

รายงานประจำปี 2560

# ANNUAL REPORT 2017



The Board of Directors	02
Message from the Chairman	04
Report of the Audit Committee	05
Report of the Risk Management Committee	06
Report of the Nomination and Remuneration Committee	07
General Information	08
Supplementary Information and Shareholding in Subsidiaries	10
Nature of the Business	14
Events and Development Highlights	16
Performance Review and Revenue Structure	20

# CONTENTS

Shareholders and Management Structure	22
Transaction with Related Companies	41
Risk Factors and Risk Management	45
Corporate Governance	55
Performance Summary and Financial Highlights	131
Financial Ratio Table	132
Management Discussion and Analysis	133
Report on the Board of Directors' Responsibilities for Financial Statements	136
Auditor Fees of the Auditor	137
Independent Auditor's Report and Financial Statements	138
Board of Directors Information	194



## วิสัยทัศน์ / VISION

เราจะเป็นผู้นำในกลุ่มผู้ผลิตพลังงานขนาดเล็ก และธุรกิจที่เกี่ยวข้อง โดยการพัฒนาองค์กรอย่างต่อเนื่องและยั่งยืน เพื่อสร้างความพึงพอใจสูงสุดแก่ผู้มีส่วนได้ส่วนเสีย

We will be a leading producer of small power and related businesses with the continuous and sustainable developments to the satisfaction of stakeholders.

## พันธกิจ

- ผลิตและจำหน่ายพลังงานที่มีคุณภาพสูง และมั่นคงเพื่อตอบสนองความต้องการและสร้างความพึงพอใจสูงสุดให้แก่ลูกค้า
- พัฒนาธุรกิจอย่างต่อเนื่องเพื่อเพิ่มศักยภาพขององค์กร
- บริหารงานภายใต้ระบบธรรมาภิบาลด้วยความรับผิดชอบต่อสังคม คู่ค้า และพนักงาน
- ดำเนินงานอย่างมีประสิทธิภาพ และประสิทธิผล โดยคำนึงถึงความปลอดภัย อาชีวอนามัย และสิ่งแวดล้อม



## [ค่านิยม / CORE VALUE]

- ทักษะคิดบวก Positive Thinking
- การทำงานเป็นทีม Teamwork
- ความรู้สึกเป็นผู้ประกอบการ Entrepreneurship
- การทำงานเชิงรุก Proactive
- ความคิดสร้างสรรค์ Initiative

## MISSION

- To produce and distribute high quality and reliable energy to meet the requirements and satisfaction of customers
- To enhance capability and potentiality by continually development
- To earnestly respond to social, partners, and employees by management in compliance with the good governance
- To efficiently and effectively operate with the awareness of safety, occupational health and environment

## คณะกรรมการ



นายสุจาริต ปัจฉิมนันท์  
Mr. Sujarit Patchimnun  
ประธานกรรมการ  
Chairman



พลเรือเอก อนุชิต เบกะนั้นันท์  
Admiral Anuchit Bekanan  
ประธานที่ปรึกษาคณะกรรมการ  
Chairman of Advisory Committee



นายบุญยสิทธิ์ โชควัฒนา  
Mr. Boonsithi Chokwatana  
กรรมการ  
Director



นายบุญเกียรติ โชควัฒนา  
Mr. Boonkiet Chokwatana  
กรรมการ  
Director



นายธีระศักดิ์ วิกิตเศรษฐ์  
Mr. Thirasak Vikitset  
กรรมการและประธานกรรมการบริหาร  
Director and Chairman of Executive Director



นายบุญฤทธิ์ มหามอนตรี  
Mr. Boonyarith Mahamontri  
กรรมการอิสระ  
Independent Director



พลเรือเอก อภิวัฒน์ ศรีวรรธนะ  
Admiral Apiwat Srivardhana  
กรรมการอิสระ  
Independent Director



นายวิโรจน์ ธีรวัฒน์วาที  
Mr. Viroj Theeravatvatee  
กรรมการผู้จัดการและกรรมการบริหาร  
Managing Director and Executive Director



## The Board of Directors



นายทอง ศรีจิตร  
**Mr. Tanong Srichit**  
กรรมการและกรรมการบริหาร  
Director and Executive Director



นายพนพร พงษ์เวช  
**Mr. Nophorn Bhongsvej**  
กรรมการอิสระและประธานกรรมการตรวจสอบ  
Independent Director and Chairman  
of Audit Committee



นายอัษฎกร กลั่นความดี  
**Mr. Atthakorn Glankwamdee**  
กรรมการและกรรมการบริหาร  
Director and Executive Director



พลตำรวจเอก สมชาย ประภัสสภักดี  
**Pol. Gen. Somchai Prabhasabhakdi**  
กรรมการอิสระและกรรมการตรวจสอบ  
Independent Director and Audit Committee



นายสุเทพ ด่านศิริวิโรจน์  
**Mr. Suthep Dansiriviroj**  
กรรมการและกรรมการบริหาร  
Director and Executive Director



นายอมร อัสวานนท์  
**Mr. Amorn Asvanunt**  
กรรมการอิสระและกรรมการตรวจสอบ  
Independent Director and Audit Committee

# Message from the Chairman



It has been a year of grief for Thai people after the mourning period and the royal cremation ceremony for His Majesty King Bhumibol Adulyadej finished in October 2017. We, Sahacogen (Chonburi) Public Company Limited and the Subsidiaries will follow his footsteps and teachings as our examples.

In 2017, the group successfully achieved over the target with the net profit of 299 Million Baht, equivalent to an increase of 82% from last year. We earned 4,037 Million Baht in total revenue. In addition, the expansion of our third phase (III Project) combined-cycle cogeneration power plant in Saha Group Industrial Park – Sriracha, was successfully built the additional capacity of 28 Megawatt and 15 tons per hour of steam. The plant has started the commercial operation on November 20, 2017 sooner than what we have planned. The success of this project is the result of great cooperation among management teams in the company and the subsidiaries. The teams have been monitoring the situation closely together to strive for the production efficiency and cost control.

The company still has a challenge mission to generate steady returns to shareholders and stakeholders. We will continue to drive the business forward in accordance with the government's Thailand 4.0 policy in terms of innovation creation, joining in public-private collaborative projects and also the anti-corruption policy. In the fourth quarter of 2017, Sahacogen Green Company Limited and Sahagreen Forest Company Limited (the subsidiary companies) applied for Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) certification. The company prepared to adopt the Corporate Governance Code for Listed Companies 2017 (CG Code) as the guidelines for corporate value creation and sustainability.

On behalf of the Board of Directors, I would like to show our appreciation on the continued supports from shareholders and our patrons. I also would like to take this opportunity to reaffirm our commitment to the company's direction focusing on "sustainable energy and returns to the society".

Mr. Sujarit Patchimnun  
Chairman





## Report of the Audit Committee

In 2017, four(4) meetings were held to discuss the internal audit as performed by Dharmniti Internal Audit Co.,Ltd. in accordance with the prior approved plan on the operation of the company and subsidiaries. Quarterly meetings were also held with EY Office Limited our independent auditor to review the quarterly financials of the company and subsidiaries and the changes in accounting report to ensure that compliance to the TFRS and the regulations of the SET and SEC are strictly met. One review was also conducted without management's presence. Minor operating flaws were quickly rectified by management and duly reported to the audit committee. Overall the internal audit report was rated at above acceptable for the principal operation in Sahacogen(Chonburi) Public Company Limited and subsidiaries.

In 2017 the SEC announced some changes to its regulations on conduct relating to good governance. The risk management committee promptly responded with a definite plan to comply to the new guidelines which was later presented to the Board of directors of Sahacogen(Chonburi) Public Company Limited for notation.

The audit committee also reviewed the performance and independence of EY Office Limited our external auditor and recommend to the Board of Directors to propose to the shareholders to re-elect EY Office Limited as our independent auditor.

In summary, we are satisfied of the management's devotion to its responsibility to all the stakeholders as reflected by its prompt action to promptly rectify all deficiencies noted as well as attending to the new regulations/guidelines as announced by the supervising authority.

Mr. Nophorn Bhongsvej  
Chair of the Audit Committee

# Report of the Risk Management Committee



The Board of Directors has appointed the risk management committee consisting of 7 members. The members are representatives from both the board of directors and also executives from related functions. The scope of roles and responsibilities of the risk management committee are listed in the risk management committee charter and the company's risk management policy.

In 2017, the committee held 4 meetings to discuss about the risk issues to 1) verify the risk management plan; 2) assess the risk in terms of business risks and corruption risks; 3) set up the preventive measures and corrective methods aiming to minimize the possibility and control the impact of any threats that might occur; 4) promote the risk awareness as a part of corporate culture; and 5) get ready in adopting the Corporate Governance Code for Listed Companies 2017 into the company's context.

The risk management committee considers the company has been properly minimizing threats and risks to the acceptable level. The risk management strategy has been executed strategically and suitable with the norms of business.

Mr. Suthep Dansiriviroj  
Chairman of the Risk Management Committee



# Report of the Nomination and Remuneration Committee

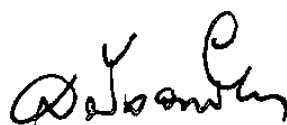
Sahacogen (Chonburi) Public Company Limited has appointed the Nomination and Remuneration Committee consisting of four members;

- |                  |            |   |
|------------------|------------|---|
| 1.) Mr. Sujarit  | Patchimnun | Chairman of the Nomination and Remuneration Committee |
| 2.) Mr. Boonkiet | Chokwatana | Nomination and Remuneration Committee                 |
| 3.) Mr. Thirasak | Vikitset   | Nomination and Remuneration Committee                 |
| 4.) Mr. Nophorn  | Bhongsvej  | Nomination and Remuneration Committee                 |

The Nomination and Remuneration Committee has accomplished the duties as assigned by the Board of Directors which are stipulated in the Charter of the committee. The duties are to select suitable candidates with proper qualifications, knowledge and expertise in various professions, to serve as company directors and senior executives. In addition, it is to define remuneration to the company directors, subcommittees, affiliates and senior executives at the appropriate level as well as create incentive for efficiency at work and retain knowledgeable and capable persons to work for the company and propose to the Board of Directors' Meeting.

The Nomination and Remuneration Committee has stipulated the criteria and approaches for nominating in line with the Charter and related regulations by considering basic qualifications and qualities that meet the demand of the vacancy. Furthermore, the nominated persons must qualify with leadership, vision, morality, ethics, and transparent work experience as well as no characteristics as forbidden by laws and the Articles of Association of the company. The company has provided opportunity for minor shareholders to participate in nominating candidates to be appointed as company directors prior to the Annual General Meeting of Shareholders. In 2017, none of the shareholders nominated any candidates to be considered as company directors.

In 2017, the Nomination and Remuneration Committee held 2 meetings to accomplish the duties as assigned. In addition, the Charter is reviewed annually. The Committee has performed its duties as assigned discreetly and reasonably. The Nomination and Remuneration Committee has disclosed the remuneration of the directors and executives on the annual report and the Form 56-1 as transparently for audit.



Mr. Sujarit Patchimnun  
Chairman of the Nomination and Remuneration Committee

# General Information

## 1. General Information

<b>Name</b>	: Sahacogen (Chonburi) Public Company Limited
<b>Stock Code</b>	: SCG (Listed on the Stock Exchange of Thailand – SET)
<b>Registered Number</b>	: 0107545000306
<b>Registered Date</b>	: November 20, 1996
<b>Registered Date to Public Company</b>	: October 4, 2002
<b>First Trading in the Stock Market</b>	: January 7, 2004
<b>Sector</b>	: Energy & Utilities
<b>Industry</b>	: Resources
<b>Foreign Limit</b>	: 30.00%
<b>Free Float</b>	: 26.54% @ March 15, 2017
<b>Head Office Location</b>	: 636 Moo 11, Sukaphiban 8 Road, Nongkharm, Sriracha, Chonburi 20230
<b>Telephone</b>	: 66-3848-1555
<b>Fax</b>	: 66-3848-1551
<b>Website</b>	: <a href="http://www.sahacogen.com">www.sahacogen.com</a>
<b>Registered and Paid-up Capital</b>	: 955 Million Baht (including 955,000,000 common shares, Baht 1 per share)

## Contacts

Department	Telephone	E-mail Address
The Board of Director	038-481555 Ext. 202	<a href="mailto:directors@sahacogen.com">directors@sahacogen.com</a>
The Audit Committee	038-481555 Ext. 203	<a href="mailto:auditcommittee@sahacogen.com">auditcommittee@sahacogen.com</a>
The Risk Management Committee	038-481555 Ext. 260	<a href="mailto:riskcommittee@sahacogen.com">riskcommittee@sahacogen.com</a>
The Corporate Social Responsibility Committee	038-481555 Ext. 290, 291	<a href="mailto:pr-csr@sahacogen.com">pr-csr@sahacogen.com</a>
The Managing Director	038-481555 Ext. 200	<a href="mailto:viroj@sahacogen.com">viroj@sahacogen.com</a>
The Company Secretary	038-481555 Ext. 282	<a href="mailto:pannee@sahacogen.com">pannee@sahacogen.com</a>
Investor Relations	038-481555 Ext. 202, 282	<a href="mailto:investorrelation@sahacogen.com">investorrelation@sahacogen.com</a>
Human Resource & Administration	038-481555 Ext. 242, 243	<a href="mailto:hradmin@sahacogen.com">hradmin@sahacogen.com</a>



## 2. Reference

<b>Regulator</b>	<b>: The Securities and Exchange Commission, Thailand</b> 333/3 Vibhavadi-Rangsit Road, Chompon, Chatuchak, Bangkok 10900 Tel : 0-2695-9999      Fax : 0-2695-9660
<b>Regulator</b>	<b>: The Stock Exchange of Thailand</b> The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel : 0-2009-9000      Fax : 0-2009-9991
<b>Security Registrar</b>	<b>: Thailand Securities Depository Co., Ltd.</b> The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel : 0-2009-9000      Fax : 0-2009-9991
<b>Security Registrar</b>	<b>: Chandler &amp; Thong-Ek</b> 7 <sup>th</sup> Floor, Bubhajit Building 20 North Sathorn Road, Bangkok 10500 Tel : 0-2266-6485      Fax : 0-2266-6483
<b>Internal Audit</b>	<b>: Dharmniti Internal Audit Co., Ltd.</b> 178 Soi Perm Sup (Prachachuen 20), Prachachuen Road, Bangsue, Bangkok 10800 Tel : 0-2596-0500      Fax : 0-2587-2018
<b>Auditor</b>	<b>: EY Office Limited</b> 193/136-137 Rajadapisek Road, Bangkok 10110 Tel : 0-2264-0777      Fax : 0-2264-0789-90
<b>Financial Institution</b>	<b>: Bangkok Bank Public Company Limited, Head Office</b> Tel : 0-2626-3688      Fax : 0-2231-4018 <b>Siam Commercial Bank Public Company Limited, Head Office</b> Tel : 0-2544-1111      Fax : 0-2544-2658 <b>Kasikorn Bank Public Company Limited, Head Office</b> Tel : 0-2222-0000      Fax : 0-2701-1445 <b>Land And Houses Bank Public Company Limited, Head Office</b> Tel : 0-2359-0000      Fax : 0-2343-8825 <b>Mizuho Bank Limited, Bangkok Branch</b> Tel : 0-2163-2999      Fax : 0-2200-2600

## Supplementary Information and Shareholding in Subsidiaries

### Shareholding structure for companies under Sahacogen & Affilites

The investment and shareholding in subsidiaries of which their operations are significant and the company has held more than 10% of share, as of December 31, 2017

Name	Sahacogen Green Co., Ltd. (SGN)	Sahagreen Forest Co., Ltd. (SGF)	Sahagreen Energy Co.,Ltd. (SGE)
<b>Sector</b>	Energy & Utilities	Energy & Utilities	AGRI
<b>Industry</b>	Resources	Resources	AGRO
<b>Business</b>	Electricity and steam	Electricity	Biomass wood pellets
<b>Location</b>	88 Moo 5, Pasak, Muang, Lamphun 51000	88 Moo 6, Khui-Ban-Ong, Phran Kratai, Kamphaengphet 62110	113 Moo 15, Wangdan, Kabinburi, Prachinburi 25110
<b>Registration No.</b>	0255549000766	0625551000189	0255555000241
<b>Telephone No.</b>	66-5353-7444	66-5585-8033	66-3720-5745
<b>Fax No.</b>	66-5353-7120	66-5585-8031	66-3720-5746
<b>Website</b>	www.sahacogen.com	www.sahacogen.com	www.sahacogen.com
<b>Registered Date</b>	November 2, 2006	December 18, 2008	March 16, 2012
<b>Registered Capital</b>	1,520 Million Baht	190 Million Baht	40 Million Baht
<b>Type of Shares</b>	Common Shares	Common Shares	Common Shares
<b>No. of Total Paid-up Shares</b>	152,000,000	19,000,000	4,000,000
<b>No. of Shares held (shares)</b>	151,999,993	14,249,997	3,999,996
<b>No. of Votes</b>	151,999,993	14,249,997	3,999,996
<b>No. of Shares held (Amount Baht)</b>	1,519,999,930	142,499,970	39,999,960
<b>Proportion (%) of shares holding</b>	99.99	75	*

Remark : \*SGE's shares held by SGN 99.99%.



