

Good Corporate Governance



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As a listed company in the Securities Exchange of Thailand, the Board of Directors of Stars Microelectronics (Thailand) Public Company Limited is determined to continuously develop good corporate governance and best practices in the hope that the organization is well-accepted in this regard, thereby creating confidence in shareholders and stakeholders as well as creating added value for the total benefit of shareholders.

In 2019, the company followed corporate good governance practices as follows:

1. Rights of Shareholders and Shareholders Meeting

<p>The company's 2019 Annual General Meeting was held on Monday, 29 April 2019 at 14.00 p.m. (within four months from the company's fiscal year end). Record date shareholders were determined and the list of shareholders was settled on according to Section 225 of the Securities and Exchange Act, B.E. 2535.</p>	<p>The company designated Thailand Securities Depository Co., Ltd., its registrar, to send an invitation letter both in Thai and English for the shareholders' meeting, along with the annual report in CD-ROM format to shareholders 14 days in advance of the meeting date. The meeting date was also publicized in newspapers for three consecutive days, no less than three days before the meeting date.</p> <p>This was to ensure that shareholders had enough time to consider the meeting information. The invitation letter specified in detail the meeting agenda and whether each item on the agenda was for acknowledgment, approval, or consideration. It also contained directors' opinions for each item and the adequate and complete meeting documents required.</p>
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Shareholders were also requested to provide necessary documents or evidence to identify themselves in order to exercise their right to attend the meeting.

Shareholders were entitled to attend the shareholders' meeting and to vote by proxy by attaching a letter of authorization form (as stipulated by the Department of Business and Trade Development, the Ministry of Commerce). The company allowed the meeting registration no less than one hour before the meeting's scheduled time using a barcode system. Ballots for each agenda item were printed for shareholders. Those arriving at the meeting after it had started could also vote on agenda items for which a resolution had not yet been passed.

In the 2019 shareholders' annual general meeting, 6 out of 7 of the company's directors attended the meeting. Also present were the company's executives and those involved in particular agenda items such as the company's senior director of finance and

accounting, auditors, financial advisors, and independent legal advisors. They provided opinions and answered shareholders' questions at the meeting. Representatives of Thailand Securities Depository Co., Ltd. examined the shareholders' registration and counted the votes with the company's independent legal advisors. The meeting was run according to the agendas without adding any agendas.

The company provided details regarding quorum, the number of meeting participants both in person and by proxy, voting procedures and the vote-counting methods as follows:

(1) Shareholders are entitled to one vote per share held. Each shareholder thus has as many votes as the number of the shares held or represented by proxy.

(2) Shareholders having a conflict of interest regarding a particular agenda item are not entitled to cast a vote on that item.

(3) The person conducting the meeting shall ask in regard to every agenda item if there is any person who wants to vote against the item or abstain from voting. If so, the person is advised to express his wish in the vote ballot. Other than that, it is considered that the agenda item gets a vote of approval. The company then deducts the number of votes against and the abstained votes from the total number of votes of the meeting attendees to get the final voting results for that particular agenda item.

(4) In accordance with the Securities Exchange of Thailand's corporate good governance policy, in considering the agenda item regarding the selection of directors to replace those who have completed their term, and company has proposed that shareholders vote individually. This is to allow shareholders have right to select to be true. Shareholders are required to vote in the ballot no matter whether they wish to vote for, against or abstain.

The Company's policy is to encourage all shareholders to attend the meeting including institutional investors.

The meeting venue selected by the company was accessible by public transport in order for the shareholders and the institution investors to commute to the company meeting place conveniently. In addition, The company sets the meeting time in such a manner that shareholders have equal rights and opportunities to investigate the company's operations, ask questions, and express their opinions and recommendations fully. The company have a channel for shareholders to submit questions advance of the meeting by Email or Fax to the Investor Relation of the company. The company takes minutes detailing completely and accurately the meeting agenda, meeting content, voting results for each agenda item, shareholders meeting's resolutions, issues raised, opinions, and directors and executives' clarifications. The report of the shareholders' meeting are completed within seven days of the shareholders' meeting and kept properly for shareholders' review and investigation.

