

# Management Structure

## Board of Directors

At present, the company's Board of Directors comprises 6 members (at part have 7 members , Mr. Somnuk Chaikul and Mrs. Poonpun Chaikul requested to resign from the Company's director effective from November 1, 2019 onward), Mr. Nattapong Chaikul to be director effective from November 7, 2019 onwards,

2 of whom are executives, 3 independent directors, and 1 non-executives.

The company has no directors who are the director of more than 5 companies. The company has no policy to allow it's executive directors to be the company directors of other companies more than 2 companies exclusive of the company's subsidiary companies, which the company has to control and monitor to protect the company's interests. The company has more than one non-executive director who has experience about the company's business.

	Name of director	Position
1	Mr. Prasart Yunibhand	Acting Chairman and Nomination & Remuneration Committee Member
2	Mr. Prompong Chaikul	Vice Chairman, Chairman of Executive Committee and Risk Management Committee Member
3	Associate professor Dr. Preecha Jarungidanan	Independent Director, Chairman of the Audit Committee and Chairman of Nomination & Remuneration Committee
4	Associate professor Dr. Aekkachai Nittayagasetwat	Independent Director ,Audit Committee Member and Nomination & Remuneration Committee Member
5	Professor Dr. Kamphol Panyagometh	Independent Director, Audit Committee Member and Chairman of Risk Management Committee
6	Mr. Nattapong Chaikul	Director and Executive Director

### Mr. Yunyong Sawasdi is the Company's Secretary

The six members of the Board of Directors have no forbidden qualification as follows:

1. Never dishonestly committed an offence against property.
2. Never entered into any transaction which may cause conflict of interest against Stars Microelectronics (Thailand) Plc., during the year.

### Notes:

- Independent directors that meet all the requirements specified in the Company's list of qualifications of an independent director are number 3, 4 and 5

## Scope of Authorities and Duties of the Board of Directors

1. Manage and operate the company's business according to law, company objectives, rules and regulations, as well as shareholders' meeting resolutions with honesty and in keeping with the company's interests.

2. Assume the authority to appoint a specified number of directors, the company's, executives, any person and/or outside persons as the company's Executive Committee to carry out one or more duties as assigned by the Board of Directors. It also has the authority to appoint committees such as the Nomination Committee, the Remuneration Committee as deemed appropriate. It also has the authority to appoint the authorized person to act on behalf of the Board of Directors under its control. It has the authority to terminate, cancel, set the terms of office, correct and change the authority as deemed appropriate. Besides, it has the authority to hire, appoint, transfer, remove, terminate, set the terms of office, fix the salary and fringe benefits for the person in the position of the Chief Executive Officer (CEO) as deemed appropriate or proposed by the Executive Committee or the Nomination Committee.

3. Approve and set goals, policies, annual operational plans and annual budgets for the company as well as control and supervise the administration and the management of executives and any other persons assigned to carry out duties to ensure that it achieves the goals set and is in accordance with the goals, policies and plans set by the Board of Directors.

4. Consider, review, investigate and approve the company's policies, directions, strategies, and business operation plans of large investment projects proposed by the Board.

5. Maintain operations to ensure that they are in accordance with operational plans and budgets.

6. Consider the approval of investments in business expansion and joint ventures with other operators, companies, or businesses.

7. Set policy for control and supervision of the management of subsidiaries and/or affiliated companies.

8. Assume the authority to consider items for submission to shareholders for approval regarding the termination of use and the disposal or the sale and leaseback of assets according to the pertaining regulations in cases where the accounting net value exceeds 30 million baht.

9. Consider and approve other important operations regarding the company or those deemed appropriate for the company's benefit.

The authority described above excludes the following matters which require prior permission obtained at the shareholders' meeting. These matters include:

(a) any matter mandated by law to require shareholders' meeting resolutions, and

(b) any matter in which directors have interests and which by law requires approval obtained at the shareholders' meeting such as those regarding connected transactions and acquisition or disposition of the company's major assets according to relevant laws.

The following matters must be approved by a majority of votes of Board meeting attendees and no less than three quarters of the total number of possible votes at the shareholders' meeting:

(a) the sale or transfer of major parts of the company's business or the entire business

(b) the purchase or acceptance of the transfer of another company's business or private company

(c) the making, amending, or terminating of agreements regarding the leasing of major parts of the company's business or the entire business and the assignment of other parties to manage the company's business or consolidation with other businesses with the objective to share profit and loss

(d) the amendments of the MOA (memorandum of association) or regulations thereof

(e) the increasing or reducing of capital and issuing of debenture bonds

(f) mergers and closures

(g) other actions stipulated by the laws, rules and regulations of the Securities Exchange of Thailand to gain approval of the Board and the shareholders' meeting with the votes as stated above.

It is noted that any Board member with interests or conflicts of interests with the company and/or its subsidiaries is not allowed to vote in that particular matter.

In addition to the Board of Directors, the company has set up four sub-committees to help manage operations, screen matters, and make decisions according to corporate good governance practices.