**The Board of Directors for Sahacogen Green Co., Ltd.**

Name		Position
1. Mr. Sujarit	Patchimnun	Chairman
2. Mr. Boonkiet	Chokwatana	Director
3. Mr. Thirasak	Vikitset	Director
4. Mr. Atthakorn	Glankwamdee	Director
5. Mr. Sontaya	Tabkhan	Director
6. Mr. Viroj	Theeravatvatee	Director/Managing Director

**The Board of Directors for Sahagreen Forest Co., Ltd.**

Name		Position
1. Mr. Sujarit	Patchimnun	Chairman
2. Mr. Thirasak	Vikitset	Director
3. Mr. Atthakorn	Glankwamdee	Director
4. Mr. Viroj	Theeravatvatee	Director
5. Mr. Panya	Sopasripun	Director
6. Mr. Mahasan	Thieravarut	Director
7. Mr. Apipong	Vischuveskamin	Director/Managing Director

**The Board of Directors for Sahagreen Energy Co., Ltd.**

Name		Position
1. Mr. Thirasak	Vikitset	Chairman
2. Mr. Suthep	Dansiriviroj	Director
3. Mr. Sontaya	Tabkhan	Director
4. Mr. Viroj	Theeravatvatee	Director/Managing Director

## Cross-shareholding

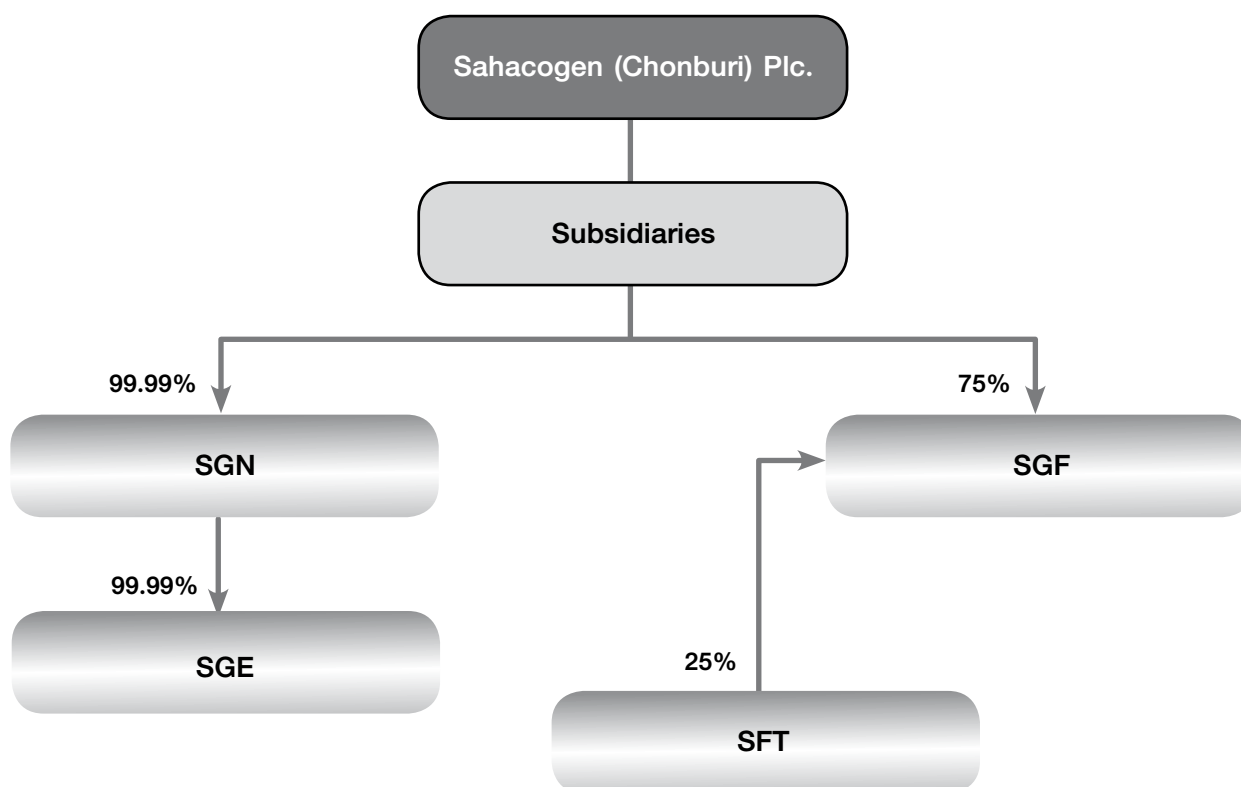
While the company allows the structure for cross-shareholding, nevertheless, such cross-shareholding is not of the nature conflicting with nor contradicting to the announcement by The Capital Market Supervisory Board no. Thor Chor 28/2008 regarding “the permission request and the permission to offer newly-issued shares” no. 14

### Cross-shareholding details as of December 31, 2017

Company Name	Shareholding Percentage	
	Shareholding by the company	Shareholding in the company
1. In the case of over 50% shareholding		
(A) Other companies holding over 50% shares in the company Cross-shareholding by the company in other companies is not allowed.	-	-
(B) The company holding over 50% shares in other companies Cross-shareholding by other companies in the company is not allowed.		
1. Sahacogen Green Co., Ltd.	99.99	-
2. Sahagreen Forest Co., Ltd.	75.00	-
(C) The company holding over 50% shares in 2 other companies and over Cross- shareholding between other such companies is not allowed.	-	-
2. In the case of over 25% shareholding, but not exceeding 50% shareholding		
(A) Other companies holding over 25% but not exceeding 50% shares in the company Over 10% cross-shareholding by the company in other companies is not allowed	-	-
(B) The company holding over 25% but not exceeding 50% shares in other companies Over 10% cross-shareholding by other companies in the company is not allowed.	-	-
3. In the case of not exceeding 25% shareholding*		
(A) Other companies holding not exceeding 25% shares in the company Over 25% shareholding by the company in other companies is not allowed.	-	-
(B) The company holding not exceeding 25% shares in other companies Over 25% shareholding by other companies in the company is not allowed.	-	-

Remark : \* Only items showing cross-shareholding by the companies are displayed.

## Shareholding Structure



Remark : Voting rights in the subsidiaries depends on shareholding proportion

SGN = Sahacogen Green Co., Ltd.

SGF = Sahagreen Forest Co., Ltd.

SGE = Sahagreen Energy Co., Ltd.

SFT = Siam Forestry Co., Ltd.

### Business Relationship with the company's major shareholding parties

The Company and Saha Pathana Inter-Holding Public Co., Ltd., a major shareholder, have been involved in joint business activities. These mentioned activities enhance the strength of the Company's business as well as implement the integration in line of power - producing industry and public utility to companies within Saha Group Industrial Park, ranging from materials procurement to the distribution as well as providing land rental services.



## Nature of the Business

Sahacogen (Chonburi) Public Company Limited is a Small Power Producer (SPP) profiting from a combinative generation of both electricity and steam. The first power plant is a combined-cycle power plant using the natural gas as the main fuel. It was established in Sahaphat Group Industrial Park, Sriracha, Chonburi and started commercial operation since 1999. The plant has installed capacity of 90 MW distributing the electricity under the power purchase agreement by Electricity Generating Authority of Thailand (EGAT). It also supplies electricity and steam to Saha Pathana Inter-Holding Public Company Limited, the sole distributor of electricity and steam to factories in Sahaphat Group Industrial Park. The electricity and steam generating business helps factories in production cost reduction, promoting the stability of the electricity generating system in the industrial park and also reducing Greenhouse gas emission from the production activities within the park. Sahacogen's business has an indirect effect to stimulate the business growth and investment expansion within the industrial park, which consequentially leads to higher demand for electricity. The expansion of our third phase combined-cycle cogeneration power plant adds the additional capacity of 28 MW electricity and 15 tons of steam per hour. The total maximum power generation capacity is raised up to 214 MW of electricity and 96 tons of steam per hour. The capacity adding serves the current electricity usage of customers the industrial park and also proactively respond to the rising demand in the future.

Sahacogen realizes an important of the harmony with local communities and environment, so the company has set policies for affiliates in running businesses in accordance to this value. Specifically, Sahacogen and affiliates develop new projects that use renewable energy. Due to the fact that the non-renewable energy and natural gas price has been rising up, the company thrives for reducing the effect of global warming by setting up subsidiaries operating biomass power plant and producing biomass pellets in order to conform to the company's vision and mission.

Sahacogen Green Company Limited is located in Sahaphat Group Industrial Park, Lamphun. It is a Very Small Power Producer (VSPP) producing electricity by utilizing biomass as the fuel, with the installed capacity of 9.6 MW. This company has started commercial operation since 2011 distributing electricity to Provincial Electricity Authority (PEA), and distributing steam to manufacturers in Sahaphat Group Industrial Park, Lamphun.

Sahagreen Forest Company Limited is located in Prankratai district, Kamphaengphet. It is a Very Small Power Producer (VSPP) producing electricity by utilizing biomass as the fuel, with the installed capacity of 7.5 MW. This company has started commercial operation since December 2012, distributing electricity to Provincial Electricity Authority (PEA).

Sahagreen Energy Company Limited located in Kabinburi district, Prachinburi. The company's purpose is operating as the compressed biomass pellets producer. The pellets were made of parts of fast growing plants and the agricultural residual products. However, its business operation has been shut down since last year.

### Market and Competition

The energy is one of the vital factors for the basic living needs. It is also a key production factor for businesses and industries. Thus, the government has to ensure the energy sufficiency for consumption and business production through reliable and affordable energy and services. The government, therefore, encourages the private sector in producing electricity in order to avoid requesting the huge investment by Electricity Generating Authority of Thailand (EGAT). In general, small private electricity producers produce the electricity to use in their own factories or sell for the factories in nearby areas. The government promotion lets the qualified producer sell the electric power to EGAT. The quantity of electricity sold to EGAT is ranging

between 10-90 MW. The electricity is produced by cogeneration combined cycle process that mostly uses natural gas or renewable energy e.g. agricultural residues as the fuel. Besides, other natural energy sources like sun light, wind and water can be used as the source of power generation as well. The use of alternative energy could create the stability and country's efficient energy system in compliance with Thailand's Power Development Plan (PDP).

### **Threats of New Coming Competitors**

There is high possibility of getting new competitors into the industry. However, the new comers would have to face with the limitation of getting into the business due to these factors.

1. Capital Investment Limitation: Setting up a power plant requires large amount of money
2. Human Resource Limitation: Power plant business industry still requires more specialists. The recruitment is not very easy for the new comers or costs a lot to hire the professionals
3. License Limitation: such as License and Permission for Electricity Operation and Electricity Purchase Agreement with Electricity Generating Authority of Thailand (EGAT)
4. Government Stability

### **Objectives, goals and strategy**

The Company has determined vision focusing on sustainable growth and striving for excellence in business operation. The strategic objectives have been well-established as guidelines for business plan in each unit moving in one direction, which are analyzed and reviewed for achieving the organization's business plan. The objectives, goals and strategy are described as below;

1. Effective and stable production
2. Service Excellence
3. Improve and enhance the management to meet the vision and business goals by creating and developing leadership capability (good and smart persons)
4. Manage business operation under "Sufficiency Economy" and "Good Corporate Governance" by treating all stakeholders in a fair, ethical and balanced manner as well as put great importance on compliance with laws relevant to all forms of anti-corruption, which the Company intends to define as one of its organizational culture and core value
5. Run business in accordance with Corporate Social Responsibility policy by building and maintaining relationship with environment and society for good return in a long term

### **Business Development Plan**

- **Plan**
  1. Study the feasibility of renewable energy expansion along with select experienced and professional joint venture partners to strengthen the business competency of the Company and its affiliates
  2. Study the feasibility of investment in the combined-cycle power plant in accordance with the Power Development Plan (PDP)
  3. Study the feasibility of investment in Asia's energy business in order to meet the business growth in parallel with the ASEAN Economic Community

## Events and Development Highlights

<b>1996</b>	<ul style="list-style-type: none"> <li>Sahacogen (Chonburi) Company Limited was found to produce electricity and steam power business with the registered capital of Baht 12 million on November 20, 1996.</li> </ul>
<b>1997</b>	<ul style="list-style-type: none"> <li>The capital was firstly increased to the amount of 680 million Baht in June 1997 and was secondly added 30 million Baht in October 1997. As the result of capital increase, its registered capital was totally 730 million Baht.</li> <li>Sahacogen signed the sale of electricity and steam agreement with Saha Pathana Inter-Holding PCL for 15 years, the sale of electricity contract with the Electricity Generating Authority of Thailand for 25 years, and the operation and service agreement with Operational Energy Group Limited.</li> </ul>
<b>1998</b>	<ul style="list-style-type: none"> <li>Sahacogen signed the raw water purchase agreement with Eastern Water Resources Development and Management PCL for 25 years.</li> <li>Sahacogen has been promoted from the Board of Investment (BOI), the item of 7.1 on infrastructure and basic services with electricity production capacity of 122 MW and 41 tons of steam per hour.</li> <li>Sahacogen signed the purchase of natural gas with the PTT Public Company Limited for 21 years.</li> <li>Sahacogen increased its capital, on the third, on the amount of 90 million Baht; the total registered capital was 820 million Baht.</li> </ul>
<b>1999</b>	<ul style="list-style-type: none"> <li>Sahacogen commercially operated to distribute electricity to the Electricity Generating Authority of Thailand and other factories in the Saha Group Industrial Park-Sriracha in April 1999, and steam in May 1999.</li> </ul>
<b>2000</b>	<ul style="list-style-type: none"> <li>Sahacogen was awarded as the good corporate practicing in accordance with the criteria of the good environmental governance to reduce the environmental impact of the power plant projects for the year 2000 by the Office of Environmental Policy and Planning, Ministry of Science, Technology and Environment on September 20, 2000.</li> </ul>
<b>2001</b>	<ul style="list-style-type: none"> <li>Sahacogen has been promoted from the Board of Investment (BOI) on its expansion project for an additional electricity production capacity of 9.8 MW and 20 tons of steam per hour in March 2001.</li> </ul>
<b>2002</b>	<ul style="list-style-type: none"> <li>Sahacogen was certified the environment management system (ISO14001:1996) from Thailand Environment Institute on February 2, 2002.</li> <li>Sahacogen received the quality management system certification (ISO 9001:2000) for the production of electricity and steam from RWTUV (Thailand) in September 2002.</li> <li>Sahacogen has registered as a public limited company on October 4, 2002 and changed its name to Sahacogen (Chonburi) Public Company Limited.</li> </ul>
<b>2003</b>	<ul style="list-style-type: none"> <li>Sahacogen increases its registered capital from 820 million Baht to 955 million Baht, and changed its common stock price from 10 Baht to 1 Baht, including selling the recapitalized common shares, totally 135 million shares, to public in order to invest as the equity funding for the 44 megawatts expansion project.</li> <li>Sahacogen obtained authorization from Securities and Exchange Commission to sell its recapitalized shares to public on November 26, 2003 and conduct an Initial Public Offering (IPO) shares at 3.20 Baht/share during December 17-19, 2003.</li> </ul>

<b>2004</b>	<ul style="list-style-type: none"> <li>Sahacogen traded its share on the Stock Exchange of Thailand, with the symbol of “SCG”, on January 7, 2004.</li> </ul>
<b>2005</b>	<ul style="list-style-type: none"> <li>Sahacogen completed its expansion project on production electricity capacity of 44 megawatts, as the result, its production capacity is now 174 megawatts of electricity and 81 tons per hour of steam.</li> <li>Sahacogen was certified the quality management system certification (ISO 9001:2000) from Management System Certification Institute (Thailand) or MASCI on September 9, 2005 to September 8, 2008 and recertified on the period of September 9, 2008 to September 8, 2011.</li> <li>Sahacogen was certified the environment management system (ISO14001:2004) from Management System Certification Institute (Thailand) or MASCI on November 25, 2005 to November 24, 2008 and recertified every three year. The latest period is November 25, 2014 to November 24, 2017.</li> </ul>
<b>2006</b>	<ul style="list-style-type: none"> <li>Sahacogen received the certification of participation in energy conservation program for well successfully achievement from Department of Alternative Energy Development and Efficiency, Ministry of Energy on February 22, 2006.</li> <li>Sahacogen established its subsidiary named Sahacogen Green Company Limited with the registered capital of 250 million Baht on November 2, 2006, with holding major shares to operate biomass power plant with the electricity generating capacity of 9.6 megawatts and 25 tons of steam per hour, located in the Saha Group Industrial Park-Lumphun, Lumphun province. Sahacogen Green Co., Ltd. has presently registered capital of 1,520 million Baht.</li> </ul>
<b>2007</b>	<ul style="list-style-type: none"> <li>Sahacogen was awarded as the good corporate practicing in accordance with the criteria of the reports on environment impact assessment and excellent environmental management of the power plant projects for the year 2007 by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment on December 21, 2007.</li> </ul>
<b>2008</b>	<ul style="list-style-type: none"> <li>Sahacogen was re-awarded as the good corporate practicing in accordance with the criteria of the reports on environment impact assessment and excellent environmental management of the power plant projects for the year 2008 by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment.</li> <li>Sahacogen was certified the occupational health and safety management system (TIS 18001-1999 and BS OHSAS 18001:2007) from Management System Certification Institute (Thailand) or MASCI effectively on December 12, 2008 to December 11, 2011 and recertified every three year.</li> <li>Sahacogen established its subsidiary named Sahagreen Forest Company Limited with theregistered capital of 5 million Baht on December 18, 2008, which is the joint venture at holding 75:25 with Siam Forestry Company Limited to operate biomass power plant with the electricity generating capacity of 7.5 megawatts located at Prankratai district, Kamphaengphet province. Sahagreen Forest Co., Ltd. has presently registered capital of 190 million Baht.</li> </ul>