In addition to the rights to vote at the meeting of shareholders, The shareholders still are entitled fundamental rights more, including a share of the earnings/Dividends are equally, the rights to be

treated equally in the purchase of shares by the company etc, which are fundamental rights scheduled to law already.

2. Equitable Treatment of Shareholders

The Board of Directors places importance on shareholders' rights and equitable treatment of shareholders no matter whether they are small, large or foreign shareholders. This is reflected in the practices below.

(1) The company always conducts the shareholders' meeting according to the agenda detailed in the invitation letter. No item shall be added without advance notice unless it is totally necessary. This is especially true in cases regarding important agenda items where shareholders need time to study the information before making decisions.

(2) At least one independent director is nominated as a proxy alternative for shareholders. Shareholders are also informed of the interests each director has in a particular agenda item, for example, the appointment of directors to replace those who have completed their term.

(3) Shareholders are encouraged to use a ballot for each agenda item. Separate ballots are provided for separate agenda items for shareholders to cast accordingly.

(4) The chairperson of the meeting allocates time for shareholders to express their opinions. In the 2019 meeting, the company gave shareholders the opportunity to express their views and ask questions regarding the company. Questions could be posed in advance via email to ir@starsmicro.com or by fax no. 035-258-914. Details were also available at the Investor Relations, Tel. No. 035-258-555 ext. 313. However, in 2018, no shareholders made any contact to ask questions or express their views.

(5) The Board of Directors ensures that the company abides by the law, rules and regulations, announcements, and orders of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC), including regarding those items pertaining to disclosure of information about connected transactions, and acquisition or disposition of the company's subsidiaries' major assets. The company shall also abide by the accounting standards set by the Federation of Accounting Professions.

(6) The Board of Directors monitors related transactions. In cases where the company's or its subsidiaries' related transactions involve those who might have current or future interests or conflicts of interests outside normal business conditions, the company shall disclose such related transactions in the notes to financial statements reviewed by the company's auditors.

(7) Regulations require that directors and executives disclose information regarding their personal interest in any transaction that might impact the company via the interests reporting form. The company's secretary shall receive the interest information disclosure form and then submit it to the Chairman of the Board and the Chairman of the Audit Committee. In 2019, the company had each of its directors and executives disclose their interests and it was found that there were no actions taken that violated the regulations regarding connected transactions.

The company set the policy that the Board of Director must report buy-sell share's of the company every times (include wife & underage children) within 7 days after buy-sell date. Must send the report to the company's secretary for report the Board.

3. Rights of Stakeholders

The company recognizes the rights of each group of stakeholders as described below.

Shareholders : The company has a policy to treats all shareholders equally and fairly and does not take any actions that may violate or reduce the rights of shareholders.

Employees : The company treats all employees equally and fairly with appropriate compensation.

Trading partners and creditors : The company has a policy to treats trading partners and creditors fairly according to trade conditions and/or joint agreements. If there is the case that is not in line with the agreed conditions, the company will inform the creditor in advance to resolve the situation together.

Customers : The company provides quality service and responds to customers' needs while also considering safety by setting the criteria to select the customers and consider the credit limit of the old and new customers who must have a good financial status and good payment record.

Competitors : The company has a policy to plays by the rules of competition and avoids dishonest means to gain advantage over competitors.

Society and environment : The company has a policy to always supports the useful activities and supports the quality of society and environment in general.

In recognizing the stakeholders' rights, the company follows the related rules and regulations.

The company set the policy of social responsibility to ensure that the company's business operations realize the social and environmental factors needed for sustainable development.

The company will act in line with the related laws, rules and regulations to justly protect the right of the stakeholders. The Board of Directors have the channels for receiving complaints from all of the stakeholders which can cause problems with the Board of Directors.

Contact the Board , Independent Director pass the Company's Secretary

e-mail: yunyong-s@starsmicro.com

Fax: 035-258-914

Or by closed letter to Company's Secretary

Address: Stars Microelectronics (Thailand)

Company Limited.

605-606 Bang Pa-In Industrial , Moo 2 , Tambol

Klongjig, Amphur Bang Pa-In, Ayutthaya 13160.

