subsidiary collaborate with College of Asian Scholars (College), a private college in Khon Kaen to develop a modern education management system namely "Cloud-Edu". Such project is the information system for full scale education management which provides benefits to both CS and College. The development of Cloud-Edu provided an opportunity for CS's staffs to develop their skill and experience in developing a computer program. In addition, it saves cost to promote CS's products while College receives benefit from the use of such program. Moreover, the Company has CSR - After process activities which are social and environmental activities not directly related to an organization's operations continuously. During 2018, the Company had the following activities. Social Activities of Principal Capital PCL.



- Fund raising for a mission of giving cosmetic surgery for Cleft Lip of Operation Smile Thailand. This project has continued for many years and this year fund raising amount from the customers and company's staff was Baht 25,560

- Organize "Wish Upon a Star" activity to raise fund from customers and employees to purchase gifts, sport equipment, stationery, donated things to the students of Bangkok School in Cha-am district, Petchburi province. The Company donated amounting to Baht 80,000

- Organize "Run to Give" activities to raise fund for donation to Siriraj Hospital for new hospital building construction. The Company donated total revenue from sale of T-shirt of Baht 1,136,050.

Social Activities of Pitsanuloke Medical Co., Ltd.

- Pitsanuvej Hospital organized the social activities under the project “Young Plant of Virtue” in 2018. The company gave scholarships, teaching media, computer, clothes, medicine to the students of Baan Kon Song Salung School, Chartrakarn District, Pitsanuloke Province together with cash donation for building the school’s fence and gate.
- The company distributed the medicine bags to various government agency and tourist attraction places. It also joins Road Safety Measures Project.
- The company provided educational support to medical students by giving them the scholarship amounting to Baht 60,000 per year and also giving 215 scholarships to the company’s staff children totaling scholarship value was Baht 685,000.



Social Activities of Paknam Hospital Co., Ltd.

- Paknam Hospital set up a project “Give New Eyesight to 30 people” by providing cataract operation to 30 disadvantaged and the poor who cannot afford to pay for medical services in Nakorn Sawan Province.
- Paknam Hospital led by the management team gave Uthayan Sawan Health Center to Nakorn Sawan Municipal for public benefits and those who come to exercise at the park.
- Paknam Hospital’s medical team consisted of doctors, nurse together with the governor and government official join together in the mobile health units visited the patients who are unable to help themselves in the project “Relieve Suffering, Enhance Happiness to Nakorn Sawan People” and donated household appliance to the patients and co-operate with Thai Red Cross Center to accept blood donation. Total donated blood was 335 units. And the hospital also donate patient’s bed to Blood Service No.8 to give it to the disadvantaged patients. Moreover, the hospital also gave 10 AED to government agency to use in case of emergency.



Social Activities of Union Pichit Doctors Co., Ltd.

- Sahavej Hospital led by doctors, nurses and hospital staff join in mobile health units to provide primary health check up to the public, vaccination to the students in various places such as Business Administration School, Baan Pakbang School. The hospital also provided basic cardiopulmonary resuscitation (CPR) training to the staff in the hospital and salvation units outside Pichit Province. In addition, the doctors also provided health information to the public via radio network.

7. Giving an importance to Social Responsibility Activity

The Company intends to develop social responsibility to be more sustainable, so the Company give an importance to the preparation of Sustainability Report in order to declare its determination and to be a starting point for building sustainable balance to the economic, social and environmental outcomes.

Moreover, the Company arranged “Do good deed for Dad” (ทำดีเพื่อพ่อ) project with an objective to give royal charity to King Bhumibol Adulyadej by setting up Strong Thailand Healthcare Leadership Development Project for personnel in medical services without any charge in order to pull all the hospital executive from private and public sector together to develop healthcare services for the benefits of all Thai people.

The participants in the training will develop their skill and applysuch skill to their actual work in order to provide good services to Thai people and to create learning environment



as well as Community of Practice: Healthcare Leadership in co-operation with hospital executives from private and public sector to carry on late King Bhumibol’s wishes. This project was organized by Somerset Ekamai Bangkok by V Residence Co., Ltd., Ministry of Health, Hospital Management and Training and Development Institute (HMTDI), Private Hospital Association, Pongsak Viddhayakorn Foundation and Principal Capital Public Company Limited (PRINC). HMTDI is an organizer for this training course. The training will be provided for hospital directors in the country to enhance their knowledge and skill for further application.

In addition, there is free online course “The secret for professional hospital management” lectured by Dr. Pongsak Viddayakorn, M.D. the pioneer of private hospital in Thailand. Such course can be found in the Company’s





Guideline in selecting PRINC issues

From Annual report Year 2018, “responsibilities to society” No.7 “Focusing on responsibilities to society” The Company intends to develop social responsibility to be more sustainable, so the Company give an importance to the preparation of Sustainability Report in order to declare its determination and to be a starting point for building sustainable balance to the economic, social and environmental outcomes.

PRINC assess information both internal (organization goal) and external (stakeholders) on expectation, important issue, and demand that may affect company sustainability in terms of economic, social, environmental dimensions. Then, issue identification based on materiality, significant impact to organization and stakeholder, is established by focusing on training staffs to develop their capacity and learning and adjust their attitude toward work quality, making company a learning organization with sustainable balance among economic, social, and environmental outcomes.



SUSTAINABLE DEVELOPMENT ORGANIZATION



CERTIFIED COMPANY

PRINC
PRINCIPAL CAPITAL