<b>2009</b>	<ul style="list-style-type: none"> <li>• Energy Regulatory Commission approved and issued the license to produce electricity in accordance with the Act Operating Power B.E. 2550 under a license 15 years effective from July 16, 2009 to July 15, 2024 (the previous concession on operation of power plants issued by the Ministry of the Interior during the period of May 26, 1998 to May 25, 2013 was cancelled).</li> <li>• Sahacogen developed the quality management system certification (ISO 9001:2008), which was certified on October 22, 2009 and recertified every three years. The latest was on the period of September 9, 2014 to September 8, 2017.</li> </ul>
<b>2010</b>	<ul style="list-style-type: none"> <li>• Sahacogen received the certification of good corporate practicing in accordance with the criteria of well environmental governance on workplace project for 2010 held by Ministry of Industry Thailand on September 28, 2010.</li> </ul>
<b>2012</b>	<ul style="list-style-type: none"> <li>• Sahacogen was certified, the certification no. 3-879/2555, for the Green Industry, level 3, on contribution of environmental system management, monitoring and assessment, and continually review for development from Department of Industrial Works, Ministry of Industry Thailand on October 15, 2012 which is effectively valid on October 14, 2015.</li> <li>• Sahacogen established its subsidiary named Sahagreen Energy Company Limited with the registered capital of 40 million Baht on March 16, 2012 to operate and distribute biomass pellets.</li> <li>• Sahacogen was certified the occupational health and safety management system (TIS 18001-2011) from Management System Certification Institute (Thailand) or MASCI effectively on September 14, 2012 to December 11, 2014, and recertified in accordance with BS OHSAS 18001:2007 on December 12, 2014 to December 11, 2017.</li> <li>• Sahacogen was awarded and certified as standard responsibility of workplace to social on its fundamental in accordance with the assessment criteria from the committee of Department of Industrial Works under CSR-DIW for Beginner Award project on December 19, 2012.</li> </ul>
<b>2013</b>	<ul style="list-style-type: none"> <li>• Sahacogen (Chonburi) Public Company Limited was awarded the CSRI Recognition 2013, general category, held by the Institute of Social Business (CSRI), the Stock Exchange of Thailand.</li> <li>• Sahacogen and Affiliates, Sahacogen Green Co., Ltd., was awarded the outstanding biomass fired cogeneration plant for Renewable Energy, which was organized by the Department of Alternative Energy Development (DEDE), Ministry of Energy. Moreover, it won the ASEAN Energy Awards 2013 for energy conservation and renewable energy development in ASEAN.</li> <li>• Sahacogen Green Co., Ltd., its subsidiary, received the promotion certificate from The Board of Investment of Thailand (BOI), certification no. 1858(3)/2013 in category no: 1.3 economic forest plantations, with the size of the land 1,493 rais on June 19, 2013.</li> </ul>
<b>2014</b>	<ul style="list-style-type: none"> <li>• Sahacogen (Chonburi) Public Company Limited was awarded Investor Choice Award 2014 organized by Thai Investors Association (TIA), the Stock Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) for having achieved a complete score of 100 on running a quality AGM, which it has now done so for the previous five consecutive years from 2010-2014.</li> </ul>

- Sahacogen was awarded “CSR Recognition Award 2014” from the Stock Exchange of Thailand (SET), which honored and encouraged listed companies running business under sustainable growth. Moreover, it also received the prize in SET Award 2014 for Outstanding Corporate Social Responsibility Awards 2014, (awarded in section “SET Market Capitalization of THB 2,000 – THB 10,000 million”).

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**2015**

- The Board of Directors’ Meeting No. 5/2015 has approved the Expansion III Project of combined-cycle power plant in Saha Group Industrial Park, Sriracha. The Board of Investment, the certification no. 1308(2)/2015, on March 16, 2015. The scheduled commercial operation date for the project is expected to be in 2017.
- Sahacogen (Chonburi) Public Company Limited has passed the sustainability assessment criteria for “Thailand Sustainability Investment 2015” in section 4: Market Capitalization between 3,000-10,000 Million Baht. Moreover, the Company was awarded “ESG 100 Certificate” for outstanding business operation towards environment, social and governance (100 out of 567 listed companies).
- Sahacogen Green Co., Ltd. was awarded “Honorary Awards” in Thailand Green Design Awards 2015 for energy saving product (excluding edible products) from Kasetsart Agricultural and Agro-Industrial Product Improvement Institute (KAPI), Kasetsart University.
- Sahacogen Green Co., Ltd., its subsidiary, received the certification in forest management operations that meet the standards of the Forest Stewardship Council (FSC) by Bureau Veritas, with the exhibition on fast growing tree plantation for producing energy in association with the Forest Industry Organization, Ministry of Natural Resources and Environment on June 5, 2015, which will be invalid on June 4, 2020.
- Sahagreen Forest Co., Ltd. (its subsidiary) was awarded Thailand Energy Awards 2015 for renewable energy projects associated with the transmission system (On-Grid) by Department of Alternative Energy Development and Efficiency (DEDE). Moreover, the company also received the prize in “CSR-DIW Awards 2015 for Corporate Social Responsibility projects, and was certified, the certification no. 3-4448/2558, for the Green Industry, level 3, on contribution of environmental system management from the Ministry of Industry on September 30, 2015.

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**2016**

- Sahacogen Green Co., Ltd. and Sahagreen Forest Co., Ltd. (its subsidiaries) have been approved on the transition from Adder to Feed-in Tariff (FIT) for generating electricity from renewable energy, which was effective on March 11, 2016 by the National Energy Policy Council (NEPC).
- The Company received the certification from Thailand’s Private Sector Collective Action Coalition against Corruption (CAC), No. 181, on October 14, 2016. And supporting the subsidiaries, Sahagreen Forest Co.,Ltd. And Sahacogen Green Co.,Ltd. To join CAC project on December 6, 2016

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**2017**

- November 20, 2017 has commercial operation for III Project of combined-cycle power plant in Saha Group Industrial Park, Sriracha. The capacity of electricity is 28 MW and steam is 15 tons per hour.
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## Performance Review and Revenue Structure

As of 2017, its capacity and utilization were as follows:

Electricity	Unit	2017	2016
<b>Power plant -Sriracha</b>			
Installed Capacity	megawatt	214*	186
Maximum Capacity	megawatt-hour/year	1,657,584	1,633,824
Actual Production	megawatt-hour/year	1,036,361	1,023,113
Utilization Factor	percentage	62.52	62.62
<b>Power plant -Lamphun</b>			
Installed Capacity	megawatt	9.6	9.6
Maximum Capacity	megawatt-hour/year	84,326	84,326
Actual Production	megawatt-hour/year	62,815	67,926
Utilization Factor	percentage	74.69	80.55
<b>Power plant -Kamphaengphet</b>			
Installed Capacity	megawatt	7.5	7.5
Maximum Capacity	megawatt-hour/year	65,880	65,880
Actual Production	megawatt-hour/year	57,245	52,998
Utilization Factor	percentage	87.13	80.44
Steam	Unit	2017	2016
<b>Power plant -Sriracha</b>			
Installed Capacity	ton/hour	96*	81
Maximum Capacity	ton/year	724,680	711,504
Actual Production	ton/year	298,973	305,416
Utilization Factor	percentage	41.26	42.93
<b>Power plant -Lamphun</b>			
Installed Capacity	ton/hour	25	25
Maximum Capacity	ton/year	219,600	219,600
Actual Production	ton/year	52,099	54,711
Utilization Factor	percentage	23.79	24.91

**Remark** \* The commercial operation date (COD) for the Expansion III project was on November 20, 2017.

The company has the key earnings from distributing electricity to EGAT, PEA, electricity and steam sold to industrial users in Sriracha Saha Group Industrial Park. In addition, steam sales are earned from industrial users in Lamphun Saha Group Industrial Park.

(Unit: Million Baht)

Item	Sahacogen (Chonburi) PLC.	Sahacogen Green Co., Ltd.	Sahagreen Forest Co., Ltd.	Sahagreen Energy Co., Ltd.
Income	3,472.75	368.45	255.16	0.92
Net (Loss) profit	280.40	8.20	35.14	(4.0)

## Summary of Business Development in 2017

- **The Expansion III Project of Sahacogen (Chonburi) Public Company Limited**

The Board of Directors' Meeting No. 5/2015 has approved the Expansion III Project of combined-cycle power plant in Saha Group Industrial Park, Sriracha., promoted by the Board of Investment on March 16, 2015, the certification no. is 1308(2)/2015. And the commercial operation date (COD) was on November 20, 2017.

## Dividend Policy

- **Sahacogen (Chonburi) PLC.**

The company has a dividend policy to pay out at least 80% of only its net profits of the separate financial statements attributable to equity holders of the Company in each accounting period. It might occasionally be waived or adjusted if the Board of Directors considers that there are conditions creating the maximum benefit to the shareholders, such as reserves for debt, or funding for business expansion, or serving any needs during the market changes causing adverse impact to the company's cash flow in the future. Reference to the Articles of Association No. 34, each payout of the dividend is subject to the net profit of the company only. If the company retains loss, the dividend payment is prohibited. Upon approval by the Board of Directors, the annual dividend payout is to be presented to the shareholders' meeting for approval. However, the Board of Directors is authorized to pay an interim dividend and report such payout at the next shareholders' meeting. As a rule, the company shall pay the dividend within one (1) month after the date of shareholders' approval on the shareholders' meeting or the Board of Directors' meeting. (Details of dividend payment was disclosed on the annual statement (Form 56-1) in the section of dividend payment policy)

- **Subsidiary Company**

- The dividend payment policy of Sahacogen Green Co., Ltd. and Sahagreen Energy Co., Ltd. is based on the result of their operation.
- The dividend payment policy of Sahagreen Forest Co., Ltd. is to pay out at least 50% of its net profit according to the terms of the joint venture agreement.



# Shareholders and Management Structure

## Equity Structure

Item	Share (in millions)	Value (million Baht)
Registered Capital	955	955
Paid-up Capital	955	955

- 955 ordinary shares at par value of 1 Baht per share
- The Company has not issued other types of shares having the rights or terms different from ordinary shares. Moreover, the Company has never issued any securities other than the ordinary shares.

Top Ten of Shareholders as the close of share register on March 15, 2017

Shareholders	No. of Shares	% Holder	Joint Director
1. Saha Pattana Inter-Holding PLC*	148,697,030	15.57	✓
2. S&J International Enterprises PLC*	142,255,960	14.90	✓
3. I.C.C. International PLC*	107,932,960	11.30	✓
4. Mr. Veerapat Punsak-Udomsin**	89,975,000	9.42	-
5. Mr. Samreng Manupol**	80,413,800	8.42	-
6. Saha Pathanapibul PLC*	74,624,730	7.81	✓
7. Thai Wacoal PLC *	33,800,000	3.54	-
8. International Laboratories Co., Ltd.*	21,400,000	2.24	-
9. Mr. Boonsithi Chokwatana**	18,000,000	1.88	✓
10. Thanulux PLC*	17,929,700	1.88	✓

Remark : \* Companies in Saha Group or companies which are involved to the executives

\*\* The directors, executives and employees in Saha Group

## Shareholding proportion by institutional investors

As of March 15, 2017, shareholding proportion in the company by institutional investors stood at 0.49% of the total issued and paid up stock. This number is less than the criterion regulated in the Corporate Governance of Thailand Listed Companies. It determines that the proportion of institutional investors should be over 5 percent.

Divided by Shareholder's Nationality as of share registration book closing date on March 15, 2017

Shareholders	Person	Shares	%	Juristic Persons			Private Individuals		
				Person	Shares	%	Person	Shares	%
Thai	1,403	944,800,000	98.93	33	651,349,981	68.20	1,370	293,450,019	30.73
Foreign	3	10,200,000	1.07	2	10,150,000	1.06	1	50,000	0.01
<b>Total</b>	<b>1,406</b>	<b>955,000,000</b>	<b>100.00</b>	<b>35</b>	<b>661,499,981</b>	<b>69.26</b>	<b>1,371</b>	<b>293,500,019</b>	<b>30.74</b>

Shareholding ratio as of share registration book closing date on March 15, 2017

Shareholders	Person	Shares	%	Juristic Persons			Private Individuals		
				Person	Shares	%	Person	Shares	%
- Holding share over 0.5%	24	864,915,590	90.57	18	644,852,080	67.53	6	220,063,510	23.04
- Holding share not over 0.5% but not less than 1 selling unit	1,286	90,083,293	9.43	17	16,647,901	1.74	1,269	73,435,392	7.69
- Holding share less than 1 selling unit	96	1,117	0.00	0	0	0.00	96	1,117	0.00
<b>Total</b>	<b>1,406</b>	<b>955,000,000</b>	<b>100.00</b>	<b>35</b>	<b>661,499,981</b>	<b>69.27</b>	<b>1,371</b>	<b>293,500,019</b>	<b>30.73</b>

Note : Shareholders can update their number of shares at [www.sahacogen.com](http://www.sahacogen.com) before commencement of the annual general meeting of shareholders

## Board of Directors

The company structure of the Board of Director as of December 31, 2017 consisted of Board of Directors, Executive Board, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Corporate Social Responsibility Committee, whose term is for 3 years, totally 13 directors as reported in the Ministry of Commerce's certification, which appointed by the shareholders, which are composed of eight non-management directors (5 of whom were independent, presented as 38.46% of the entire Board), and five management directors as listed following, including the details of each directors' shareholding in 2016 and 2017 as of December 31, 2017.

No.	Name	Position	Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Corporate Social Responsibility Committee	No. of Shares		* Share Increment	Shareholding ratio (%)	2017	
									2016	2017			Director	Spouse
1	Mr. Sujarit Patchimnun	Chairman and Chairman of the Nomination and Remuneration Committee	✓			✓			-	-	-	-	-	-
2	Mr. Boonkiet Chokwatana	Director and Nomination and Remuneration Director	✓			✓			16,337,710	16,437,710	100,000	1.72	14,697,710	1,740,000
3	Mr. Boonsithi Chokwatana	Director	✓						18,000,000	18,000,000	-	1.88	18,000,000	-
4	Mr. Thirasak Vikitset	Director, Chairman of Executive Committees and Nomination and Remuneration Director	✓	✓		✓			2,040,000	2,040,000	-	0.21	2,040,000	-
5	Mr. Atthakorn Glankwamdee	Director and Executive Committee	✓	✓					200,000	200,000	-	0.02	200,000	
6	Mr. Tanong Srichit	Director and Executive Committee	✓	✓					-	-	-	-	-	-
7	Mr. Viroj Theeravattavee	Managing Director and Executive Committee	✓	✓				✓	-	-	-	-	-	-
8	Mr. Suthep Dansiriviroj	Director & Executive Committee	✓	✓			✓		-	-	-	-	-	-
9	Mr. Nophom Bhongsvej	Independent Director, Chairman of the Audit Committee and Nomination and Remuneration Director	✓		✓	✓			-	-	-	-	-	-

No.	Name	Position	Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Corporate Social Responsibility Committee	No. of Shares		* Share Increment	Shareholding ratio (%)	2017	
									2016	2017			Director	Spouse
10	Pol. Gen. Somchai Prabhasabhakdi	Independent Director and Audit Committee	✓		✓				-	-	-	-	-	-
11	Mr. Amorn Asvanunt	Independent Director and Audit Committee	✓		✓				1,000,000	1,000,000	-	0.10	1,000,000	-
12	Mr. Boonyarith Mahamontri	Independent Director	✓						50,000	50,000	-	0.01	50,000	-
13	Admiral Apiwat Sriwattana	Independent Director	✓						-	-	-	-	-	-
14	Mr. Sontaya Tabkhan	Executive Committee		✓					-	-	-	-	-	-
15	Mr. Teerayuth Kaewcoon	General Manager					✓	✓	-	-	-	-	-	-
16	Mr. Thanawat Kamsri	Biomass Fired Power Plant Management Department Manager					✓	✓	-	-	-	-	-	-
17	Mr. Apipong Vischueskamin	Business Development Department Manager					✓	✓	-	-	-	-	-	-
18	Ms. Penpak Vongrakvanich	Accounting Division Manager					✓		-	-	-	-	-	-

Company Secretary : Mrs. Pannee Chantavoraluk

Remark : \* Including shares held by the spouse and minor children.

The proportion of shares collectively held by the company directors is not over 25% of issued share capital (3.95%).



# Management Structure

## 1. The Board of Director

### 1.1 The Board of Directors

Presently, the Board of Directors consists of 13 members, classified into:

- 8 non-executive directors (5 independent directors) or 61.54% of the entire board
- 5 executive directors or 38.46% of the entire board

#### Name List of the Board of Directors

Name	Boards					
	Board of Director	Executive Board	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Corporate Social Responsibility Committee
1 Mr. Sujarit Patchimnun	Chairman	-	-	Chairman	-	-
2 Mr. Boonsithi Chokwatana	Director	-	-	-	-	-
3 Mr. Boonkiet Chokwatana	Director	-	-	Director	-	-
4 Mr. Thirasak Vikitset	Director	Chairman	-	Director	-	-
5 Mr. Atthakorn Glankwamdee	Director	Director	-	-	-	-
6 Mr. Tanong Srichit	Director	Director	-	-	-	-
7 Mr. Viroj Theeravattavee	Director	Managing Director	-	-	-	Chairman
8 Mr. Suthep Dansiriviroj	Director	Director	-	-	Chairman	-
9 Mr. Nophorn Bhongsvej	Independent Director	-	Chairman	Director	-	-
10 Pol. Gen. Somchai Prabhasabhakdi	Independent Director	-	Director	-	-	-
11 Mr. Amorn Asvanunt	Independent Director	-	Director	-	-	-
12 Mr. Boonyarith Mahamontri	Independent Director	-	-	-	-	-
13 Admiral Apiwat Srivardhana	Independent Director	-	-	-	-	-

Remark : Qualification standards for independent directors and the Audit Committee are in accordance with the provisions set forth in related announcements.

#### Directors with authority to sign on behalf of the company

The Directors whose signatures are recognized as binding for the Company consist of the two jointly signatures of either Mr. Boonsithi Chokwatana, or Mr. Thirasak Vikitset, or Mr. Atthakorn Glankwamdee or Mr. Suthep Dansiriviroj and the signature of Mr. Boonkiet Chokwatana or Mr. Tanong Srichit or Mr. Viroj Theeravattavee or Mr. Sujarit Patchimnun together with the company's seal.

### 1.2 Personal information of company directors

The Detail of personal information of the company directors were written in the Form 56-1 via section "Personal information of the company directors, management members, authorities and company secretary" and section "Personal information of the subsidiary directors".