4. Disclosure and Transparency

The Board of Directors have examine and support timely disclosure of the company's business information including financial information and financial reports according to the disclosure regulations of the Securities Exchange of Thailand. Such information is available both in Thai and English for investors, shareholders, and concerned parties to have equal and transparent access to. Also disclosed are auditors' reports, financial figures, and notes to the financial statements.

The company also discloses the duties of the Board of Directors and the sub-committees, the number of meetings attended, and directors' remuneration information. The investor relations section is set up to be responsible for providing important information for investors and other concerned parties. The company's information is also disseminated via the Securities Exchange of Thailand and the company's website so investors and stakeholders can have access to its financial and operational information at all times.

According to company regulations, directors and the top four executives after the Chief Executive Officer, and those in management positions in accounting or finance from the sectional level up or equivalent, are required to report their interests and stakes using the interest disclosure report form without delay when a certain transaction may be regarded as having an impact relating to their interests. The reports made shall be in care of the company's secretary.

As for 2019 performance, the company arranged investor and analyst

- presented its operational performance reports on occasions. It also took part in the Opportunity Day project organized by the Securities Exchange of Thailand on one occasions

- Analyst Meeting on three occasions.

Moreover, it always arranged company visits for those interested the shareholders who participated in the meet. Also have the opportunity to exchange ideas with each other

In 2019, the company followed the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC) regarding information disclosure completely and on time.

5. Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors has duties and reliabilities as set in the related laws, including determining the company's goals, guide lines, policies, annual operational plans, and annual budget. The Board also supervises the performance of the executives or the persons assigned to carry out duties to ensure that the operations are in accordance with the goals, policies, and operational plans set by the Board.

Structure of the Board of Directors

As at 31 December 2019, the company's Board consists of six directors, three of them are independent directors two management's directors and 1 non-independent directors.

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.

The company has a total of six committees: the Board of Directors, Executive Committee, Audit Committee, Nomination & Remuneration Committee, Risk Management Committee and CSR Committee. This is for the clear division of authority and duties, and maximum efficiency in setting the company's business direction and operations. The Board of Directors determines the company's goals, and assigns roles, duties and authority to the Audit Committee, the Executive Committee, and the Chairman of the Board.

The company has the policy to limit the serving period of the independent directors for no longer than 9 years. There were no independent directors who had served the company longer than 9 years in 2019.

Board Diversity

The Board of Directors have set the qualifications of the new company directors by considering the skills lacking with the current Board of Directors to fulfill the knowledge, skills and professions.

In order to enhance the effectiveness of the policies, the decision of the Board of Directors, the Board's

composition and structure appropriate to the business operations and have Directors who are eligible according to good corporate governance.

In 2019, the company had change Board of Directors as:

1. Mr. Somnuk Chaikul , resignation from Chairman and Chairman of the executive committee due to his health problems, which was effective since November 1, 2019.

2. Mrs. Poonpun Chaikul , resignation from Director due to her health problems, which was effective since November 1, 2019.

3. To appoint new Director Mr. Nattapong Chaikul to be director replacing Mrs. Poonpun Chaikul, which was effective since November 7, 2019. The term of his position is 2 years 5 months.