- The Executive Committee
- The Audit Committee
- The Nomination & Remuneration Committee
- The Risk Management Committee

## The Executive Committee

Executive Committee comprises 8 Directors

	Name of Director	Position
1	Mr. Prompong Chaikul	Chairman of the Executive Director
2	Mr. Peerapol Wilaiwongstien	Executive Director
3	Mr. Yunyong Sawasdi	Executive Director
4	Dr. Tattee Khayim	Executive Director
5	Mr.Chainarong Nimmantevin	Executive Director
6	Dr.Bodin Kasemset	Executive Director
7	Mr. Wijaya Klinkesorn	Executive Director
8	Mr. Nattapong Chaikul	Executive Director

## Role and Authority of Executive Directors

### 1. Component and Appointment

1. The Board of Directors appoints the Executive Committee.
2. The persons to be appointed can be selected from members of the Board of Directors, members of the top management of the company and/or outside persons. Those persons must be capable and knowledgeable. They must have enough time to dedicate their knowledge and ability to the company.
3. Have qualifications which are not against the Public Limited Company Act and other related law.
4. The Executive Director can not be a partner or a director of other companies which operate the same business and compete with the company either for own interests or other people's interests except that the Executive Director has informed the Board of Directors before being appointed.

### 2. Terms of office of Executive Director

1. The Executive Director has the terms of office for 2 years from the appointment date. The Board of Directors can change or adjust the terms of office of the Executive Director. The Executive Director who vacates the office can be reappointed. The Board of Directors appoints the Executive Directors to fill the vacancy.

### 2. Resignation

### 3. Duties and Responsibilities

1. Assign administration and management to set policies, goals, annual operational plans and annual budget as well as establish business strategies for submission to the Board of Directors for approval
2. Control and ensure that the company's business operations are in the company's rules and regulations, as well as policies, goals, annual operational plans, annual budget, and business strategies approved at the Board of Directors.
3. Evaluate the company's and various department's general performance on a quarterly basis

4. Coordinate with the Board of Directors in setting directions and guidelines in deciding on the Mission for administration and management. The committee establishes long term plans and business goals that are in line with policies, annual operational plans and annual budget approved by the Board for further execution by the administration and the management

5. Control, review, and monitor administration and management's operations follow according to policies set by the Board of Directors

6. Issue orders, regulations, announcements, and stipulations to ensure that the company's operations are in accordance with its policies, for the benefit of the company and to maintain discipline within the organization

7. Consider, approve or authorize to hire, appoint, transfer, remove, discharge or terminate, fix the salary for the top management of the company from the level of Chief Executive Officer to department directors. The Chairman of Executive Committee has the authority to take action.

For the CEO position, in case of hiring, appointing, transferring, removing, terminating and fixing the salary, the Chairman of the Executive Committee has authority to submit to the Board of Directors' Meeting to consider and approve.

8. Consider and approve the salary structure and other fringe benefits of the management and employees of the company and submit to the Remuneration Committee to submit further to the Board of Directors for approval.

9. Consider and approve the change and improvement of management structure, rules and regulations and working procedure of each department and submit to the Board of Directors to approve.

10. Review balance sheets, profit and loss statements, cash flow projections, and investment plans and then submit them to the Audit Committee for consideration and approval for submission at the shareholders' meeting (if necessary) for approval

11. Make recommendations and provide consultancy for the Board for decision making regarding the company's business

12. Assign administration and management to prepare reports regarding the company's performance, financial statements, investment budget, and address major problems or risk management issues for submission to the Board of Directors for acknowledgement and/or approval

13. Determine marketing and sales strategies that are in line with annual operational plans and the annual budget

14. Consider tendering bids or participating in bid tenders under 100 million baht

15. Approve the purchase of machinery budget for transactions under 30 million baht (both single transactions or a series of transactions) totaling no more than 100 million baht or equivalent except approved by the Board and/or stated in annual operational plans or the annual

16. have the authority to terminate the use, disposal, sale or lease back of assets according to the pertaining regulations and guidelines in cases where the net accounting value is over one million baht but no more than 30 million baht

17. Consider the lending, borrowing, or securing of capital, requests for, granting, or guaranteeing of credit, and investments in instruments guaranteed by the Ministry of Finance, commercial banks or any other appropriate instruments for submission to the Board of Directors for approval

18. Submit matters that the Board considers important and require Board approval to the Board for consideration

19. Perform other duties assigned by the Board with the necessary authority to perform the duties

#### **4. Executive Committee Meeting**

(a) The Executive Committee must hold a meeting at least once a month. The Executive Directors must attend the meeting regularly.

(b) To form a quorum in an Executive Committee Meeting to carry out any procedure described above, no less than half of the total number of directors must attend the meeting.

(c) A director is entitled to one vote in the Executive Committee meeting.

(d) For a resolution to pass, it must get no less than half of the total votes of directors attending the meeting, except in passing a resolution regarding items nos. 1, 10, 12, 14 and 15 above, which require no less than three-fourth of votes of the total number of company directors.

(e) The Executive Committee may appoint a subcommittee, working committee and/or person to monitor the items to be submitted to the Executive Committee, carry out any procedures for the Executive Committee's operations or conduct any matter in lieu as assigned by the Committee within the scope of its authority and duties.

It is to be noted that the approval of said items shall not be of the nature in which the Executive Committee or an authorized party thereof can approve transactions which they may have interests in, conflicts with or may have conflicts of interest with the company, its subsidiaries or related companies (according to the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC)). The Committee shall submit such transactions to the Board of Directors and/or shareholders at the shareholder's meeting for consideration and approval in accordance with related regulations, announcements or laws. Exempt from this procedure is the approval of those items that are normal business transactions, the scope of which are clearly defined.