**1.3 The number of Directors' meetings; the summary of the attendance records in 2017 were described as follows;**

Name			Board													
			General Shareholders' Meeting		Board of Director		Executive Board		Audit Committee		Nomination & Remuneration Committee		Risk Management Committee		Corporate Social Responsibility Committee	
			Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1	Mr. Sujarit	Patchimnun	1/1	100	6/6	100	-	-	-	-	2/2	100	-	-	-	-
2	Mr. Boonsithi	Chokwatana	1/1	100	6/6	100	-	-	-	-	-	-	-	-	-	-
3	Mr. Boonkiet	Chokwatana	1/1	100	5/6	83.33	-	-	-	-	2/2	100	-	-	-	-
4	Mr. Thirasak	Vikitset	1/1	100	6/6	100	7/8	87.50	-	-	2/2	100	-	-	-	-
5	Mr. Atthakorn	Glankwamdee	1/1	100	6/6	100	8/8	100	-	-	-	-	-	-	-	-
6	Mr. Tanong	Srichit	1/1	100	4/6	66.66	3/8	37.50	-	-	-	-	-	-	-	-
7	Mr. Viroj	Theeravattavee	1/1	100	6/6	100	8/8	100	-	-	-	-	-	-	2/2	100
8	Mr. Suthep	Dansiriviroj	1/1	100	6/6	100	8/8	100	-	-	-	-	4/4	100	-	-
9	Mr. Nophorn	Bhongsvej	1/1	100	6/6	100	-	-	4/4	100	2/2	100	-	-	-	-
10	Pol. Gen. Somchai	Prabhasabhakdi	1/1	100	6/6	100	-	-	4/4	100	-	-	-	-	-	-
11	Mr. Amorn	Asvanunt	1/1	100	6/6	100	-	-	4/4	100	-	-	-	-	-	-
12	Mr. Boonyarith	Mahamontri	1/1	100	6/6	100	-	-	-	-	-	-	-	-	-	-
13	Admiral Apiwat	Srivardhana	1/1	100	4/6	66.66	-	-	-	-	-	-	-	-	-	-
14	Mr. Sontaya	Tabkhan	-	-	-	-	6/8	75	-	-	-	-	-	-	-	-
15	Mr. Teerayuth	Kaewoon <sup>1</sup>	-	-	-	-	5/8	62.5	-	-	-	-	4/4	100	1/2	50
16	Mr. Apipong	Vischaveskamin	-	-	-	-	-	-	-	-	-	-	4/4	100	2/2	100
17	Mr. Thanawat	Kamsri <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	4/4	100	1/2	50
18	Mr. Sutas	Boonsoi <sup>3</sup>	-	-	-	-	-	-	-	-	-	-	1/4	25	2/2	100
19	Miss Penpak	Vongrakvanich <sup>4</sup>	-	-	-	-	-	-	-	-	-	-	1/4	25	-	-
20	Mr. Jaturong	Kornwet <sup>5</sup>	-	-	-	-	-	-	-	-	-	-	-	-	1/2	50
21	Mr. Nattawut	Yawaprasas <sup>6</sup>	-	-	-	-	-	-	-	-	-	-	3/4	75	-	-
22	Miss Naiyachan	Chongkolvanich <sup>7</sup>	-	-	-	-	-	-	-	-	-	-	3/4	75	1/2	50
23	Mrs. Uthoornporn	Sinprajakpol	-	-	-	-	-	-	-	-	-	-	4/4	100	-	-
24	Mr. Pomsak	Chuamuangphan	-	-	-	-	-	-	-	-	-	-	-	-	2/2	100

<sup>1</sup> He has been appointed as Executive Director and Corporate Social Responsibility Committee on May 9, 2017.

<sup>2</sup> He has been appointed as the Corporate Social Responsibility Committee on May 9, 2017.

<sup>3</sup> Resigned on September 1, 2017

<sup>4</sup> Expiration of a term of office as the Risk Management Committee on May 9, 2017.

<sup>5,7</sup> Expiration of a term of office as the Corporate Social Responsibility Committee on May 9, 2017.

<sup>6,7</sup> He has been appointed as the Risk Management Committee on May 9, 2017.

Company Secretary : Mrs. Pannee Chantavoraluk

In 2017, the Audit Committee held 1 meeting without the attendance of management members.

The summary of the directors attending the meeting of the Company's subsidiaries was described as follows;

Name			Subsidiaries					
			Sahacogen Green Co., Ltd.		Sahagreen Forest Co., Ltd.		Sahagreen Energy Co., Ltd.	
			Position	Attendance	Position	Attendance	Position	Attendance
1.	Mr. Sujarit	Patchimnun	Chairman	4/5	Chairman	6/6	Chairman	2/4**
2.	Mr. Thirasak	Vikitset	Director	5/5	Director	6/6	Chairman	4/4
3.	Mr. Boonkiet	Chokwatana	Director	2/5			Director	2/4**
4.	Mr. Atthakorn	Glinkwamdee	Director	5/5	Director	6/6	Director	2/4**
5.	Mr. Viroj	Theeravatvatee	Managing Director	5/5	Director	6/6	Managing Director	4/4
6.	Mr. Suthep	Dansiriviroj					Director	3/4*
7.	Mr. Tanong	Srichit					Director	2/4**
8.	Mr. Sontaya	Tabkhan	Director	4/5			Director	3/4
9.	Mr. Apipong	Vischueskamin			Managing Director	6/6		
10.	Mr. Mahasan	Thieravarut			Director	3/6		
11.	Mr. Panya	Sopasriphan			Director	5/6		

\* He has been appointed as a director of Sahagreen Energy Co.Ltd. on March 7, 2017

\*\* Expiration of a term of office as director on March 7, 2017

Company Secretary : Mrs. Pannee Chantavoraluk

#### 1.4 Controller

No controller has the influence on the company's management policy or any business operation in such manner deemed as significant.

## 2. The Management

### 2.1 The Management

On December 31, 2017, 10 management members were authorized to be responsible for their duties in accordance with the company's policies.

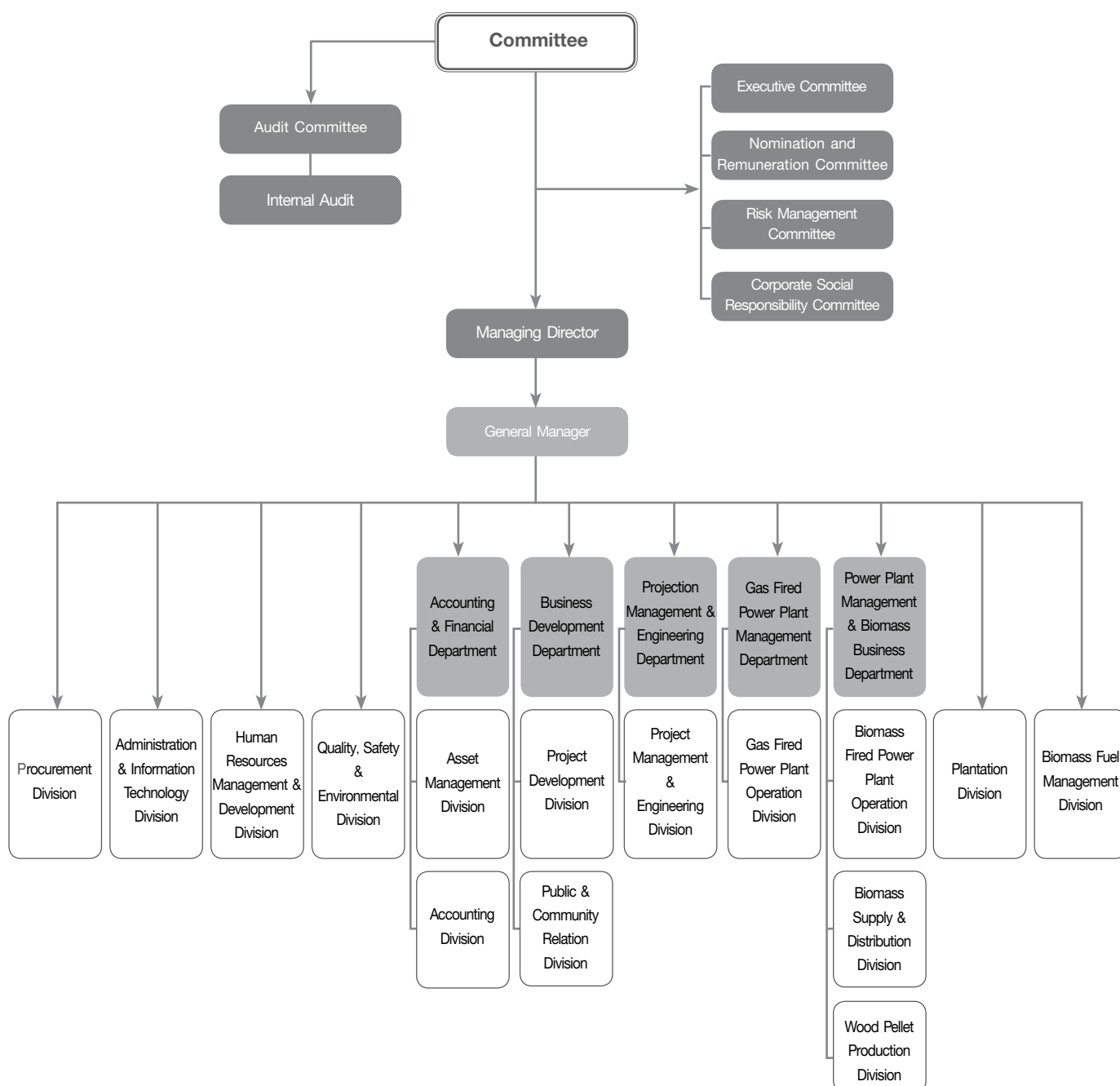
Name			Position
1.	Mr. Thirasak	Vikitset	Chairman of Executive Director/ Executive Director
2.	Mr. Viroj	Theeravatvatee*	Managing Director / Executive Director
3.	Mr. Atthakorn	Glinkwamdee	Executive Director
4.	Mr. Tanong	Srichit	Executive Director
5.	Mr. Suthep	Dansiriviroj	Executive Director
6.	Mr. Sontaya	Tabkhan	Executive Director
7.	Mr. Teerayuth	Kaewcoon*	General Manager / Accounting & Finance Department Manager
8.	Mr. Apipong	Vischueskamin*	Business Development Department Manager
9.	Mr. Thanawat	Kamsri*	Power Plant Management & Biomass Business Department Manager
10.	Miss Penpak	Vongrakvanich*	Accounting Division Manager

**Remark :** \* management members are defined about authorities and responsibilities in accordance with the Securities and Exchange Commission.

## 2.2 Personal information of management members

The detail of personal information of the management members were written in the Form 56-1 via section “Personal information of the company directors, management members, authorities and company secretary”.

## 2.3 The Company Structure as of December 31, 2017



### 3. Company Secretary

The Board of Directors has appointed Mrs. Pannee Chantavoraluk, who is qualified, with sound knowledge and experiences, as the Company Secretary effective on March 28, 2008 (her education and working experience written on section Personal information of the company directors, management members, authorities and company secretary"). The responsibilities and duties are stipulated in line with the Securities and Exchange Act (no. 4) B.E. 2551, together with other duties assigned by The Board of Directors.

**The Company Secretary was assigned the following responsibilities:**

1. To provide preliminary advice pertaining to laws, regulations and articles of the company, and to monitor proper and regular compliance, as well as to report any significant changes to the Board.
2. To coordinate between the company directors and the management, to supervise and coordinate matters pertaining to the relevant laws and regulations, including proceedings to ensure compliance with resolutions of The Board of Directors.
3. To organize shareholders' meeting and the Board of Directors' meeting in accordance with laws, company articles and other directives.
4. To record minutes of the shareholders' meeting and the Board of Directors' meeting as well as to monitor compliance with resolutions of the shareholders' meeting and the Board of Directors' meeting.
5. To oversee the disclosure of information and file the relevant reports under the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
6. To prepare and archive the following documents:
  - Directors' register
  - Notice of the Board of Directors' meeting and minutes of the Board of Directors' meeting
  - Notice of the shareholders' meeting and minutes of shareholders' meeting.
  - Annual registration statement (Form 56-1) and Annual report (Form 56-2).
7. To maintain report of interest reports filed by directors or executives.
8. To carry out other proceedings as prescribed by the Capital Market Supervisory Board.

### 4. Remuneration for the directors and management members

#### 4.1 Remuneration policy and criteria for the directors and management members

The Board of Directors has appointed the Nomination and Remuneration Committee to set the budget and allocation criteria for the directors, on a comparative basis with other companies in the same business category. Consideration were given to such areas as, expansion in the company's business activities, business growth rate, operating results, together with proper reference to the authority, duty, responsibility scope, and performances by the directors, for setting the criteria on meeting allowance and yearly remuneration. Said resolution would be forwarded to the Board of Directors' meeting for their consideration prior to submitting to the shareholders' meeting for final approval of mentioned remuneration budget.

For the remuneration authorization for top management and other management members would be required to follow the criteria set forth by the company, in term of the duty evaluation and responsibility scope, as well as the performance results by the top management and management members, who would be entitled to such same remuneration criteria.



## 4.2 Remuneration amount

### (A) Remuneration for the company directors

The remuneration, which was approved by the annual general shareholders' meeting, is 10 million Baht unchangeably. The disbursement of said remuneration budget required the consideration by the Nomination and Remuneration Committee, and the approval of the Board of Directors, with such disbursement not exceeding the budget amount earlier approved by the shareholders' meeting.

#### Structure of remuneration for the company directors

The company had set the same remuneration structure for the company directors, regardless of whether they also served as members of the Management or not, by classifying remuneration categories as follows:

1. **Annual remuneration** : paid to all directors, based on the consideration by the Nomination and Remuneration Committee, which was presented to the Board of Director.
2. **Meeting allowance** : paid to all directors attending the meeting. In case of more than 1 meeting per month, the said allowance was not supposed to be paid more than one time.

Details of payment for meeting allowance payments were summarized as below:

	Position	2016	2017
1. The Board of Directors	Chairman	Baht 20,000/ time	Baht 20,000/ time
	Director	Baht 10,000/ time	Baht 10,000/ time
2. The Audit Committee	Chairman	Baht 10,000/ time	Baht 10,000/ time
	Director	Baht 10,000/ time	Baht 10,000/ time
3. The Executive Board	Chairman	Baht 10,000/ time	Baht 10,000/ time
	Director	Baht 10,000/ time	Baht 10,000/ time
4. The Nomination and Remuneration Committee	Chairman	Baht 5,000/ time	Baht 5,000/ time
	Director	Baht 5,000/ time	Baht 5,000/ time
5. The Risk Management Committee	Chairman	Baht 5,000/ time	Baht 5,000/ time
	Director	Baht 5,000/ time	Baht 5,000/ time
6. The Corporate Social Responsibility Committee	Chairman	Baht 5,000/ time	Baht 5,000/ time
	Director	Baht 5,000/ time	Baht 5,000/ time

3. Other benefits : - None -

**Details of payment for remuneration of the Board of Directors and other committees**

(Unit : Baht)

Remuneration details	2016		2017	
	Meeting Allowance	Annual Remuneration	Meeting Allowance	Annual Remuneration
The Board of Director	770,000	2,315,000	790,000	2,630,000
The Executive Board*	560,000	-	450,000	-
The Audit Committee	110,000	-	120,000	-
The Nomination and Remuneration Committee	30,000	-	40,000	-
The Risk Management Committee**	120,000	-	140,000	-
The Corporate Social Responsibility Committee***	55,000	-	60,000	-
<b>Total</b>	<b>1,645,000</b>	<b>2,315,000</b>	<b>1,600,000</b>	<b>2,630,000</b>
<b>Grand Total</b>	<b>3,960,000</b>		<b>4,230,000</b>	
<b>Board approved</b>	<b>10,000,000</b>		<b>10,000,000</b>	

\* 2 members of the Executive Board were also executive directors receiving meeting allowance totaling 110,000 Baht.

\*\* 7 members of the Risk Management Committee were executive directors receiving meeting allowance totaling 120,000 Baht.

\*\*\* 5 members of the CSR Committee were executive directors receiving meeting allowance totaling 50,000 Baht.