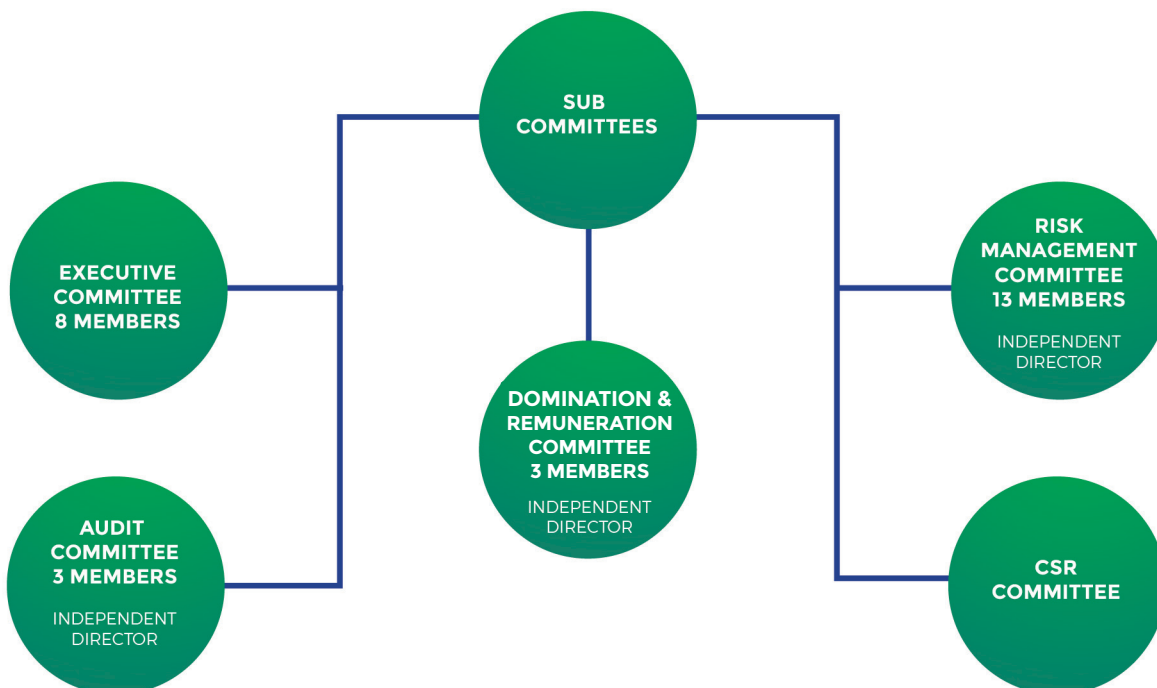
4. To appoint Mr. Prasart Yunibhand to be acting Chairman, which was effective since November 7, 2019.

5. To appoint Mr. Prompong Chaikul to be Vice Chairman, which was effective since November 7, 2019.

The directors of the company are knowledgeable and perform their duty well. Above all, the company's structure and number of directors are suitable for the company's business direction.

Committees

In addition to the Board of Directors, the company has four sub committees:



The authorities and duties of the committees are clearly prescribed.

In year 2019, the Board of Director had approve to appoint The Nomination & Remuneration Committee which had duties to Nominated new director and the top management (Chief level up).

Internal control

The company considers it important to set a standardized internal control system to build acceptance and reliability among shareholders, investors, as well as stakeholders. To help achieve this, it has set up the Audit Committee, an independent committee whose duties are to ensure the accuracy, completeness, and reliability of the company's internal control system and financial reports. The Audit Committee also ensures the efficiency and effectiveness of the internal control system as well as the transparency and accountability of the working system with special regard to conflicts of interests. The Audit Committee meets with the company's management auditors to consider and make recommendations regarding improvement of the company's internal control system.

In addition to this, the company has set up the Internal Audit Unit, which is an independent unit reporting directly to the Audit Committee. The Internal Audit Unit's duties are to examine the various work systems to ensure that they operate appropriately and in accordance with related rules, regulations, and laws. It then reports the investigation results to the Audit Committee as scheduled in the annual plan.

In 2019, the Audit Committee and the Board of Directors evaluated the company's internal control and opined that the internal control is sufficient. In the Board of Directors' meeting No. 1/2563 on 20 February 2019, the Board of Directors evaluated the company's internal audit system from the report of the Audit Committee and concluded that the company has enough internal control in 5 factors: control environment, risk assessment, control activities, information and communication monitoring.

Currently, the head of internal audit team is Miss Sunan Wongmutthavanich. She is the Director of Internal Audit Department. In year 2019, the Internal Audit Department performed the audit smoothly and completely according to audit plan which approve by the Audit Committee.

Inside Information control

The company's measures and guidelines regarding confidentiality and use of inside information to prevent the misuse of such information for the advantage of the company's executives and personnel are summarized below.