#### **5. Remuneration for Executive Director**

The Executive Director who is entitled to receive the remuneration from the company must be the Executive Director from outside only. The Board of Directors sets the remuneration for the Executive Directors.

## Nomination & Remuneration Committee

For corporate good governance and in compliance with the “2012 Principles of Corporate Good Governance for Listed Companies” the Board of Directors has established the Nomination & Remuneration Committee to consider the structure and the criteria for remuneration of directors and the Chief Executive Officer and provides comments for the Board of Directors.

- The Board of Directors approves the nomination & remuneration of the Chief Executive Officer.
- The Board of Directors proposes the nomination & remuneration of Directors at the shareholders' meeting for approval.

The Company's Nomination & Remuneration Committee comprises the following three members:

	Name of remuneration director	Position
1	Associate Professor Dr. Preecha Jarungidanan	Chairman of Nomination & Remuneration Committee
2	Mr. Prasart Yunibhand	Nomination & Remuneration Committee Member
3	Associate professor Dr. Aekkachai Nittayagasetwat	Nomination & Remuneration Committee Member

Chairman of The Nomination & Remuneration Committee is an Independent Director.

The Nomination & Remuneration Committee is a committee appointed to make recommendations regarding consideration of remuneration of the directors, committee members, sub-committee members, Chief Executive Officer, consultants to the Board of Directors and the company's secretary to ensure transparency and fairness. The Remuneration Committee is totally independent in performing its duties according to the charter.

### Organization and appointment

- The Board of Directors considers the appointment of the Nomination & Remuneration Committee.
- The Nomination & Remuneration Committee comprises at least three members with the majority being independent directors.

- The chairman of the Nomination & Remuneration Committee to be appointed must be an independent director.

- The company's secretary shall be the Nomination & Remuneration Committee's secretary with the duty to provide support to ensure the Nomination & Remuneration Committee's operations run smoothly.

### Term of Office

The Nomination & Remuneration Committee's term of office is three years from the date of appointment by the Board of Directors. Those who have completed the term may be re-appointed with the majority of votes at the Board of Directors' meeting. As for a replacement committee member when there is a vacancy, the Board of Directors considers the selection and further appointment.

## Duties and responsibilities

The Nomination & Remuneration Committee has the following major duties and responsibilities:

1. Submit proposals regarding remuneration for committees, sub-committees, the Chief Executive Officer, and the Board's consultants to the Board of Directors and/or shareholders' meeting for approval
2. Determine the annual retainer fee and the meeting attendance fee and other remuneration as appropriate considering the guidelines practiced by other companies in the same industry, the company's performance, as well as the responsibilities, knowledge, capabilities, and experience of directors, the Chief Executive Officer or the consultants required by the company
3. Call the management, supervisors and/or any person concerned to attend meetings to clarify matters or ask and answer questions and/or provide documentation for consideration regarding remuneration. The committee appoints independent experts as appropriate both from within and outside the company at the company's expense and within the budget approved by the Board of Directors for consultancy as well as makes recommendations regarding decisions on remuneration
4. Set the principles of reporting and submit evaluation reports on the performance of the Board, committees, sub-committees, the Chief Executive Officer, and the Board's consultants to the Board of Directors
5. Report results on the fulfillment of duties to the Board of Directors every time there is a Remuneration Committee meeting and report the name list, scope of the Remuneration Committee's authority and duties to shareholders on the Registration Statement Form (Form 56-1) and in the annual report (Form 56-2), for example
6. Consider, review, and make recommendations in case there are changes regarding the Remuneration Committee's charter to the Board of Directors for approval of amendments as appropriate or in accordance with the rules and regulations of agencies concerned

## Duties and responsibilities of Nomination Committee

- 1) Consider the structure of the company's Board of Directors in terms of numbers of directors that are suitable for the company's size, type and complexity of business, qualifications of each director in skills, experiences, specific capabilities related to the business and the main industry in which the company operates.
- 2) Consider the qualifications of the candidates who will be the company's independent directors to be suitable for the company. The independence must comply with the rules and regulations of the Securities and Exchange Commission (SEC).
- 3) Set the principles and methods of recruitment of candidates to be appointed the company's directors to be suitable for the company such as the principle to consider the current directors to continue their terms, principle to announce in public to recruit the directors, principle to allow the shareholders to propose the directors, principle to hire the head hunters to recruit the directors, principle to consider the professional directors or principle to allow each director to propose the suitable candidates.
- 4) Conduct the plan to develop the directors to train current directors and new directors on the company's business which includes the roles and duties of directors and important developments such as industry situations and rules and laws related to company's business.
- 5) Conduct the company's succession plan and conduct the plan to develop the Chairman of the Executive Committee, Chief Executive Officer (CEO), Chiefs and members of the top management continuously to have the successors in case the above mentioned positions retire or cannot perform their duties to ensure the company runs continuously.
- 6) Propose the principle to recruit the company's directors, independent directors, directors of sub-committees, top management members, CEO, Chiefs and top management members of Finance & Accounting department.