## Details of payment for remuneration of the company directors in 2017.

Name	Remuneration (Baht)								
	The Board of Director	The Executive Board	The Audit Committee	Nomination and Remuneration Committee	The Risk Management Committee	The Corporate Social Responsibility Committee	Total Meeting Allowance	Annual Remuneration	Total
1. Mr. Sujarit Patchimnun	120,000	-	-	10,000	-	-	130,000	160,000	290,000
2. Mr. Boonsithi Chokwatana	60,000	-	-	-	-	-	60,000	120,000	180,000
3. Mr. Boonkiet Chokwatana	50,000	-	-	10,000	-	-	60,000	120,000	180,000
4. Mr. Thirasak Vikitset	60,000	70,000	-	10,000	-	-	140,000	500,000	640,000
5. Mr. Athakorn Glankwamdee	60,000	80,000	-	-	-	-	140,000	350,000	490,000
6. Mr. Tanong Srichit	40,000	30,000	-	-	-	-	70,000	120,000	190,000
7. Mr. Viroj Theeravatavee	60,000	80,000	-	-	-	10,000	150,000	500,000	650,000
8. Mr. Suthep Dansirviroj	60,000	80,000	-	-	20,000	-	160,000	120,000	280,000
9. Mr. Nophorn Bhongsvej	60,000	-	40,000	10,000	-	-	110,000	160,000	270,000
10. Pol. Gen. Somchai Prabhasabhakdi	60,000	-	40,000	-	-	-	100,000	120,000	220,000
11. Mr. Amorn Asvanunt	60,000	-	40,000	-	-	-	100,000	120,000	220,000
12. Mr. Boonyarith Mahamontri	60,000	-	-	-	-	-	60,000	120,000	180,000
13. Admiral Apiwat Srivardhana	40,000	-	-	-	-	-	40,000	120,000	160,000
Total	790,000	340,000	120,000	40,000	20,000	10,000	1,320,000	2,630,000	3,950,000

Remuneration details		2016		2017	
		Meeting Allowance	Annual Remuneration	Meeting Allowance	Annual Remuneration
1. Mr. Sujarit	Patchimnun	105,000	105,000	160,000	130,000
2. Mr. Boonsithi	Chokwatana	105,000	60,000	120,000	60,000
3. Mr. Boonkiet	Chokwatana	140,000	90,000	120,000	60,000
4. Mr. Thirasak	Vikitset	420,000	55,000	500,000	140,000
5. Mr. Atthakorn	Glankwamdee	315,000	50,000	350,000	140,000
6. Mr. Tanong	Srichit	105,000	30,000	120,000	70,000
7. Mr. Viroj	Theeravatvatee	455,000	70,000	500,000	150,000
8. Mr. Suthep	Dansiriviroj	110,000	80,000	120,000	160,000
9. Mr. Nophorn	Bhongsvej	140,000	110,000	160,000	110,000
10. Pol. Gen. Somchai	Prabhasabhakdi	105,000	80,000	120,000	100,000
11. Mr. Amorn	Asvanunt	105,000	100,000	120,000	100,000
12. Mr. Boonyarith	Mahamontri	105,000	60,000	120,000	60,000
13. Admiral Apiwat	Srivardhana	105,000	50,000	120,000	40,000
<b>Total</b>		<b>2,315,000</b>	<b>940,000</b>	<b>2,630,000</b>	<b>1,320,000</b>
<b>Grand Total</b>		<b>3,255,000</b>		<b>3,950,000</b>	

**Remuneration details for the directors of the Company's subsidiaries in 2017 as below:**

- Sahacogen Green Co., Ltd. : None
- Sahagreen Energy Co., Ltd. : None
- Sahagreen Forest Co., Ltd. : 350,000 Baht

Name		2016		2017	
		Meeting Allowance	Annual Remuneration	Meeting Allowance	Annual Remuneration
1. Mr. Sujarit	Patchimnun	-	-	50,000	-
2. Mr. Thirasak	Vikitset	-	-	50,000	-
3. Mr. Atthakorn	Glankwamdee	-	-	50,000	-
4. Mr. Viroj	Theeravatvatee	-	-	50,000	-
5. Mr. Apipong	Vischuveskamin	-	-	50,000	-
6. Mr. Mahasan	Thieravarut	-	-	50,000	-
7. Mr. Panya	Sopasripun	-	-	50,000	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>350,000</b>	<b>-</b>
<b>Grand Total</b>		<b>-</b>		<b>350,000</b>	

**Remark :** For the remuneration of directors for the year 2017, according to the resolution of the shareholders' meeting held on March 7, 2017.

- (B) Remuneration for management members:** Referred to the remuneration for the Executive Board members, the 4 top-ranking executives under the Managing Director, and other executives in the same level as the 4th ranking executive. The remuneration details were classified into salary and patron accorded their status as company employees.

#### Remuneration for Executive Board and its executives

(Unit : Million Baht)

Remuneration	2016		2017	
	Total	Amount	Total	Amount
Salary and Patron	8	19.41	9	21.69

#### 4.3 Other Remuneration

The company has established welfare and other compensations apart from salary and bonus contribution to the management and all employees. These reflect domestic economic conditions such as the provident fund, health, life and accident insurance, in accordance with the company's policy and regulations related to the operational performance. The Company has no policy to pay other remuneration except the remuneration of directors or employee. There are no shares, debentures or other securities are given to executive directors.

**(A) Other remuneration for the company directors**

- None -

**(B) Other remuneration for management members**

The Executive Directors, together with the 4 top-ranking executives under the Managing Director, and other executives in the same level as the 4th ranking executive, altogether received the company's contribution to their provident funds.

#### Other remuneration details for management members

Other Remuneration	2016		2017	
	Total	Amount (Baht)	Total	Amount (Baht)
Provident fund contribution	8	712,101	9	725,925
<b>Total</b>	<b>8</b>	<b>712,101</b>	<b>9</b>	<b>725,925</b>

## 5. Employees

### 5.1 Total number of employees and total remuneration

Department	Sahacogen (Chonburi) Plc.	Sahacogen Green Co., Ltd.	Sahagreen Forest Co., Ltd.	Sahagreen Energy Co., Ltd.
Office and Support	46	37	6	2
Operation	15	46	38	-
<b>Total</b>	<b>61</b>	<b>83</b>	<b>44</b>	<b>2</b>
<b>Remuneration (Million Baht)</b>	<b>53.09</b>	<b>28.06</b>	<b>13.80</b>	<b>0.54</b>
<b>Labor Dispute</b>	<b>- None -</b>	<b>- None -</b>	<b>- None -</b>	<b>- None -</b>

Total remuneration of employees is salary, overtime wage, allowance, fringe benefit, and provident fund.

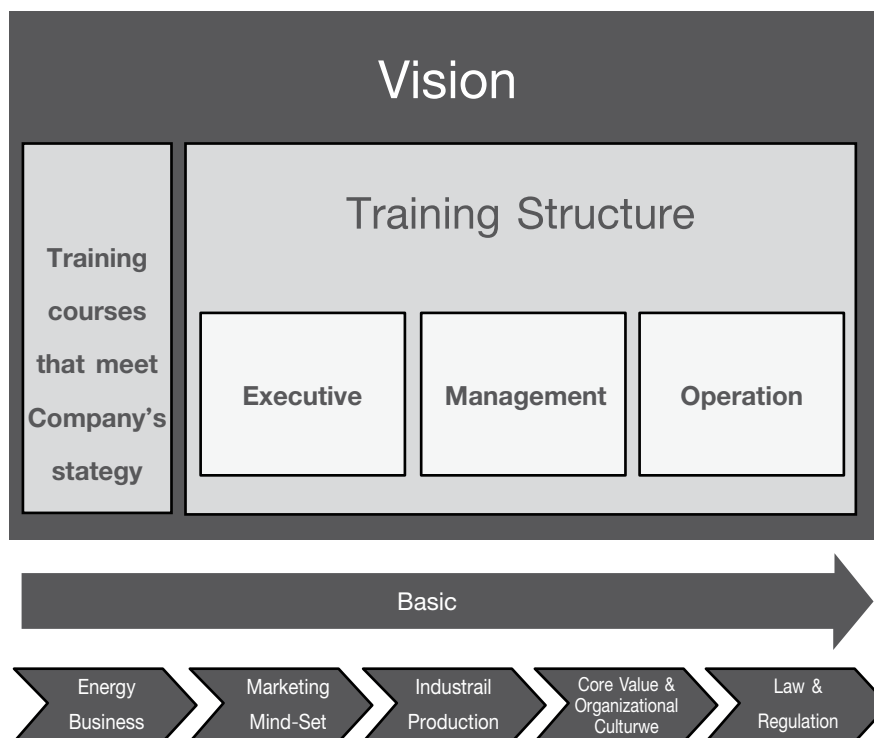
### 5.2 Human Resources Development and Improvement Policy

Sahacogen and affiliates realize the potential of their employees and regards them as a valuable resource for leading the Company with achievement and efficient growth. Especially for business expansion to other regions, human resources management is such an important thing for its business success and sustainable growth. As a consequence, it is necessary to set directions and define predictability to keep on enhancing and developing human resources management from policy to action. It is a challenge to create a master piece and strengths for growing organizations in a world of competition.



## 1. Training

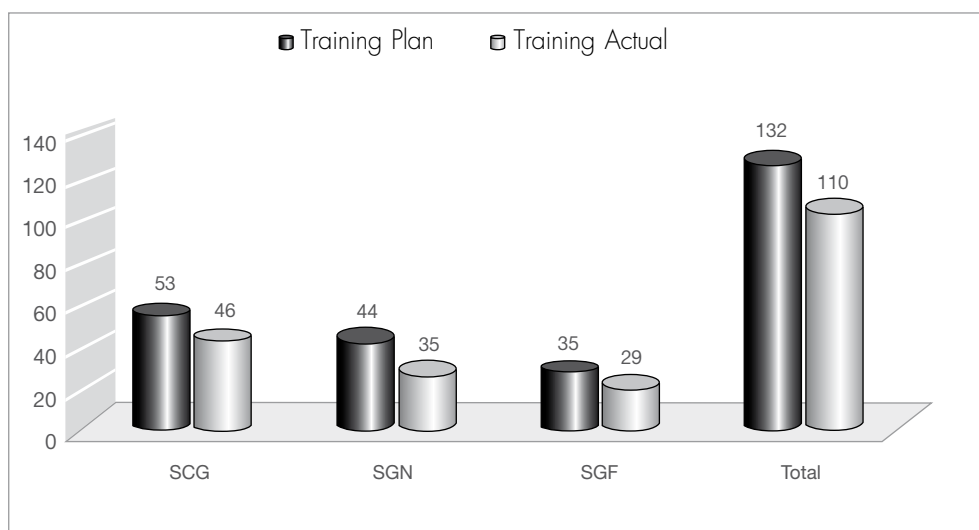
The training details for every employee at all levels are as follows;



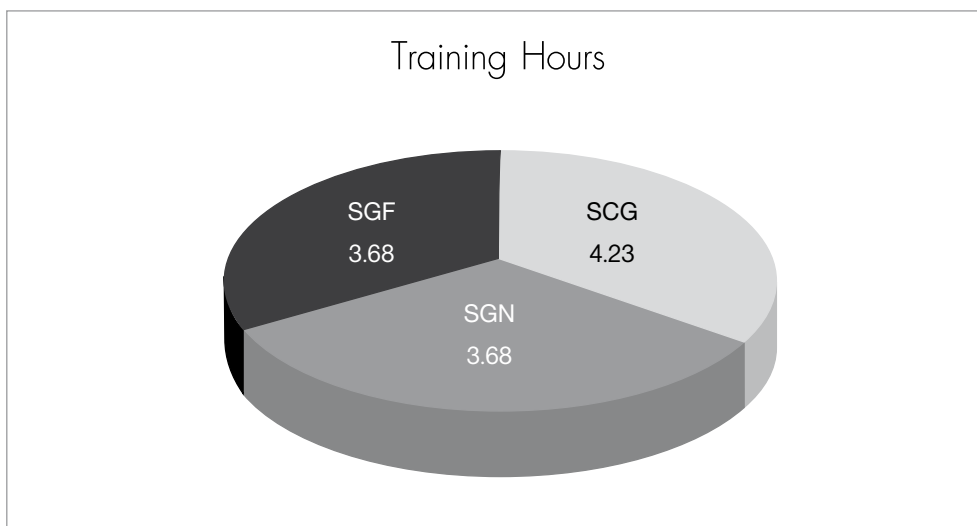
Executive Level	Management Level	Operation Level
To promote vision and strategy in business operation in accordance with the changing situation.	To enhance knowledge, skills in operation management and resources to meet the target. This conforms to the organizational policy as well as create good teamwork atmosphere.	To enhance knowledge and expertise at the professional level and to be aware about customers' needs by emphasizing on several trainings such as internal and external trainings, as well as "on the job training" and "coaching given by supervisors" based on working positions.

In 2017, the company has defined training courses based on HR matrix indicating the necessity, which supports the analysis of competence, capability, strength and weakness individually. Thus, such information gathered leads to annual training plan with the commitment on individual development to achieve more than or equal to 75% of all training courses. The individual development of Sahacogen and affiliates in 2017 was summarized as follows;

There were internal and external training internal courses totaling 110 courses training on account of the annual training plan totaling 132 courses, presented as 83.33%. The comparison between the training was summarized by units as follows;



The total training hour was 615 hours , 3.27 hours / person. The average number of training per person per annum at each position level was disclosed as below;



The two subsidiary companies, Sahacogen Green Co., Ltd. and Sahagreen Forest Co., Ltd. held an in-house seminar about anti-corruption. The seminar is called "The 2<sup>nd</sup> Sahacogen Fights Against Corruption Seminar". Mr. Thanakrit Permpoonkantisuk, director of Thai Company Secretary Club is the speaker of the event. The activity main objective is promoting awareness about anti-corruption among directors, executives and employees. The seminar was held on June 21, 2017 based on the guideline of Thailand's Private Sector Collective Action Coalition against Corruption (CAC). The subsidiaries submitted the self-evaluating form to certify as member of CAC on November 20, 2017. Another seminar held in-house was about the expenses considered as the investment (capital expenditure). This topic keeps staff updated about the accounting policy and documents needed in recording transactions.

## 2. Core Value Awareness

Sahacogen and affiliates realize and believe that the patterns of human beings vary and differ in family status, society, education and living existence. It is a challenge to assemble many people with various backgrounds, nationalities and cultures for unity and same goals and encourage them to work professionally and internationally in a targeted way. Therefore, Sahacogen and affiliates have created shared values as a central culture consisting of 5 values; that is, Positive Thinking, Entrepreneurship, Teamwork, Proactive and Initiative for unity among employees working for Sahacogen and affiliates. These core values are the heart for creating organizational culture and showing uniqueness and identity of Sahacogen and affiliates' employees. Regarding to managing human resources under the shared values, the idea of moving forward and setting goals helps lead to achievement which has been set up and can be measured both team-related and individual performance in a visible way. During last year, the Company provided employees with acknowledgement and understanding of behavior subject to 5-listed core values.

The Company has communicated it to employees via notice boards, Company's intranet system and also Form 56-1.

## 3. To make employees ready for change

The Company understands that the change of business and economic situations worldwide can be opportunity, obstacle and limitation toward its sustainable growth. As a consequence, the Company focuses on making employees be ready to work and adapt to any situation. They can express themselves to give opinion creatively and professionally as well as take action in line with the Corporate Governance Policy and the Sahacogen Code of Conduct strictly, which ensures that employees are good citizens toward community, society and country, especially, they are willing to work anywhere in the world.

## 4. To enhance employees' capacity

In order to use policy for action in an efficient manner, the Company sees that a leader is the main key to pay attention and become a good role model to subordinates. Consequently, the Company enhances leaders' working capacity to manage their own human resources professionally such as giving assignment, training, being responsible for performance management and individual development plan. Moreover, every employee at all levels are supported in terms of individual development through training, given opportunities to work in another department for developing skills in the career path as well as receive valuable and various experiences, which makes them ready and well-prepared for challenging future ahead. Sahacogen and affiliates have set up human resources development plan which can be categorized in 3 matters as below;



The evaluation resulted from human resources development can be categorized in 3 main matters; that is, knowledge, skills and behavior.

- Knowledge is applied to evaluate by comparing before and after training courses. Employees are supposed to take pre and post testing, and oral test. Employees can be ensured that they have knowledge and understanding about subjects taken especially they can adapt what they have been trained to useful way.
- Skills are evaluated from the result of performance, which is mostly considered by instructor or supervisor's observation to see that employees can exercise skills for their responsibility in an acceptable level or not.
- Behavior is the main result of evaluating expression. The Company designs titles for individual about competency together with descriptions to explain expected behaviors and set evaluation score which considered by leaders directly.

In addition to setting guidelines for the evaluation mentioned above, the Company gives opportunity to supervisors from top supervisors to first-line managers to express their opinions about developing their subordinates to make sure that Sahacogen and affiliates' supervisors and managers at all levels never pay no attention to organizational development.

#### **5. To motivate and inspire employees**

One of the most important things the Company pays attention to is to motivate or inspire employees to work more efficiently. Moreover, motivating coming from good-role-model-supervisors' leadership can push employees to create masterpiece. Supervisors and managers working for the Company for ten years or over are the main key to pave the way for growth and success toward the Company. These supervisors and managers are leaders of motivation and inspiration, mentors and examples of working standard for their subordinates and employees in the next generation.

In addition to human resources development, it is also important to pay close attention to environment, safety as well as welfares for enhancing employees' spirit. Hence, the Company creates various activities such as sports boosting the relationship among employees in different departments, exhibitions about social security, provident fund, as well as festivals and important national holidays, etc.

# Transaction with Related Companies

## Information disclosure for inter-transaction

During 2017, the company and its subsidiaries entered into inter-transactions with parties with possible conflict of interests, according to the details as follows:

### 1. Normal business transaction, normal business support transaction, rental or lease transaction for immovable property (not more than 3 years), and transaction related to assets and services

Parties with possible conflict of interests	Relationship	Shareholding Percentage (%)		Significant Item	Inter-Transaction Value (Million Baht)	Price Policy
		Shareholding by the company	Shareholding in the company			
1. Saha Pathana Inter-Holding Plc.	A	-	15.57	- Selling electricity  - Selling Steam - Fee paid for guarantee of minimum electricity demand - Utility Charges (Raw water & Wastewater Treatment)	1,446  326 5 7	Predetermined applicable discount On contract On contract  Normal price like other customers
2 Operational Energy Group	B	-	-	- Service fee on distribution - Machine rental	97 71	On contract On contract
3 Sinparadorn Co., Ltd.	B	-	-	- Land rental	3	On contract
4 Better Way (Thailand)	B	-	0.86	- Interest	9	On contract
5 Pitakkij Co., Ltd.	B	-	-	- Contractor charge	6	On contract
6 Pitakkij Security Guard Ltd.	B	-	-	- Security service fee	4	On contract

### Relationship Nature

A = The company's shareholders and joint directors

B = Joint directors

**Remuneration Policy** The company carried out inter-transactions with other companies, on a fair business practice basis and at arms' length, based on market prices and normal business terms being applied to those transactions conducted with unconnected outside business parties or persons.