1. The Board of Directors, management team, employees and staff of the company shall keep the company's secrets and/or inside information confidential.
2. The Board of Directors, management team, employees and staff of the company shall not disclose or seek advantage from the company's secrets and/or inside information for their own benefit or for the benefit of any other party either directly or indirectly whether or not any benefit is actually received.
3. The Board of Directors, management team, employees and staff of the company shall not buy, sell, transfer, or acquire the company's securities via the use of the company's secrets and/or inside information and/or carry out any act using the company's secrets and/or inside information which may cause direct or indirect damage to the company. This stipulation also applies to spouses and children under legal age of the Board of Directors, management team, employees and staff. Any violation shall be considered a serious offence.
4. The Board of Directors and the executives who acquire the company's financial information shall not take advantage of the information within one month before it is disclosed to the public. The company shall notify directors and executives of the prohibition to purchase or sell the company's securities before the financial statements are revealed to the public.

Code of Business Ethics and Code of Conduct

The Board of Directors recognizes the importance and the necessity of corporate good governance and thus sets policies regarding good governance. In doing this, the Board of Directors acknowledges its duties and responsibilities. It makes use of its knowledge, competence, and experience for the benefit of business operations while complying with business ethics, laws, company objectives, rules and regulations, and shareholders meeting resolutions. It works with integrity focusing on the company's and shareholders' benefit. As featured on its website www.starsmicro.com, the company, in terms of business ethics, shall:

1. treat shareholders fairly and equally,
2. consider the rights of all groups of stakeholders and ensure that there are no conflicts of interest,
3. structure committees according to their duties and responsibilities. In addition to the Board of Directors, other committees may be established with clear roles, duties and responsibilities for each as determined by the company,
4. conduct business transparently and disclose information clearly, adequately and in a timely manner,
5. conduct business with care, arrange for regular and appropriate risk evaluations, set correction strategies, and follow up with risk management, and
6. instill business ethics in the company's executives and staff.

For new employee each year, The company will train them to know the Code of Business ethics and the company's business in the same time.

Software license

The company had policy about software license and controlled for use, All of employees must realize and not violated any intellectual property.

The practice not to violate the intellectual property.

The company has set the policy to use and control licensed software to make the employees aware and not violate intellectual property and make the announcement to all levels of employees. The IT department of the company inspects the software programs of the employees once a year to prevent the violation of the licensed software.

Board of Directors' Meeting

In 2019, the company held five Board of Directors' meetings. (Its policy is to hold a meeting once every three months.) Almost all directors attended each meeting. In organizing such meetings, the company's secretary sends a meeting invitation to directors no less than seven days prior to the meeting date, except in cases of urgency to maintain the company's rights or benefits. In urgent cases, invitations shall be extended by phone or mail to set an earlier meeting date. The secretary also takes minutes and keeps the meeting reports as approved by the Board of Directors.

Board of Directors' Remuneration

At the 2019 shareholders' annual general meeting on 29 April 2019, the meeting approved the maintenance of the 2019 Board of Directors remuneration as approved by the shareholders' annual general meeting in 2018 as follows.

		Salary (per month) / Meeting allowance (per time)
1.	Chairman	36,000 baht per month
2.	Member of Board of Director	24,000 baht per month
3.	Chairman of Audit Committee	36,000 baht per month
4.	Member of Audit Committee	30,000 baht per month
5.	Meeting allowance of member of Board of Director, Audit Committee, Remuneration Committee and Risk Management Committee (specific independence directors only)	5,000 baht per time

*Other benefit -Not receive-

Monetary and Non-monetary Remuneration

1. Remuneration for the Board of Directors

At fiscal year end on 31 December 2018 and on 31 December 2019, remuneration for directors baht 2,783,000 and 2,877,800 baht respectively in the form of monthly compensation and attendance fees as detailed below.