7) Recruit, select and propose the qualified candidates to hold the top management positions to the Board of Directors to consider appointing and fixing the remuneration.

8) Propose the principles, methods and steps to evaluate the performance of top management members.

9) Evaluate the performance of the company's directors, sub-committee's directors and top management members.

10) Others related to nomination and assigned by the Board of Directors.

### Meetings

1. The Nomination & Remuneration Committee shall hold a meeting at least once a year as necessary and appropriate.

2. The Nomination & Remuneration Committee Chairman shall set the agenda of each meeting and chair the meeting where minutes are taken and meeting records are kept.

3. The meeting agenda and meeting documents shall be forwarded to the Nomination & Remuneration Committee in advance prior to the meeting.

4. To form a quorum, no less than half of the Nomination & Remuneration Committee members must be present.

5. The Nomination & Remuneration Committee's meeting resolutions are reached according to the majority of votes of the committee members attending the meeting. Members with interests in any matter shall not consider or pass a resolution therein.

### Reporting

The Nomination & Remuneration Committee shall report its performance to the Board of Directors and shall report on its duties during the past year to shareholders in the annual report detailing the following:

1. name list of the Nomination & Remuneration Committee

2. the number of meetings held

3. the number of times each Nomination & Remuneration committee member attended the meetings

4. results of their performance according to the charter

## The Audit Committee

The Audit Committee, appointed by the Board of Directors, comprises four independent directors who are experts in such fields as accounting and finance economics and risk management.

The Company's audit committee comprises the following 3 members:

Name of Audit Committee	Position
1. Associate professor Dr. Preecha Jarungidanan	Chairman of the Audit Committee
2. Associate professor Dr. Aekkachai Nittayagasetwat	Audit Committee Member
3. Professor Dr. Kamphol Panyagometh	Audit Committee Member

Two out of three member of the Audit Committee - Associate professor Dr. Aekkachai Nittayagasetwat and Professor Dr. Kamphol Panyagometh are knowledgeable and experienced enough to review the reliability of the financial statements .

The secretary to the Audit Committee is Miss Sunan Wongmutthavanich. She is now Director-Internal Audit Department

## The Audit committee's Scope of Authorities and Duties

(1) The Audit Committee has the following duties as assigned by the Board of Directors:

1. Review the company's financial reports to ensure accuracy and adequacy
2. Review the company's internal controls and internal audit systems to ensure their suitability and effectiveness, preserve the independence of the internal audit work unit, and approve appointments, movement, and termination of the chief of internal audit or any other unit responsible for internal audits
3. Review operations to ensure the company's compliance with the law and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC) as well as laws related to the company's business
4. Consider, select and nominate independent persons to become the company's auditors, propose remuneration of said persons, including termination of external audit and meet with auditors without the management being present at least once a year

5. Assess connected transactions or those that might have conflicts of interest so that they are in accordance with the law and regulations of the Stock Exchange of Thailand as well as ensure that the transactions are justifiable and for the company's maximum benefit

6. Prepare the Audit Committee's report and include it in the company's annual report which shall be signed by the Chairman of the Audit Committee and contain at least the following information:

- comments regarding the accuracy and reliability of the company's financial report
- comments regarding the adequacy of the company's internal control system
- comments regarding compliance with the law and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC) as well as laws related to the company's business
- comments regarding the suitability of auditors

- comments regarding transactions that might involve conflicts of interest

- the number of the Audit Committee meetings and attendance records of each Audit Committee member

- comments and general observations made by the Audit Committee in conducting its duties according to the charter

- other items deemed of note for shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Directors

7. Address any other matters assigned by the company's Board with the Audit Committee's approval

#### (2) The Audit Committee's Responsibilities

The Audit Committee is directly accountable to the Board of Directors and the company's Board maintains responsibility for the company's performance regarding outside parties.

#### (3) The Audit Committee's Authority

1. The Audit Committee has the authority to seek unbiased comments from other professional consultants when necessary at the company's expense.

2. The Audit Committee has the authority to call for information from various work units of the company for additional consideration of various matters.

#### (4) The Audit Committee Meeting

1. The meeting. The Audit Committee holds a meeting at least once every quarter. In case of urgency, any Audit Committee member or a company director may ask for an Audit Committee meeting to be held.

2. Voting. Any Audit Committee member with any interest in the matter under consideration is prohibited from making comments and voting regarding the matter. The Audit Committee's secretary carries no vote.

3. Meeting reports. The Audit Committee's secretary or person assigned by the Audit Committee shall take minutes and prepare the Audit Committee meeting reports. The reports shall then be submitted to the Audit Committee for approval and for further submission to the Board of Directors so that the Board is informed of the Audit Committee's activities.

#### (5) The Audit Committee's reporting

In carrying out its duties, the Audit Committee is required to report to the company's Board so improvements and corrections can be made within the time period the Audit Committee sees appropriate if it finds or suspects any of the following situations

which might have significant impact on the company's financial status and operational results:

1. transactions where there are conflicts of interest,

2. misappropriation or major impairment of the internal control system,

3. violation of the law or rules and regulations of the Stock Exchange of Thailand or laws related to the company's business.