Item	Remuneration Policy
Utility charges	According to the rates announced by Saha Group Industrial Park, based on actual units or volume used
Machine rental fees	Fees depending on the condition and duration of such property in use
Immovable property rental fees	Fees depending on the location, surrounding, building condition, and utilization purpose for said assets
Contractor charge	Fees depending on the style, size, construction materials and decorative techniques of the building in comparison with the price of other bidders
Security fees	Fees depending on the number of security personnel foreach shift

## 2. Transaction in providing financial assistance as of December 31, 2017

Company Name	During the Year				Balance as of Dec 31, 17
	Balance as of Dec 31, 16	Additions	Settlements	Interest Rate	
1. Sahagreen Energy Co., Ltd.	30,000,000	-	-	-	30,000,000
2. Sahagreen Forest Co., Ltd.	15,000,000	-	(15,000,000)	4.25	-
3. Sahacogen Green Co.,Ltd.	300,000,000	300,000,000	(320,000,000)	3.82-4.11	280,000,000
Less: Allowance for doubtful debts	(30,000,000)	-	-	-	(30,000,000)
<b>Total</b>	<b>315,000,000</b>	<b>300,000,000</b>	<b>(335,000,000)</b>	<b>-</b>	<b>280,000,000</b>

**Loan facilities provision** The Company provided short-term loan to its subsidiaries. The balance totaled Baht 280 million (Please refer to supplementary note to financial statements no.6), under such policy basing interest rate equal to the average financial cost of the company.

The Company and its subsidiaries did not provide long-term loan to related parties.



### 3. Transaction in receiving financial assistance as of December 31, 2017

Company Name	During the Year					Balance as of Dec 31, 17
	Relationship	Balance as of Dec 31, 16	Additions	Settlements	Interest Rate	
1. Better Way (Thailand) Co., Ltd.	A	320,000,000	-	-	3.0-5.0	320,000,000
<b>Total</b>	-	<b>320,000,000</b>	-	-	-	<b>320,000,000</b>

**Relationship Nature** A = The company's shareholders and joint directors

**Loan provision** The long-term loan provided to related party with monthly interest payment, and is to be repaid within 5 years and unsecured. (Please refer to supplementary note to financial statements no. 6),

**Financial guarantees provision** The company and its subsidiaries had no financial guarantees to related parties.

#### **The necessity and rationale for entering into transactions with parties with possible conflict of interests**

To sustain the company's operations under the prevailing severe competitive situation, the company needed to secure the support of business partners and business alliance network from upstream to downstream industries, further contributing to its competitiveness and business potentials, and leading to its further development and sustainable growth in the future.

While its business partners and business alliance members might be parties with possible conflict of interests, nevertheless, the Board of Directors might find it reasonable and necessary to enter into agreement or transaction with said parties, with the interests of the shareholders and the company in mind. In such case, the transaction price would be based on normal business terms, without harboring any intention to engage in unjust transfer of company asset or interest to such parties with possible conflict of interests.

At the same time, The Board of Directors duly followed the requirements in the Securities and Exchange Act (no.4) B.E. 2551 article 89/12, by authorizing the company's management, after the completion of the annual shareholders' meeting, to enter into such transactions considered to normal business transactions and business support transactions under normal business terms in such same manner as other business partners under the same circumstances. Such transactions would be carried out without any exercise of undue influence due to such status as director, management member, or related persons, with such transactions duly reported to The Board of Directors' meeting held each quarter.

**Opinions regarding inter-transactions by the Audit Committee**

In case of inter-transactions considered significant, the company followed its policy in proposing such transactions to the Board of Directors' meeting to be accepted from the Audit Committee and approved by the Board of Directors for further forwarding to the shareholders' meeting for their approval according to the volume of inter-transactions.

The Audit Committee concluded not to have any different opinions regarding inter-transactions in 2017, from those resolutions adopted by the Board of Directors' meeting.

**Policy or Potential Related Transaction in the Future**

The Board of Directors duly recognized their responsibilities as the directors of public company in carrying out their duties toward the shareholders, employees, and all stakeholders, in accordance with the good corporate governance principles. Accordingly, those inter-transactions likely to take place in the future, would represent normal business transactions, with the disclosure of information duly carried out in accordance with the Notification of the Capital Market Supervisory Board, regarding "rules on connected transactions".

**Persons with possible conflict of interests holding combined shareholding in subsidiary /associate companies over the level of 10%**

The company did not have persons with possible conflict of interests holding combined shareholding in subsidiary companies over the level of 10%.

# Risk Factors and Risk Management

The Board of Directors of Sahacongen (Chonburi) Public Co., Ltd., and its affiliates realize the importance of various risk factors which affect the company's business operation. Consequently, the Board assigned the Risk Management Committee to be responsible for the supervisory tasks in terms of the organization's risk management practices in a systematic manner. The risk management policy has been reviewed on February 14, 2017. The details of the policy are stated below;

1. To keep the balance of risk and reward from business operation in order to ensure that the operational goals and stakeholders' expectation are achieved under risk levels accepted by the executives
2. To set strategy in line with risk levels which the Board of Directors considers as acceptable
3. To support the risk management to become a part of organizational cultures, which is necessary to operate it effectively and efficiently by all executives and employees
4. To handle risks impacting on the company's objectives and strategy immediately and continually
5. To set risk management framework in accordance with the company anti-corruption policy

The Risk Management Committee sees the recognition of the fast changing economic situations both at home and abroad, the Committee always adopted an alert attitude with necessary preparations to implement changes in its strategies and plans, to cope with any serious developments possibly affecting the company's operations. Therefore, the risk management and operational risk assessment working groups have been appointed to be responsible for each business operation in order to evaluate and analyze risks possibly affecting the organization as well as subsidiaries and other projects in both internal and external risk factors, to set priorities for the risk management plan and engage in regular follow-up on the implementation of such plans. At the same time, the Committee presented regular updates to the executive directors and the Board of Directors on the progress and developments regarding said plans continually. Those risk factors likely to have impacts on the company's operations could be summarized as follows:

## 1. Business Risks

- **Risk in Complying with Government Policy, Rules, Regulations and Relating Laws**

Currently, Rules, Regulations and Laws relating the power plant operation have become more rigid. Breaking the rules would cause the negative effects and bad reputation. Sahacongen and affiliates emphasize on abiding by the rules, regulation and all relating laws governing power plant operators. Furthermore, the group also places an important on other regulations protecting health of employees. The company always has prompted response to the newly enacted laws and rules amendment.

The company operates said risk management. Sahacongen and affiliates closely monitor on the newly law legislation that would affect the business and sets up the shared data base of rules, regulations and laws as well as communicating with internal functions to promote understanding and compliance. Moreover, the company cooperates with governmental institutes in attending conferences and seminars to provide information and check updates closely.

- **Risks of Relying on Major or Minor Customers**

Sahacongen and affiliates produce and distribute electricity and steam to three major customers; Electricity Generating Authority of Thailand (EGAT), Provincial Electricity Authority (PEA) and Saha Pathana Inter-Holding Public Co., Ltd. which have been being customers since it started business operation. In 2017, the Company had income from selling such power THB

3,975 million or 98.70% of the consolidated income. Moreover, the company always has close relationship with such customers, and the Purchase Agreements' term is 10 – 25 years. However, in order to produce electricity and steam under the conditions of said agreements for a complete term, the company keeps monitoring and evaluating performance consistently. Based on the continued improvement in products and services and the ability to continually fulfill all obligations under the contract, the risk of early termination is deemed low.

In addition, the company has risks to be reduced the amount purchased by Electricity Generating Authority of Thailand (EGAT) in case that the company cannot supply the full amount of electricity as contracted and cannot solve this problem within 18 months. The company has set the conditions in operating and maintenance contract with Operational Energy Group Company Limited (Operation, Maintenance and Power Plant Services Provider) to guarantee the capacity and the stability of the electricity supply to EGAT during peak hours. Consequently, the company ensures adequate electricity supply to EGAT and also be able to serve the electricity demand growth in Saha Group Industrial Park, Sriracha.

- **Risks of Relying on Major or Minor Vendors**

The income of distributing electricity and steam to various factories in Saha Group Industrial Park, Sriracha was estimated 43.22% of Sahacogen and affiliates' consolidated income. Such selling was operated under the Purchase Agreement between Sahacogen (Chonburi) Public Co., Ltd. and Saha Pathana Inter-Holding Public Co., Ltd. which is its major shareholder. Regarding to service, the company provides staff to coordinate with Saha Pathana Inter-Holding Public Co., Ltd. as well as terminal users closely. Therefore, the company sees problems and obstacles which can be resolved immediately. The company has regular customers' satisfaction survey to develop the service based on the customers' feedbacks. Risks of purchase and sale via major or minor vendors are deemed low.

- **Land Rental Risks**

Sahacogen (Chonburi) Public Co., Ltd. has rent some land of Sinparadorn Co., Ltd. which is joint shareholder. For Sahagreen Energy Co., Ltd., its subsidiary, has Land Rental Agreement with Sahacogen Green Co., Ltd. and Saha Pathana Inter-Holding Public Co., Ltd. as a shareholders. Therefore, the risk of land rental termination is low; especially, the company and its subsidiaries follow all of the conditions in the agreements.

- **Risks in Obsolete Products**

Main products of Sahacogen and affiliates are electricity and steam which are produced and distributed immediately, so there is no bad product in stock. For biomass pellets production of its subsidiary, biomass is kept in warehouse for raw materials. However, the company sets measures to manage raw materials in stock to by setting production plan; having an appropriate procurement plan; and keeping the track of such progress monthly.

- **Risk of Stemming from the Launch of the ASEAN Economic Community (AEC) which could affect selling target and production cost**

The company produces and distributes electricity and steam to its customers domestically only. In addition, it has main production base and labor resource in Thailand. The launch of AEC which is the joint economic integration of Association of Southeast Asian Nations or ASEAN does not have a big impact about business competitions. In case of customers move production base to another country in ASEAN with low cost of raw materials or expenses, this may cause the decrease of income a little or no effect on significant matter about electricity sale, because main product is electricity distributed to Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority (PEA). Such risks are deemed low.

- **Risks of Product Price Possibly be Reduced in Significant Matter**

Regarding to the situation of energy in Global Markets, volatility and increase of fuel oil price occurs in a significant matter. However, the overall fuel price is still comparatively low comparing to the historical price. This may impact the price on electricity and steam, the main income of Sahacogen and affiliates which is accounted 99.55% of the consolidated income, in a low earning. It is because some factors of electricity and steam price are subject to energy price. However, natural gas price, the main fuel, estimated 74.99% of all cost, tending to decrease in the same direction. Moreover, some risks also go to energy price according to the Agreement with Electricity Generating Authority of Thailand (EGAT) whose price structure is subordinate to actual cost of natural gas. For energy price distributed to Saha Pathana Inter-Holding Public Company Limited, it is subject to price rate of PEA and dependent on Float Time (FT). In case of FT rate not in line with fuel costs, this may impact the company's performance. However, the mentioned risks are the external factors which are uncontrollable. The company has approaches to improve the production efficiency as well as the cost control in order to reduce the effect on business operation with said risks.

- **Risks of Purchasing Products via Major Shareholders**

Regarding to distributing electricity and steam to various factories in Saha Group Industrial Park, Sriracha, the income was estimated 43.22% of Sahacogen and affiliates' consolidated income. Such purchase is made between Sahacongen (Chonburi) Public Company Limited and Saha Pathana Inter-Holding Public Company Limited, which is its major shareholder and consumer. Regarding to service, the company provides staff to coordinate with Saha Pathana Inter-Holding Public Company Limited as well as terminal users closely. Therefore, the company sees problems and obstacles which can be solved immediately. Risks of purchase and sale via shareholders are deemed low.

## 2. Risks of Production

- **Risks in the Process of Building Plant/ Delay of Future Projects**

The company has already operated the power plant. In 2017, the Expansion III of combined-cycle power plant in Saha Group Industrial Park, Sriracha has started the commercial operation in November 20, 2017. The completion of the capacity expansion was finished sooner than planned.

- **Risks of Labor**

Sahacogen and affiliates run business producing mainly electricity and steam, which is not necessary to require large number of laborer. However, some specialists are also needed. The company has approaches to manage and develop human resources effectively; therefore, lack of laborer is considered as low level of risk.

- **Risk of the Scarcity of Fuel to be Used in Electricity Generating Process**

1. **Risk of the Scarcity of Fuel**

The scarcity of fuel in the production process, such as natural gas and biomass, could lead to the operation halt. The company might encounter with revenue loss and a fine or compensation for damage. These raw materials deficient situation could take place after the rising in demand and the fluctuation in price. Sahacogen and affiliates have implemented the methods to prevent and reduce the scarcity risk.

- **Sriracha power plant** uses natural gas as the fuel in electricity and steam generating process. The company has signed a long term contract to purchase natural gas from the PTT Public Company Limited for 21 years with 4 years extendable. Presently, such term of contract is 7 years left.
- **Lamphun power plant** uses biomass as the fuel in electricity and steam generating process. Since biomass is the by-product from agricultural activities, its quantity and price are varying based on the agricultural industry. The company has managed by planting fast growing plants throughout the region and also has the research center to study about fast growing plants in Kabinburi, Prachinburi and Muang, Lamphun for energy purpose to ensure the company will be sustainable. Moreover, the company has many biomass procurement centers to purchase biomass from farmers. The center also manage the reserve level by monthly monitoring to ensure business continuity.
- **Kamphaengphet power plant** uses biomass as the fuel in electricity and steam generating process. Since biomass is the by-product from agricultural activities, its quantity and price are varying based on the agricultural industry also. The company has signed a 25-year contract to purchase biomass from Siam Forest Tree Company Limited, a jointed investment company which is the twenty-five percent shareholder and organizes monthly meeting with such joint venture partner for monitoring and business planning. The company also manages the reserve level of fuel to ensure business continuity.



## 2. Risk of the Scarcity of Raw Water as the Raw Material in Generating Electricity

Raw water is key material for producing electricity and steam. The scarcity of raw water could lead to the operation halt. The risk of raw water scarcity is based on changes in seasonality. Sahacogen and its affiliates have policies managing the raw water resources to ensure the sufficient level by adjusting the reserve water level, which can be described as following;

- **Sriracha power plant** has a 25-year contract to secure the raw water supply from the Eastern Water Resources Development and Management Public Company Limited. Presently, the contract term is 7 years left. Furthermore, the company also has another source of raw water which is the water reservoir located in the area of Saha Group Industrial Park, Sriracha, Chonburi and 2,000 cubic meters retention pond within the power plant.
- **Lamphun power plant** has a long contract for the plant's useful life for raw water supply with Saha Pathana Inter-Holding Public Company Limited, which is its major shareholder. Then, risks of termination of contract are deemed low.
- **Kamphaengphet power plant** has big raw water reservoir and has granted to use water from Kamphaengphet Irrigation Project.

The current operation under this water management scheme and plan to use water most efficiently has proven no water scarcity problem in the previous year.

- **Risks of Raw Materials subordinate to Product Price Volatility of the World Market**

Sahacongen (Chonburi) Public Co., Ltd. runs business producing electricity and steam and main fuel is natural gas which is considered as cost approximately 74.99% of total cost. In 2017, some natural gas price and exchange rate are referenced to volatility of the World Market. However, energy payment in the Electricity Purchase Agreement with Electricity Generating Authority of Thailand (EGAT) is calculated from energy payment which is variable to actual cost of natural gas. This makes the company receive compensation from the impact of natural gas price volatility for the said agreement with EGAT's case. Regarding to energy payment received from Saha Pathana Inter-Holding Public Company Limited, the payment rate is subject to the energy payment of Provincial Electricity Authority (PEA), which will be possibly changed every 4 months in line with fuel cost named Float Time (FT). If the increase rate of FT does not align with the volatility of natural gas price, the company's performance will be impacted a little in case of electricity sale in factories only.

- **Risks of Using High Technology or Changing Technology Frequently for Production**

The Company has select the most efficient production process to generate electricity and thermal energy in the form of steam, that is called cogeneration combined cycle. Moreover, the Areo Derivate, the gas turbine, has been chosen, which can be adjusted in the wide range on the production toward the demand of electricity of EGAT and the industrial factories that subject to change over the period. In addition, the Company has a good maintenance for stability operation in an effective manner.

- **Risk Regarding to the Efficiency of Production**

Electricity generating process efficiency could be evaluated by various indicators. One of the indicators is heat rate, which could lead to an increase in production cost. The power plant service life has the direct impact to this factor. Specifically, the newer and older plants yield the different heat rates. Sahacogen and affiliates have set the policy to ensure that each power plant will be constantly maintained in good conditions by professionals. Moreover, the management also has measures to make sure all the operational schemes will achieve the goal. The risk preventive measures are as listed below;

- Setting up the prompted schedule for regular machines and equipment check-up and maintenance by specialists
- Setting up the warning system for the crucial information used in electricity generating system
- Managing to remain the inventory at the optimum level for usage and maintenance purpose
- Adopting quality management system (ISO 9001) to ensure that resource will be managed efficiently, operation system and maintenance are controlled effectively as well as generating electricity is in accordance with power generating contracts
- Promoting the continuous learning environment to employees

During last year, Sahacogen and affiliates had been regularly complying with the above procedures. The group is confident that the risk of having problems in terms of power plant efficiency is low.

- **Risk of Dependence on Operation and Power Plants Maintenance**

Sahacogen hires Operational Energy Group Co., Ltd. (OEG) as the contractor on operation and maintenance the company's power plants. However, the risk on contract termination is considered low. This is because of the fact that OEG and the company have a common shareholder namely S&J International Enterprises Public Co., Ltd. In addition, the company has set key performance index that aligns with our own business, which has no effect on operation halt. Sahacogen Green Co., Ltd. and Saha Green Forest Co., Ltd. are operating under Sahacogen's supervision and maintenance.

- **Risk in Safety, Health, Environment and Society Issues**

Sahacogen and affiliates give precedence to the compliance with laws and regulations relating to effects on environment and safety standards. We have a certain unit that keeps track to any change in laws, rules and regulations so that the company will have prompt response with such changes. This unit is responsible for analysis and also managing relationship with local communities.