(unit:Baht)

Director Name	Fiscal year 2018 ending December 31 st , 18		Fiscal year 2019 ending December 31 st , 19	
	Attendance fee (baht/year)	Meeting fee (baht/year)	Attendance fee (baht/year)	Meeting fee (baht/year)
1. Mr. Somnuk Chaikul	432,000	15,000	360,000	15,000
2. Mr. Prompong Chaikul	288,000	20,000	288,000	20,000
3. Mr. Chong Kwen Sam***	120,000	-	-	-
4. Mr. Prasart Yunibhand	288,000	25,000	309,600	25,000
5. Assoc. Prof. Dr. Preecha Jarungidanan	432,000	40,000	432,000	45,000
6. Mrs. Poonpun Chaikul	288,000	10,000	240,000	15,000
7. Assoc. Prof. Dr. Aekkachai Nittayagasetwat	360,000	45,000	360,000	45,000
8. Prof. Dr. Kamphol Panyagometh	360,000	60,000	360,000	60,000
9. Mr. Nattapong Chaikul	-	-	43,200	-
Total	2,568,000	215,000	2,652,800	225,000

2018 & 2019 Change of Board as:

1. Mr. Chong Kwen Sam requested to resign from the Company's director effective from Jun 1, 2018 onwards.
2. Mr. Somnuk Chaikul and Mrs. Poonpun Chaikul requested to resign from the Company's director effective from Nov 1, 2019 onwards.
3. Mr. Nattapong Chaikul to be director effective from Nov 7, 2019 onwards

Remuneration- Other

Non-monetary Remuneration

2. Remuneration for Managements

(unit:Baht)

Remuneration	Fiscal year 2018 ending December 31st, 18		Fiscal year 2019 ending December 31st, 19	
	Of recipients	Total Payment	Of recipients	Total Payment
Total Salary	5	18,514,560	6	22,317,799
Total Bonus	5	1,542,880	6	1,917,641
Provident Fund	5	1,366,716	6	1,548,113
Total		21,424,156		25,783,553

Human Resources

As of 31 December 2018 and 31 December 2019, the number of employees (excluding executives) divided according to their major fields of work were as follows:

(unit: Person)

	As of December 31st, 18	As of December 31st, 19
1. Operations & Development	1,004	977
2. Supply chain	86	62
3. Finance & Administration	68	41
4. Business Development	64	27
5. Technology	-	5
Total	1,222	1,112

The company has set the policy to fix compensation for the employees in line with the performance of the company for both short-term and long-term. The company reviews the compensation policy for employees to be in line with the same levels as other companies in the same industry and within proximity.

The company has a policy to provide fringe benefits, which are useful for employees such as the provident fund and annual physical check-up. Besides this, the company encourages the employees to play sports and to read. In order for the employees to exercise and relax after work, the company provides badminton courts, tables for playing table tennis and a library in the building.

Staff Development Policy

In its staff development efforts, the company aims to boost its employees' knowledge and skills as well as favorable attitudes towards the company. The purpose is to enhance the efficiency and effectiveness of company operations both at present and in the future.

The company's employees should:

1. Learn various types of work,
2. Be able to perform various duties,
3. Be highly skilled in performing their job, and
4. Rotate duties with other team members.

Seeing staff development as one of the priorities, the company has a policy to:

1. Allocate budget funds for the organization's staff development,
2. Promote staff development in other aspects at all levels by organizing both internal and external training programs regularly,
3. Arrange for staff development jointly with customers for joint innovation product development.
4. Send staff to attend training programs overseas.

In 2019, the company set target for training average 20 hour per person, actual in year average 20 hour per person. For development in any course such as Six Sigma, Six Sigma, RBA Risk Assessment, ISO 14001:2015 & OHSAS, ISO 13485:2016 Requirements & Internal Audit , ISO 13485 Process Validation , Requirements of ISO 14001, ISO 45001 and Internal Auditor of 14001:2015 and 45001:2018

In 2019, the company organized training courses to develop executives and employees. The company invited guest lecturers from outside. In 2019, the company organized approximately 100 training hours, 30 hours for executives and 70 hours for employees. The example of training courses are as follows -

Course	Level	Totals
Six Sigma	Officer Level-Management Level	40 hours
RBA Risk Assessment	Officer Level-Management Level	7 hours
ISO 14001:2015 & OHSAS	Officer Level-Management Level	7 hours
ISO 13485:2016 Requirements & Internal Audit	Officer Level-Management Level	20 hours
ISO 13485 Process Validation	Officer Level-Management Level	12 hours
Requirements of ISO 14001, ISO 45001	Officer Level-Management Level	12 hours
Internal Auditor of 14001:2015 and 45001:2018	Officer Level-Management Level	6 hours