After reporting such matters which might have significant impact on the company's financial status and operational results to the Board of Directors and after joint decision with the Board of Directors and the management on improvements and corrections to be made, if the Audit Committee finds negligence in implementing the decisions in a timely manner without justifiable cause, a designated Audit Committee member may report such findings to the Stock Exchange of Thailand or the Office of the Securities and Exchange Commission (SEC).

## Risk Management Committee

The company has appointed the Risk Management Committee in compliance with the practice of good corporate governance according to the Securities Exchange of Thailand regarding risk management. The company also sees that good risk management will help add to its value for shareholders while promoting stable and sustainable growth and boosting its competitiveness. The Risk Management Committee was set up as a unit to study, follow up on, evaluate and prioritize risks, and then provide the Board of Directors with advice regarding reduction of risks and taking action to reduce risks that may result either from internal and external factors.

The Board of Directors has set the risk management policy stressing that the company manages the risks all over the organization to reach the targets of risk management. The Risk Management Committee sets the targets and indicators of risk measurement. They have an improvement plan and report the risk management to the Audit Committee and the Board of Directors to acknowledge in every meeting.

The Risk Management Committee:

	Name of Risk Management Committee	Position
1	Professor Dr.Kamphol Panyagometh	Chairman of the Risk Management Committee
2	Mr. Yunyong Sawasdi	Risk Management Committee Member
3	Mr. Chainarong Nimantevin	Risk Management Committee Member
4	Mr. Prompong Chaikul	Risk Management Committee Member
5	Dr. Tattee Khayim	Risk Management Committee Member
6	Dr.Bodin Kasemset	Risk Management Committee Member
7	Mr. Wijaya Klinkesorn	Risk Management Committee Member
8	Dr. Pichit Saengpongpaew	Risk Management Committee Member
9	Miss. Siriporn Pakdee	Risk Management Committee Member
10	Mr. Koratak Weeradaecha	Risk Management Committee Member
11	Miss. Sunan Wongmutthavanich	Risk Management Committee Member
12	Mr. Khajorn Thammajong	Risk Management Committee Member
13	Mr.Somchai Binlae	Risk Management Committee Member

Chairman of Risk Management Committee are Independent Director

## Components

1. The company's Board of Directors consider and appoints the Risk Management Committee.

2. The Risk Management Committee comprises independent directors and no less than five top level executives from major division of the company.

3. The term of office is of two types:

- For independent directors, the term of office for the position is three years. Pertaining to this, the director whose term has been completed may be chosen to resume the position in the committee. In the case where a committee member resigns of a position becomes vacant before the term is over, the Board of Directors may appoint another independent director to hold the position for the rest of the term of office of the committee member replaced.

• For top level executive directors, the term of office lasts as long as the executives hold the top level executive position in a particular division. In the case where a position held by a top executive becomes vacant, an individual with similar qualifications and the same or equivalent position shall be appointed as replacement. The replacement individual shall be a member of the committee until he is promoted or moved, resigns or is terminated, or for any reason is rendered unable to work in the position.

### Duties and responsibilities

1. Set risk management policies and plans, prepare risk reports for submission to the Board of Directors for consideration and approval in determining appropriate risk management plans and implementation within the company.

2. Study, evaluate and follow up on the risks that may emerge as well as set policies and an Integrated Risk Management framework to cover major risks both from internal and external factors including the following:

#### 2.1 internal factor

- Business risk
- Financial risk
- Operation risk

#### 2.2 external factor

- Economic risk
- Regulatory / Political risk etc.

3. Supervise and follow up regularly on the implementation of risk management policies to ensure efficient and continuous risk management practices.

4. Review and check risk management reports regularly to follow up on significant risk and to see to that the risks are management adequately and properly.

5. Provide regular reports to the Board of Directors regarding risks, risk management, as well as the risk situations the company faces, and improvements or corrections needed to be in accordance with the set risk management policies

6. Have the authority to appoint a work group and/or additional staff, or hire external independent experts as necessary to study, evaluate, follow up on and make recommendations regarding risk management.

7. Prepare the Risk Management Committee's annual performance reports as well as determine goals and plans for the following year for submission to the Board of Directors

8. Consider, review and make recommendations regarding any changes in the charter of the Risk Management Committee for submission to the Board of Directors to request approval of improvement of the charter so that it is appropriate or in accordance with the rules and regulations of the agencies concerned.

9. Perform any other duties regarding risk management as assigned by the Board of Directors.

### The Risk Management Committee Meeting

1. The Risk Management Committee must hold at least four meetings annually as necessary and appropriate.

2. No less than half of the Risk Management Committee members are required at each meeting of the Risk Management Committee to constitute a quorum.

3. The resolution of the Risk Management Committee is decided by the majority votes of the members participating in that particular meeting.

4. The Risk Management Committee may invite other people concerned with an agenda item to participate in the meeting as necessary.

5. Meeting documents must be delivered to each of the Risk Management Committee no less than seven days before the meeting date. Meeting minutes must be prepared and delivered to the Risk Management Committee members within 14 days after the meeting is completed.

6. The secretary of the Risk Management Committee is responsible for arranging meetings including the meeting venue, the meeting agenda and the meeting documents.

### The Reporting work results

The Risk Management Committee must report its work in dealing with and in managing risk as well as risk situations on each of the specified headings to the Board of Directors to ensure that the Board is aware of and realizes the factors that may have significant impact to the company's business operations.