Sahacogen and affiliates realize that electricity and steam generating business has the risk in terms of health, environment and society issues which could affect the safety and living standard of staff and local residents in the nearby area of the plants using natural gas and biomass as the fuel. The managements set a list of policy to prevent negative effects and reduce the risks as follow;

- Using environment management system (ISO 14001) and occupational health and safety management system (OHSAS 18001 & TIS 18001) to manage health, environment and society operations
- Adopting Sahacogen and affiliates's policy regarding to social responsibility
- Adopting Sahacogen and affiliates's policy regarding to the responsibility of environment, safety and energy conservation
- Adopting process from the group's manual regarding to environment, safety and health as a working guideline and to monitor the process of implementation. In addition, adopting the process manual, providing training sessions, practices, creating emergency plan, testing tools and warning system; and strictly comply with the operating manual
- Creating reports that monitor the methods of effect reduction and deliver the results to the Office of Natural Resources and Environmental Policy and Planning, Office of the Energy Regulatory Commission, Department of Industrial Works and Industry Office and other related institutions

- **Risk from Accident, Opposition and Sabotage**

Sahacogen business has the risk of causing the fire from operational accident. The company has the risk to be opposed by local community. All such risks correlate with the year in service of the power plants, human errors and being the target of saboteurs.

Due to managing such schemes and closely monitoring the situations, the possibility of such risks considered as low level. However, the managements set the specific policy to continuously monitor the process and reduce the risk of such events as following;

- Promoting the habits of diligence and carefulness contrasting with negligence that would lead to consequential damages
- Maintaining machines and equipment and tools by prompted schedule
- Promoting the bond and understanding with local community
- Creating the connection with provincial offices related to the business
- Setting up safety plan with monitoring equipment installation e.g. CCTV camera and practicing the contingency plan
- Signing insurance contracts to cover all risks, machinery breakdown, business interruption, third party liability and ensure the adequacy of compensation in case of such incident

### 3. Financial Risks

- **Risk regarding to changes in free trade rules and regulations**

Sahacogen and subsidiaries produce and distribute electricity and steam in Thailand, which is regarded as low risk.

- **Risk from loan in other currencies without exchange rate hedging or mismatching of loan with exchange rate risk protection**

Company and subsidiaries do not have loan in other currency.

- **Risk from loan default**

The company and subsidiaries have liabilities with 4 commercial banks. As of December 31, 2017, the company and subsidiaries' outstanding liability is THB 3,379.90 million in total.

No.	Outstanding amount (THB million)	Due in	Collateral	Conditions
1	240.00	December 2020	None	<ul style="list-style-type: none"> <li>- Do not use company and subsidiaries' assets as a pledge or causing any obligations over the assets</li> <li>- Maintain debt service coverage ratio and pay dividends as specified in the agreements</li> </ul>
2	533.55	December 2020	None	
3	303.20	December 2021	None	
4	178.35	June 2021	None	
5	400.00	December 2021	None	
6	583.20	December 2022	None	
7	860.00	December 2024	None	
8	281.60	June 2023	Land, Buildings and Power plant project in Kamphaeng Phet	
<b>Total</b>	<b>3,379.90</b>			

If the company fails to maintain the mentioned conditions, it would be the violation of the loan agreements which could cause the lender to be able to immediately call back the remaining loan. Such situation could affect company's financial liquidity which would reduce the ability to pay dividend. However, the company has been complying on the covenants pays dividend annually and continually since the start of business operation. We have set the procedure to check on the ratios every 6 months and can maintain the ratios under the levels states in the agreements. Then, it has low risk to default on the loans.

- **Exchange Rate Risk**

Changes in exchange rate between Thai Baht and U.S. Dollar could affect company's revenue. Since revenue from Electricity Generating Authority of Thailand (EGAT) is charged in U.S. Dollar. The electricity capacity payment is 80 percent relies on U.S. Dollar currency. Every one Baht change in exchange rate will has approximately 0.2 percent effect on the company's revenue to be showed in company's financial statement which is considered low impact.

Cost of sales related to foreign currencies is only the maintenance of main machine, which is considered as low comparing to total cost of sales. In addition, the Company's power plant expansion project III which had loan in foreign currency has finished on November 20, 2017. The overall exposure in exchange rate risk is considered low.

- **Interest Rate Risk**

The company has low interest rate risk of long-term borrowings due to the fact that the company has adjusted some loan structure to fixed rate in 2017.

- **Risk Regarding to Credit**

As of December 31, 2017, the company has account receivable and other receivable THB 558.09 million which is account for 13.83 percent of total revenue. This amount of receivable has not yet due and has been complying with payment schedule. Based on these facts, the company has not yet marked them as doubtful debt. The company sees the potential of the debtors and low risk of debt default since they have been complying on payment schedule and having businesses run as normal in terms of production and products delivery.

#### 4. **Risk that will affect rights or investment of company's securities holders**

- **Risk of having major shareholders holding more than 50 percent in company's shares**

The company doesn't have any major shareholder which holds more than 50 percent in company's shares.

- **Risk of losing control in subsidiaries which company holds less than 75 percent**

The company doesn't have subsidiaries which company has less than 75 percent of shares. Then, the company can handle and manage its subsidiaries' business.

- **Risk of debt covenant that has limitation on dividend payment**

The company has liabilities with a commercial bank for the normal operation. The loan agreement has covenant that requires company to maintain debt service coverage ratio (DSCR) and debt service coverage ratio with cash (DSCR with cash) not lower than 1.10 and 1.25 times respectively. In 2017, the company has DSCR and DSCR with cash equal to 1.31 and 1.41 times respectively. The company also has net profit and be able to pay dividend annually and continually since the start of business operation. Such risk is considered as low level.

- **Risk of having new issue of stocks or convertible securities in large amount that will cause the significant dilution effect**

The company will consider about shareholders dilution before making decision to issue large new stocks or convertible securities. Also, we will comply with the Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET) rules and regulations. In the previous year, the company had no new issued stocks or convertible securities.

- **Risk of having shareholders' Equity lower than zero which will cause the company's stock trading to be suspended**

The company has systematic risk management, risk assessment, and consistent oversight of both short-term and long-term plans. The company has book value as of December 31, 2017 equivalent to THB 2.74 per share. The current book value is higher than the previous year and higher than par value at THB 1. This implies low risk of being suspended.

- **Risk of having low level of freefloat shares which cause the low trading liquidity**

The amount of minority shareholders (Freefloat) as of March 15, 2017 was 26.54% held by 1,290 people. The Free float shares exceed the standard required by SET. However, the company has good profitability and continuous dividend payment. Based on this fact, investors might have low incentive to trade the securities leading to lower trading liquidity affected on the price and volume. The executives acknowledge of the rules and regulations related to the maintenance of listed company status. The executives would monitor the level of free float shares and continuously promote the company's information to indirectly stimulate the trading liquidity.

## **5. Corruption Risk**

The company has well-formed internal control system, righteous code of conducts and business ethics, and the Audit Committee has assigned Dharmniti Internal Audit Company Limited to define such annual audit plan. Moreover, the company received the certification from Thailand's Private Sector Collective Action Coalition against Corruption (CAC) on October 14, 2016. In 2017, the company has managed the subsidiaries to submit the self-evaluation from to CAC on November 20, 2017. The subsidiaries have passed the Certification on February 12, 2018. During the past year, the company did not receive any complaint relevant to corruption issues. Then, such risk was deemed low.

# Corporate Governance

The Board of Directors of the Company places importance on the building of good governance and carrying on business with transparency, integrity and accountability to performance, being competitive and fair to all parties concerned, in order to create prosperity and add economic value and wealth to shareholders. Management of the Company is based on the good governance principles of the Stock Exchange of Thailand and sufficiency economy, namely moderation, reasonableness and good immunity, by relying on knowledge, prudence and carefulness in planning and operation. At the same time all executives and employees are encouraged to be ethical, honest, diligent, patient, and to share and use wisdom in their conduct, in order to cope with economic, political, cultural and social changes for balanced and sustainable well-being.

The Board of Directors has approved the good corporate governance principles on February 19, 2003. Moreover, they have been reviewed properly and revised appropriately to the current situation in accordance with the “Principles of Good Corporate Governance for Listed Companies 2012”. This harmonizes with the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) measuring instruments of indices of the level of corporate governance of ASEAN listed Company. The details are as follows;

1. Corporate Governance Policies
2. The Principles of Corporate Governance divided into 5 categories
3. Business Ethics
4. Code of Conduct for Company directors, executives and employees

The policy was passed approval by the Board of Directors of the Company on February 18, 2014. Moreover, the Company have circulated such codes to the directors, executives and employees and publicized on the Company’s website at [www.sahacogen.com](http://www.sahacogen.com) so as to be the uniform guideline for business conduct. Furthermore, in order to support the enhancement of understanding and taking action of such conducts among related persons and stakeholders, the good governance policy, business ethics and code of conduct were published in cartoon animation format in 2015. There was also the online knowledge test provided.

## Corporate Governance Policies

The Board of Directors is confident that a proper, transparent and accountable governance system is in place along with checks and balances and an internal control system that is sufficient and appropriate. Alongside these mechanisms are due respect for the rights and equality of shareholders and accountability to all stakeholders. These key factors contribute to the enhancement of the organization’s immunity and promotion of a balanced and sustainable growth in the long-term.

In pursuance thereof, the Board of Directors thereby prescribed the following corporate governance policies as a practice guideline for the Company Directors, Executives and all employees.

1. Company Directors, Executives and all employees are fully committed to the application of corporate governance principles, business ethics and Codes of Conduct for Company Directors, Executives and employees to Company operations.
2. Company Directors, Executives and all employees must perform their duties responsibly, prudently, earnestly and honestly in accordance with the relevant laws, Company Articles and Notifications.
3. Actions shall be taken to ensure that the Company management structure contains clear prescriptions of powers, duties and responsibilities of each Company Committees and Executives.
4. An internal control system shall be installed and risks management shall be managed at suitable levels, including an accounting system and financial statement which are accurate and reliable.



5. Information shall be disclosed in a sufficient, reliable and timely manner to the extent that the legitimate interests of the Company are not prejudiced.
6. The ownership rights of shareholders shall be appreciated and respected. Shareholders shall be treated equitably.
7. Undertakings shall have regard to the responsibilities of shareholders, stakeholders, communities, society and the environment.
8. There shall be a determination to strive towards business excellence with commitment to the creation of customer satisfaction by receiving comments and self-assessments in order to enhance management capabilities and continually promote productive creativity.
9. Virtue, ethics and good values shall be instilled. Employees shall be treated fairly with a commitment to develop and enhance the capabilities of personnel.
10. Dishonest conduct, corruption and intellectual property violations shall be suppressed. Laws and human rights shall be respected.
11. Conflict of interests shall be dealt with prudently and reasonably with due regard for the Company's interests.

On this matter, the Company has revealed corporate governance policies, business ethics, and code of conduct for Company directors, the management and employees to employees, shareholders, and general public via the Company website, under the heading "Investor Relations: About Us (Corporate Governance)".

The Board of Directors, executives and all-leveled employees see the importance of following the Corporate Governance and develop it continuously. These efforts brought results in 2017, which is described below;

- The Company received 88 scores, on the level of "very good" level from the assessment of Corporate Report of Thai Listed Company in 2017 held by Thailand Institute of Directors, which is supported by the Securities and Exchange Commission and the Stock Exchange of Thailand.
- The Company received the complete score of 100, which was recognized as "excellent" level for eight consecutive years on the assessment of the quality on holding the Annual General Shareholders' Meeting in 2017 from Thai Investor Association.

### The Board of Directors

Presently, the Board of Directors consists of 13 members, classified into:

- 8 non-executive directors (including 5 independent directors), presented as 61.54% of the entire board.
- 5 executive directors, presented as 38.46% of the entire board.

### Name list of The Board of Directors

Name		Date of Appointment	Position
1. Mr. Sujarit	Patchimnun	March 28, 2008	Chairman
2. Mr. Boonsithi	Chokwatana	March 6, 2003	Director
3. Mr. Boonkiet	Chokwatana	March 6, 2003	Director
4. Mr. Thirasak	Vikitset	March 6, 2003	Director
5. Mr. Atthakorn	Glankwamdee	March 6, 2003	Director
6. Mr. Viroj	Theeravatvatee	March 6, 2003	Director
7. Mr. Tanong	Srichit	March 6, 2003	Director
8. Mr. Suthep	Dansiriviroj	November 7, 2013	Director
9. Mr. Boonyarith	Mahamontri	March 6, 2007	Independent Director
10. Mr. Nophorn	Bhongsvej	March 30, 2003	Independent Director
11. Pol. Gen. Somchai	Prabhasabhakdi	March 30, 2005	Independent Director
12. Mr. Amorn	Asvanunt	March 6, 2003	Independent Director
13. Admiral Apiwat	Srivardhana	April 22, 2013	Independent Director

Company Secretary : Mrs. Pannee Chantavoraluk

### Term for Company Directors

The term for Company directors is in accordance with the Company articles of association and Charter for the Board of Directors as follows:

1. At each annual shareholders' general meeting, one-third of the sitting directors are required to retire from directors, whereas if the number of directors cannot be divided into 3 equal portions, the closet to such number shall apply. Retiring directors are eligible for re-election. At present, the Board of Directors had 13 members, therefore each director shall have a 3-year term.
2. Apart from retiring upon term completion, the Company director shall also relieved of his/her position upon resignation or death or having disqualifications as prohibited by laws or the resolution adopted by the shareholders' meeting to remove that person from the position, or court ruling remove that person from the position.
3. In the case where the position of Board member is left vacant due to reasons other than term completion, with such remaining term not less than 2 months, The Board of Directors are required to appoint other persons having full qualifications to succeed in that position. In such case, the newly-appointed Board member may only serve out the term remaining for the person he/she succeeds.

4. The Company director resigning from the position before term completion is required to submit his/her resignation letter to the Company, with such resignation coming into effect on the date of said submission.
5. The shareholders' meeting may vote for any of director to be out before retiring upon term completion, by a vote of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote and the total number of shares being not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.

#### **The Authorities of the Board of Directors**

1. To appoint, remove and authorize consultants to the Board of Directors, to committees and/or to other committees;
2. To approve loans to companies with a business relation to the Company as shareholders, or to companies with a trading relation or other companies;
3. To approve guarantee of loans to companies with a business relation with the Company as shareholders or to companies with a trading relation of other companies;
4. To grant approval to those transactions, not a financial transaction, of the amount greater than the authority of The Executive Board;
5. To approve acceptance or cancellation of loans.
6. To approve investment, sale of investment capital in ordinary shares and/or any other securities of the amount greater than the authority of the Executive Board;
7. To approve sourcing and investment in fixed assets of the amount greater than the authority of the Executive Board;
8. To approve modification, destruction and disposal of fixed assets and intangible assets which are no longer in use, damaged, lost, destroyed, deteriorated and out of date, which are of the amount greater than the authorities of the Executive Board;
9. To approve modification, change of price and destruction of raw materials and/or remaining inventories which are deteriorated or out of date, which are of the amount greater than the authority of the Executive Board;
10. To propose to shareholders an increase or a decrease of capital, a change of share value; modification of memorandum, articles of association and/ or objectives of the Company;
11. To approve incorporation, merger or dissolution of subsidiaries;
12. To authorize the management, managerial employees of the Company or any other individual to act on their behalf;
13. To invite member of the management, executives, or relevant employees to provide explanations, opinions or document as necessary;
14. To consult with specialist or company consultants (if any) or hire third-party consultant or outside specialist if necessary at the expense of the Company;
15. To appoint and rescind a company secretary.

### **The Responsibilities of the Board of Directors**

1. To define the Company's directions, objectives and policy;
2. To approve the annual budgetary and operation plans, including monitoring the Company's management contributed under application laws, policy and operational plans efficiently and effectively;
3. To endorse the corporate good governance policy, code of ethics and business ethics as the guidelines for the management, executives and employee to implement, including monitoring and ensuring all conducted closely;
4. To establish an adequate and suitable internal control system to ensure that all relevant transactions are approved by authorized persons, that accounts and records are kept accurately, and that the relevant systems to prevent improper use of the Company's assets are operating;
5. To supervise intensively and definitely on any conflict of interests in compliance with the procedures and regulations, in which the stakeholders have no right to make a decision on those conflict of interest, and disclose the information of the conflict of interests concisely for benefits of the shareholders;
6. To comment the financial report that audited and/or reviewed by the certified auditor and the audit committee has already verified;
7. To be accountability on the rights and equitable treatment of shareholder equally and disclose the concise information to investors as typically and transparently;
8. To acknowledge the report informed by the executive committee;
9. To schedule the shareholders' meeting, define the date, time, location, and agenda of the meeting, including the dividend payment (if have) with the comments of the Board of Directors to propose to the shareholders. Such activities shall be done within 21 days prior the meeting date. The Company shall record share transfer in a shareholders registry book by notifying the shareholders at the head office and branch not less than 14 days before recording share transfer or setting the record date for the shareholder record prior the meeting date for 2 months. Then the Company sets the closing date of a shareholders registry book for a day after the record date to counting a shareholder in compliance with the Public Company Act, on the article of 255, for the rights of shareholders and rights on dividend;
10. To prepare "the report on the Board of Directors' responsibility on financial statements" and disclose it on the annual report (Form 56-2) and the annual information form (Form 56-1);
11. To control and ensure that any relevant documents are concisely recorded as same as shown on a registration books or other reports concerned, and submitted to related governance departments;
12. To approve the charter for the Board of Directors and/or other committee;
13. To execute or consider any management that the Executive Committee has no authorized as appropriately.

In addition, the Board of Directors has reviewed the Company's visions, missions and business strategy. The Board as so monitored for action in the previous fiscal year, for example, making sure the electricity and steam distributed efficiently under the management of "Sufficiency Economy" and Good Corporate Governance".

The company was accredited as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) on October 14, 2016. The policy has extended to the subsidiaries which later on submitted the application for accreditation on November 20, 2017. The subsidiaries were successfully accredited as CAC members on February 12, 2018. This corporate-wide anti-corruption policy aims to set the guidelines for directors, management and employees to create the long term balance and justice for all stakeholders. The mentioned guideline is also published via company's website and intranet.