### **Scope of the authority and duties of Chief Executive Officer**

1. Oversee, run and carry out regular business duties for the benefit of the company and manage the company's operations according to the policies, goals, operational plans, annual budget and related strategies set by the Board of Directors and/or assigned by Executive Committee.

2. Supervise operations regarding finance, marketing, human resources management and other operations in general so that they are in accordance with the company's policies, and annual business operational plans set by the Board of Directors and/or the Executive Committee.

3. Have the authority to hire, appoint, transfer, discharge or terminate, fix the salary and fringe benefits, bonus and increase or adjust the salary for the employees whose positions are from the " Chief" level to the department directors .This must be approved by the Board of Directors or the authorized person by the Board of Directors

4. Have the authority to hire, appoint, transfer, discharge or terminate, fix the salary and fringe benefits, bonus and increase or adjust the salary for the employees whose positions are lower than the department directors.

5. Approve the purchase of machinery under a limit (whether it is one or a series of transactions) of four million baht per transaction, and no more than 20 million baht per year except in cases where approval has been received from the company's Board and/or the purchase has appeared in annual business operational plans or the annual budget.

6. Have the authority to approve the termination of use, disposal, sale and leaseback of assets according to the pertaining regulations in cases where the accounting net value is not over one million baht.

7. Submit proposed contracts and/or transactions for the company's benefit to the Board of Directors' meeting for approval.

8. Have the authority to approve the purchase of raw materials valued at no more than 10 million baht or equivalent per transaction per month.

9. Carry out other duties assigned by the Board of Directors and/or the Executive Committee with the authority to carry out any procedures necessary for fulfilling said duties.

It is noted that in conducting matters in which the Chief Executive Officer, authorized person or persons with possible conflicts (according to the policy of the Stock Exchange of Thailand) has interests or conflicts of interests with the company and/or its subsidiaries, and/or related companies, the Chief Executive Officer has no authority to decide such matters.

### Details of the Board of Directors' meetings, sub-committee meetings, and the 2019 shareholders' annual general meeting

	Name list	Attendance in Board of Director Meeting	Attendance in Audit Committee Meeting	Attendance in Nomination & Remuneration Committee Meeting	Attendance in Risk Management Committee Meeting	Attendance in Shareholders' Annual General Meeting '2018
1	Mr.Somnuk Chaikul	3/4	-	-	-	0/1
2	Mr. Prompong Chaikul	4/4	-	-	3/4	1/1
3	Mr. Prasart Yunibhand	4/4	-	1/1	-	1/1
4	Mrs. Poonpun Chaikul	3/4	-	-	-	1/1
5	Associate professor Dr. Preecha Jarungidanan	4/4	4/4	1/1	-	1/1
6	Associate professor Dr. Aekkachai Nittayagasetwat	4/4	4/4	1/1	-	1/1
7	Professor Dr. Kamphol Panyagometh	4/4	4/4	-	4/4	1/1
8	Mr. Nattapong Chaikul	1/1	-	-	-	-

\*\*Annual General Meeting year 2019 on 29 April 2019

\*\*\*Mr. Somnuk Chaikul and Mrs. Poonpun Chaikul requested to resign from the Company's director effective from November 1, 2019 onward), Mr. Nattapong Chaikul to be director effective from Nov 7, 2019 onwards,

### Board of Directors' meetings

The company has already set the dates for the Board of Directors' meeting and the Audit Committee's meetings for 2020 and has already informed all related directors.

The company plans to hold Board of Directors' meetings 6 times a year. The company secretary will send the invitation letters with agendas 7 days in advance in order for all directors to become familiar with the meetings in advance.

## Guidelines for Management compensation

The Remuneration Committee considers the remuneration of directors and Chief Executive Officer, submitting the proposal to the Board of Directors for approval. Remuneration for the Board of Directors requires approval of the shareholders at a shareholders' meeting. The company's guidelines regarding management compensation are laid down as follows:

### 1. Guidelines for Director

The company determines appropriate remuneration to attract and retain directors with suitable knowledge and capabilities for the company. Principal factors in the consideration include:

- the company's performance,
- responsibilities assigned to directors, and
- average remuneration rate of businesses in the same industry.

Directors' remuneration consists of an annual retainer fee and meeting attendance fee.

### 2. Guidelines for high level executives

The Executive Committee will consider remuneration of high level executives including those in Chief positions, senior directors and directors of various departments to maintain pay at an appropriate level in order to attract and retain executives with suitable knowledge and capabilities for the company. Principal factors in the consideration include:

- the company's performance
- the Key Performance Indicators - KPI when considering an increase in remuneration or annual salary raise
- average remuneration rate in the industry

In addition, the company may also seek consultation from experts in Human Resources Management at the company's expense.

## Qualifications of Board of Directors

1. Possess the qualifications required by law (Public Company Act and Securities and Stock Exchange Act)
2. Be knowledgeable, capable, and experienced in matters beneficial to business operations, and be forthright and possess ethics in business operations
3. Have reliable discretion independent from management and any other interest groups
4. Be able to devote adequate time to the company and pay attention to fulfilling responsibilities

## Qualifications of the Executive committee

1. Have vision, initiative and integrity
2. Be knowledgeable, capable, and experienced in matters beneficial to the business operations, and be forthright and possess ethics in business operations
3. Able to devote adequate time to the company and pay attention to fulfilling responsibilities

## Qualifications of Audit committee

1. The Audit Committee comprises at least three independent directors.
2. The Audit Committee is appointed by the Board or the shareholders
3. The Audit Committee members must not be persons assigned by the Board to make decisions regarding the company, its parent company, subsidiaries, associate companies, affiliates or corporate bodies that might have conflicts.
4. The Audit Committee members must have adequate knowledge and experience to fulfill duties as Audit Committee members; it is noted that there must be at least one Audit Committee member who is knowledgeable and experienced enough to review the reliability of the financial statements.

## Qualifications of Nomination & Remuneration committee

1. The Remuneration Committee members must be company directors and not Chairman of the Board of Directors.
2. The Remuneration Committee must consist mainly of independent directors.
3. The Remuneration Committee members must be knowledgeable, capable, and experienced as well as understand the qualities, duties, and responsibilities as a committee member considering remuneration.
4. The Remuneration Committee members must be able to devote adequate time to fulfill the Remuneration Committee's duties.

## Qualifications of Independent Directors

Independent directors carry out duties assigned by the Board of Directors independently from major shareholders and the company's management and meet all the qualification requirements stipulated by the Office of the Securities and Exchange Commission (SEC). Independent directors shall form at least one-third of the total number of the directors but must be no less than three. Each director must have the following qualifications:

1. Must not hold shares in excess of 1% of the total voting shares of the Company, its parent company, subsidiaries, associate companies or corporate bodies that may have conflicts of interest. This also covers shareholding of persons associated with independent directors.
2. Must not be a board member, employee, staff, consultant earning regular salary or person with controlling interest, or a person with the authority to make decisions within the company, its subsidiaries, associate companies or corporate bodies that may have conflicts of interest, unless having been relieved of such conditions for no less than two years prior to the appointment.
3. Must not be a person who is related through kinship or legitimate registration as a father, mother, spouse, sibling, child or spouse of a child of a management executive or major shareholder, a person with controlling interest or person to be nominated as an executive or person with controlling interest of the Company or its subsidiaries.

4. Must not have a business relationship with a company, parent company, subsidiaries, associate companies or corporate bodies with possible conflicts that might impair independent judgment. Independent directors must not be major shareholders or persons with controlling interests under those with a business relationship with the company, its parent company, subsidiaries, associate companies or corporate bodies with possible conflicts unless having been relieved of such conditions for no less than two years prior to the appointment. Business relationship in the above paragraph includes any trading transactions in the ordinary course of business, granting and taking a lease of real property, any transaction relating to assets or services, the grant or acceptance of financial assistance worth from three percent of the net tangible assets or from 20 million baht over above, whichever is lower. Debts incurred during the year before the business relationship with the same person are also counted.

5. Must not be auditor of a company, its parent company, subsidiaries, associate companies or corporate bodies with possible conflicts and must not be a major shareholder with the authority to control nor a partner of an audit firm that audits a company, its subsidiaries, associate companies or corporate bodies that might have conflicts unless having been relieved of such conditions for no less than two years prior to the appointment.

6. Must not be a person who provides any professional services, including legal counseling or financial consulting services, receives annual service fees over two million baht from the company, subsidiaries, associate companies or corporate bodies with possible conflicts and must not be a major shareholder with the authority to make decisions or a partner of an entity providing such professional services unless having been relieved of such conditions for no less than two years prior to the appointment.

7. Must not be a board member who is appointed to be a representative board member of the company, major shareholder, or shareholder who is associated with a major shareholder.

8. Must not have any other attributes that may prevent him/her from freely expressing opinions about the Company's operations.

## **Selection of Directors and Independent Directors and Members of Remuneration committee**

The Nomination & Remuneration Committee will responsibility to select persons to become directors, the company has a policy to search for and select persons considering

The new directors recruited must possess knowledge, ability and experience related to the company's business and are in line with the company's business strategies now and in the future.

Principles in appointment and removal of directors are as follows:

### **1. The Company's Board**

Comprises at least 5 directors and no more than 12 directors. No less than half of the directors must have residence in the Kingdom and must meet the qualifications stipulated by law. Directors are not allowed to conduct business as partner or director of other corporate bodies of a similar nature or conduct business in competition with the company, except when the shareholders have been informed at a meeting prior to the appointment.

### **2. The shareholders appoint directors**

By the majority of votes according to the following principles and methods.

2.1 Shareholders are entitled to one vote per share.

2.2 Shareholders are to vote for directors one candidate at a time.

2.3 Persons winning the highest number of votes are selected as directors, of which the number is equal to that required or to be selected on that occasion; in the case of an equality of votes, the Chairman shall cast the deciding vote.

### **3. At every annual general meeting, one-third of the directors shall retire from office**

If the number of directors to retire from office is not a multiple of three, then the number of directors closest to one-third shall retire. The directors to retire from office pursuant to the first paragraph in the first and the second years shall be determined by drawing lots. In every subsequent year, the directors who have served longest in office shall retire. A retiring director based on the preceding shall be eligible for re-election.

### **4. If an office of director is vacated other than by rotation**

The Board of Directors may appoint a person who is qualified and is not prohibited under the law as a director in his place at the following meeting of the Board of Directors unless the remaining tenure of the director is less than 2 months. The replacement director shall assume the director's office for only as long as the remaining tenure of the replaced director.

### **5. At a meeting**

The shareholders may pass a resolution for any director to leave the office before the end of their term with no less than three-fourths of the shareholders attending the meeting, having the right to vote and having total shares of no less than half of the shares held by the shareholders attending the meeting.

## The orientation for the new company directors

The Board of Directors has set the policy to provide an orientation to all new company directors due to the realized importance of providing them with the knowledge and understanding of the company's business and procedures needed prior to attending their first Board of Directors' meeting. The company secretary prepares useful and necessary documents for new company directors such as: the company's rules and regulations, business model, company director's manual, authority and responsibility of company directors, business ethic and employee's code of conduct, information disclosure, compensation and benefits of company directors and the directors of subcommittee, general information and information of the management team. All new company directors are invited to visit the company

All new directors will be required to attend the training course of "Company director of listed companies" organized by the Institute of Directors Association at the company's expense.

In the Year 2019, Mr. Nattapong Chaikul , new Director had Orientation by the Company's secretary and pass take cause of DAP 167/2019 from IOD at 11 November 2019.

## Independent Director Nomination

Independent directors must form no less than one-third of the total number of directors and there must be no less than three independent directors. The selection and nomination guidelines of independent directors are similar to those of directors and executives. Those selected to assume the positions of independent directors must have the qualifications stipulated by the company.

## Audit Committee Nomination

Audit Committee must be no less than three independent directors. The selection in the same method of independent directors Moreover the Audit Committee must have the qualifications stipulated by the law.

## Top Management Nomination

Executive Committee has authorize to hire, appoint, transfer, remove, discharge or terminate, fix the salary for the top management of the company from the level of Chief Executive Officer to department directors. The Chairman of Executive Committee has the authority to take action.

For the CEO position, in case of hiring, appointing, transferring, removing, terminating and fixing the salary, the Chairman of the Executive Committee has authority to submit to the Board of Directors ' Meeting to consider and approve.

## Holding a Director Position in Other companies

The company's directors should limit the number of companies in which they hold a director position to no more than five. This is to ensure that they have adequate time to perform their assigned duties and responsibilities. Directors are required to report to the company should there be any changes therein regarding the holding of directorship in other companies.

## Evaluation of Board of Directors

The Board of Directors evaluates the entire Board's performance no less than once a year to determine its strong points and weaknesses. The purpose is to increase future efficiency as well as to promote mutual understanding among directors working with each other.

## Evaluation of chief Executive Officer

The company evaluates the Chief Executive Officer's performance annually for consideration of remuneration which is fair to both the company and the Chief Executive Officer by relying on the principles practiced by the majority of listed companies and agreed to in advance with the Chief Executive Officer according to specific criteria. Evaluation criteria include financial performance and achievement of long-term strategic goals. Both financial metrics and non-financial metrics are used in performance evaluation.

Financial Metrics: e.g. income net profit, net earnings per share, return on fixed assets, return on equity and Economic Value Added - EVA etc.

Non-Financial Metrics: e.g. vision, leadership, achievement of strategic plans, risk management, good relations with the Board of Directors, response to need and directions of the Board of Directors, communications, human resources management, market expansion, etc.

## Directors and Executives Development

The company has a policy to develop directors and high-level executives regarding corporate good governance and sustainable management. Directors and executives take part in the training programs organized by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission (SEC), and the Institute of Directors (IOD). Each director has completed training in the Director Certification Program (DCP) or the Director Accreditation Program (DAP) organized by the IOD.

## Management Succession Plan

The company has a management succession plan with selection procedures considering both candidates from within and outside the company. It has an appropriate system to select directors and important executives in line with the management succession plan. Each position is filled through a transparent and fair selection process.

## Company's Secretary

Appointed by the Board of Directors on 7 August 2009, the company's secretary has the major duties of organizing the Board of Directors' meetings and shareholders' meetings, ensuring that they run smoothly and according to the law. The secretary also prepares meeting reports, collects them and keeps the records for easy retrieval, prepares and sends letters of invitation to the meetings along with annual reports to shareholders and supervisory agencies as well as disseminates the information via the company's website. The secretary ensures that the company, its subsidiaries, directors and executives operate in accordance with the rules and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC). The secretary coordinates with said agencies, reporting information regarding the company's directors and executives to the SET and SEC. In addition, the secretary provides recommendations and consultancy to new directors regarding assuming their positions. The secretary takes care of shareholders relations, acting as the liaison between shareholders and the Board of Directors and executives. The secretary also promotes knowledge and understanding regarding corporate governance providing related information and encouraging Board adherence. Additionally, the secretary ensures that there be a performance review conducted according to stated principles, and provides information and suggestions to directors and executives in preparing various reports as required by law and regulations for public disclosure to ensure transparency. This is information such as acknowledgement of duties regarding securities holding reports and supervision of the company's operations so that they comply with the rules and regulations of the company, the Stock Exchange of Thailand and related compliance units.

## Internal Auditor

The Internal Auditor of the Company reports direct to The Audit Committee. They have Independence to comment and perform in accordance with Internal Audit standard by audit, evaluate risk, assess adequacy of Internal Control for the efficiency of audit and achieve the audit plan objective.