In 2017, the Board of Directors convened 6 meetings. The meeting dates had been earlier decided throughout the entire year. Furthermore, additional meeting could also be summoned according to necessary circumstances, which disclosed the detail in "Management Structure".

## Subcommittees

The Board of Directors has appointed several committees comprising of competent and experienced members, to supervise over each particular aspect of company operations, to ensure careful and effective management and operations for the company. Those committees consisted of the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Corporate Social Responsibility Committee.

The Board of Directors clearly set the authority and responsibility scope for each committee per the charter for said committee. The chairman of every other committee was responsible for supervising the operations in accordance with the policies of the Board of Directors and reported the results in the Board of Directors' meeting.

### 1. The Executive Board

The Executive Committee is appointed by the Board of Directors to manage the Company operation to ensure that the Company has excellent management procedure. Such committee consisted of seven persons and its term is one year, and selected by the Board of Directors after the annual general shareholders' meeting.

#### Name list of The Executive Board

Name		Date of Appointment	Position	Position Period
1.	Mr. Thirasak Vikitset	March 6, 2007	Chairman	May 2017- May 2018
2.	Mr. Atthakorn Glankwamdee	March 6, 2007	Executive Director	May 2017- May 2018
3.	Mr. Tanong Srichit	March 6, 2007	Executive Director	May 2017- May 2018
4.	Mr. Viroj Theeravatvatee	March 6, 2007	Managing Director	May 2017- May 2018
5.	Mr. Suthep Dansiriviroj	May 14, 2012	Executive Director	May 2017- May 2018
6.	Mr. Sontaya Tabkhan	May 13, 2013	Executive Director	May 2017- May 2018
7.	Mr. Teerayuth Kaewcoon	May 9, 2017	Executive Director	May 2017- May 2018

Secretary to the Executive Board: Mrs. Pannee Chantavoraluk

### **The Authorities of the Executive Board**

1. To appoint, remove, transfer evaluate and determine compensation and welfare of employees of different levels;
2. To appoint and remove any other working committee to carry out actions necessary for the management of the Company;
3. To issue regulations and announcements on the Company's operation, and to assign authority to members of the Executive Board and/or the Management to execute authorization on Company assets;
4. To approve engagement in non-financial juristic actions provided that the amount does not exceed the limited amount 30 million baht per case;
5. To approve investment, sale of investment capital in ordinary shares and/or any other securities, provided that the amount does not exceed the limited amount 30 million baht per case;
6. To approve sourcing and investment in fixed assets, provided that the amount does not exceed the limited amount 30 million baht per case;
7. To approve modification, destruction and disposal of fixed assets and intangible assets which are no longer in use, damaged, lost destroyed, deterioration and out of date, provided that the book value does not exceed the limited amount one million baht per case;
8. To approve modification, change of price and destruction of raw materials and/or remaining inventory which are deteriorated or out of date, provided that the book value does not exceed the limited amount one million baht per case;
9. To authorize executive of the company or other individuals to act on their behalf;
10. To invite relevant employee to provide explanations, opinions or document as necessary;
11. To consult with specialists or Company consultants (if any) or hire third-party consultants of specialists if necessary at the expense of the Company;
12. To stipulate other regulations as deemed appropriate.

### **The Responsibilities of the Executive Committee**

1. To propose the Company's goal, policy, business plan, and yearly budget to the Board of Directors;
2. To control the business management to achieve the goal, objectives as well as business policy;
3. To increase the capability on competition and create any innovation continually
4. To conduct the operation management in compliance with the laws, objectives, the articles of association, the Board of Director's and shareholders' resolution as well as other related regulations;
5. To report on the performances each executive director be accountable to the meeting of the Executive Committee;
6. To prepare the financial report for the auditor and/or verify it prior proposing to the Audit Committee and the Board of Directors respectively;
7. To consider agenda before propose to the Board of Directors for approval or comment;
8. To improve and amend the chapter of the Executive Committee and propose to the Board of Directors for approval;
9. To perform other functions assigned by the Board of Directors.

During the previous year, the Executive Board consisted of 7 Executive Directors leading by the Managing Director for the execution of management planning to comply with the policies of the Board of Directors. The Executive Directors also participated in stipulating business goal together with Managing Director.

In 2017, the Executive Board convened 8 meetings, and subsequently reported the results to the Board of Directors. The meeting dates had been earlier decided throughout the entire year.

## 2. The Audit Committee

The Board of Directors has approved the appointment of the Audit Committee with the qualifications specified under the conditions of security law and the Stock Exchange of Thailand. Such the committee must consist of at least three independent directors and at least one director must be qualified in accounting and finance, and whose term is one year. The Audit Committee shall be yearly appointed by the Board of Directors after the annual general shareholders' meeting. In 2017, the total amount of the Audit Committee was three persons.

**The list of the Audit Committee is as follows:**

Name	Date of Appointment	Position	Experience & Expertise	Position Period
1. Mr. Nophorn Bhongsvej	March 29, 2006	Chairman	Accounting and Financial	May 2017- May 2018
2. Pol. Gen. Somchai Prabhasabhakdi	March 30, 2005	Director	Management	May 2017- May 2018
3. Mr. Amorn Asvanunt	March 6, 2003	Director	Accounting and Financial	May 2017- May 2018

Secretary to the Audit Committee: Mrs. Pannee Chantavoraluk

The amendment of audit charter was approved by the Board of Director's Meeting No. 4/2016 on August 9, 2016 and effective from August 10, 2016 onwards;

### The Authorities of the Audit Committee

1. To communicate during an auditor, the Board of Director and the internal audit to have clear understanding on internal functions;
2. Have a right to invite the executives, the management, or employees to clarify, commentate, attend the meeting or submit any relevant documents, including be able to reach into any classified information of the Company;
3. Have a right to verify person or any matters concerned under the authorities and responsibilities of the Audit Committee;
4. To consult a specialist or the Company's consultant (if have) or outsource professor in case of crucial matter by the Company's expenses;
5. To comment on the appointment, transfer, rescind an internal supervisor or any section responsible on the internal audit.

### The Responsibilities of the Audit Committee

1. To review that the Company's financial statements are correct and sufficient. Including information disclosure in accordance with the Financial Reporting Standard;
2. To review that the Company's internal control system and internal audit system are sufficient and effective, review the sufficient independence of the Office of Internal Audit, and provide opinions for the appointment, transfer, and promotion of heads of the Office of Internal Audit or other offices with responsibilities for internal audit activities;
3. To review that the Company's operation conforms to laws on securities and exchange, requirements of the Stock Exchange of Thailand and any other laws relating to the Company's business;
4. To review the compliance of the anti-corruption policy;
5. To review, select, nominate for approval for the persons with independence of performing the duties of external auditors for the Company, propose the remuneration of such external auditors and present it to the Annual General Meeting for approval ,and jointly attend the meeting with the external auditors, at least once a year, without the presence of the Company's management;
6. To review any related transactions or transactions with potential conflict of interest to be in compliance with laws and regulations of the Stock Exchange of Thailand and the notification of the Capital Market Supervisory Board in order to ascertain that such transactions are reasonable and provide the best benefits for the Company;
7. To prepare the Audit Committee reports to be disclosed in the Company's annual report; such reports must be signed by the Chairman of the Audit Committee and it must contain, at least, some significant information as described below:
  - (a) The opinions about the accuracy, correctness and reliability of financial statements and financial reports of the Company;
  - (b) The opinions about the sufficiency of internal control system of the Company;
  - (c) The opinions about the compliance with laws on securities and exchange, requirements of the Stock Exchange of Thailand and any other laws relating to the Company's business;
  - (d) The opinions about the appropriateness of external auditors;
  - (e) The opinions about transactions with potential conflict of interest;
  - (f) The number of meetings to be convened by the Audit Committee and meeting attendance of each Audit Committee member;
  - (g) The opinions or general findings obtained by performing its duties in accordance with the Audit Committee Charter;
  - (h) The opinions about other matters that should be notified to general shareholders and investors under the scope of duties and responsibilities assigned by the Board of Directors.
8. In performing the duties as the Audit Committee, if discovering or suspecting of either of the following transactions or acts, which may give significant effects to the financial status and operating results of the Company, the Audit Committee must report it to the Board of Directors for improvements within the reasonable period determined by the Audit Committee:
  - (a) A transaction with potential conflict of interest;
  - (b) A fraud and corruption or irregularity or significant defect in the internal control system; or



- (c) A violation of laws on securities and exchange, requirements of the Stock Exchange of Thailand and any other laws relating to the Company's business.

If the Board or management of the Company fails to make remedies within the established period, one of the Audit Committee members may report such transaction or act to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.

- 9. To support and monitor to ensure that the Company acquires the efficient risk management system;
- 10. To review, improve and amend the Audit Committee Charter, and propose such amended charter for the Board of Directors' approval;
- 11. To ensure that the Company has adequate management system in accordance with the good corporate governance practice;
- 12. To perform other functions assigned by the Board of Directors under the approval of the Audit Committee by virtue of its authority stated in the Articles of Incorporation of the Company and other related laws.

In carrying out the mentioned above duties, the Audit Committee is directly responsible to the Board of Directors, who in turn is responsible to the shareholders and general investors.

In 2017, the Audit Committee conducted 4 meetings. The meeting dates had been earlier decided throughout the entire year. The Audit Committee regularly reported its findings to the Board of Directors, and also attended joint meetings with the Company's auditor and the Chief Financial Officer each quarter, to review the Company's quarterly financial statements. One meeting was conducted without management's presence.

### **3. The Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is appointed by the Board of Directors to supervise the corporate good governance management, especially to select a qualified person to be a director transparently. Such committee consisted of four persons, including the Chairman of the Nomination and Remuneration Committee and three of them were non-executive directors, presented as 75% of this committee. Its term is one year, and selected by the Board of Directors after the annual general shareholders' meeting.

Selection : To select and screen a qualified person suitable to serve as a Company director. This selection procedure can be verified to ensure the selection is transparently.

Compensation : To consider criteria on payment and type of compensation to ensure that this compensation is paid transparently and explicitly.

The list of the Nomination and Remuneration Committee is as follows:

Name		Date of Appointment	Position	Position Period
1. Mr. Sujarit	Patchimnan	May 10, 2016	Chairman	May 2017- May 2018
2. Mr. Boonkiet	Chokwatana	February 27, 2009	Director	May 2017- May 2018
3. Mr. Thirasak	Vikitset	February 27, 2009	Director	May 2017- May 2018
4. Mr. Nophorn	Bhongsvej	February 27, 2009	Director	May 2017- May 2018

Secretary to the Nomination and Remuneration Committee: Mrs. Pannee Chantavoraluk

#### The Authorities of the Nomination and Remuneration Committee

1. To invite the management or Company relevant employees to provide explanations, opinions or documents as necessary.
2. To consult with specialists or Company consultants (if any), or hire outside consultants or specialists, if necessary, at the expense of the Company.

#### The Responsibilities of the Nomination and Remuneration Committee

##### Selection

1. To identify and screen individuals who are qualified to serve as Company directors;
2. To review the background of selected individuals to ensure that they are qualified by their knowledge, competence, experience and expertise in accordance with Company regulations and relevant laws;
3. To provide selection opinions or recommendations for the consideration of the Board of Directors;
4. To nominate selected individuals to the Board of Directors for consideration;
5. To revise the Nomination and Remuneration Committee Charter, when needed, and propose it to the Board of Directors for their approval;
6. To engage in any other action as assigned by the Board of Directors.

##### Compensation

1. To evaluate the performance of the Board of Directors each year;
2. To determine the compensation of Company directors on the basis of the operational performance of the Company, the amount of compensation approved by a shareholder meeting and the amount paid in the prior year; and, to propose the determined amount to the Board of Directors for their consideration and to the shareholders meeting for approval;
3. To determine the compensation for Company directors on the basis of performance, as well as, duties and responsibilities, which is not in excess of the amount approved by the shareholders; and, to propose the determined amount to the Board of Directors for approval;
4. To determine the compensation for members of the Nomination and Remuneration Committee (those who are not Company directors) on the basis of performance as well as duties and responsibilities; and, to propose the determined amount to the Board of Directors for approval;
5. To revise the Nomination and Remuneration Committee Charter and propose it to the Board of Directors for approval;
6. To engage in any other action as assigned by the Board of Directors.

In 2017, the Nomination and Remuneration Committee convened 2 meetings, and subsequently reported the results to the Board of Directors. The meeting dates had been earlier decided throughout the entire year.

#### 4. The Risk Management Committee

The Risk Management Committee is appointed by the Board of Directors to select qualified persons from Company director, management team or other person with experience and knowledge of risk management. Such committee must consist of at least three persons, the term is one year, and selected by the Board of Directors after the annual general shareholders' meeting. In 2017, the total amount of the Risk Management Committee was seven persons.

The list of the Risk Management Committee is as follows:

Name		Date of Appointment	Position	Position Period
1.	Mr. Suthep Dansiriviroj	May 6, 2014	Chairman	May 2017- May 2018
2.	Mr. Teerayuth Kaewcoon	May 6, 2014	Director	May 2017- May 2018
3.	Mr. Apipong Vischuveskamin	May 6, 2014	Director	May 2017- May 2018
4.	Mr. Thanawat Kamsri	May 12, 2015	Director	May 2017- May 2018
5.	Mr. Nattawut Yawaprapas	May 9, 2017	Director	May 2017- May 2018
6.	Mr. Sutas Boonsoi	May 9, 2017	Director	May 2017- Sep 2017*
7.	Miss Naiyachan Chongkolvanich	May 9, 2017	Director	May 2017- May 2018
8.	Mrs. Uthoornporn Sinprajackpol	May 6, 2014	Director	May 2017- May 2018

\* His resignation on September 1, 2017

Secretary to the Risk Management Committee: Mrs. Uthoornporn Sinprajackpol

#### The Authorities of the Risk Management Committee

1. To invite the management or Company relevant employees to provide explanations, opinions or documents as necessary.
2. To consult with specialists or Company consultants (if any), or hire outside consultants or specialists, if necessary, at the expense of the Company.
3. To appoint corporate team to monitor the risk management.

#### The Responsibilities of the Risk Management Committee

1. Responsible for risk management policy approved by the Board of Director to be in line with the Corporate Governance Policy.
2. Appoint the risk management team of the Board of Directors and Executive Board for acknowledgement.
3. Monitor and evaluate risk management process which is presented by the risk management team.
4. Evaluate and approve the risk management plan presented by the risk management team.
5. Report risk management results to the Board of Directors.
6. Operate the risk management efficiently.
7. Adjust the charter of the RMC and report it to the Board of Director for consideration.
8. Engage in other acts as assigned by the Board of Directors.

The Company has determined the written Risk Management Policy for business operation and informed it to the directors, executives and employees at all levels. The policy provides an ethical framework for the business operations, taking into account the balance and fairness for all stakeholders in the code of conduct. Such information has also been published on the Company's website, intranet system as well as Form 56-1 under the heading "Risk Factors". The Risk Management Policy has been reviewed, and was amended on February 14, 2017 as follows:

1. To keep the balance of risk and reward from business operation in order to ensure that the operational goals and stakeholders' expectation are achieved under risk levels accepted by the executives
2. To set strategy in line with risk levels which the Board of Directors considers as acceptable
3. To support the risk management to become a part of organizational cultures, which is necessary to operate it effectively and efficiently by all executives and employees
4. To handle risks impacting on the Company's objectives and strategy immediately and continually
5. To set risk management framework in accordance with the Anti-Corruption Policy

In 2017, the Risk Management Committee convened 4 meetings, and subsequently reported the results to the Board of Directors. The meeting dates had been earlier decided throughout the entire year. Moreover, the committee prepared the anti-corruption handbook as a guideline to take action in the origination.

#### 5. The Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is appointed by the Board of Directors to select qualified persons from Company director, management team or other person with experience and knowledge of corporate social responsibility. Such committee must consist of at least three persons, the term is one year, and selected by the Board of Directors after the annual general shareholders' meeting. In 2017, the total amount of the Corporate Social Responsibility Committee was five persons.

**The list of the Corporate Social Responsibility Committee is as follows:**

Name		Date of Appointment	Position	Position Period
1.	Mr. Viroj Theeravatvatee	May 6, 2014	Chairman	May 2017- May 2018
2.	Mr. Apipong Vischuveskamin	May 6, 2014	Director	May 2017- May 2018
3.	Mr. Sutas Boonsoi	May 6, 2014	Director	May 2017- Sep 2017*
4.	Mr. Teerayuth Kaewcoon	May 9, 2017	Director	May 2017- May 2018
5.	Mr. Thanawat Kamsri	May 9, 2017	Director	May 2017- May 2018
6.	Mr. Pornsak Chuamuangphan	May 6, 2014	Director	May 2017- May 2018

\* His resignation on September 1, 2017

Secretary to the Corporate Social Responsibility Committee: Mr. Pornsak Chuamuangphan

#### The Authorities of the Corporate Social Responsibility Committee

1. To invite the management or Company relevant employees to provide explanations, opinions or documents as necessary.
2. To consult with specialists or Company consultants (if any), or hire outside consultants or specialists, if necessary, at the expense of the Company.
3. Appoint the corporate team to monitor and support the Corporate Social Responsibility process.

#### **The Responsibilities of the Corporate Social Responsibility Committee**

1. Set the Corporate Social Responsibility Policy and framework.
2. Consider and scrutinize activities and policy for the Company's society and environment.
3. Consider and approve strategies and activities to meet CSR goals and policy of society and environment.
4. Endorse annual plan and budget for operations about society and environment.
5. Review and monitor progress of CSR activities and to appraise the achievements and the quality of CSR projects.
6. Give opinions and suggestions on CSR Policy and the Code of Conduct of the Company's business operation and employees.
7. Engage in other acts as assigned by the Board of Directors.

The Company has determined the written CSR policy for business operation and informed it to the directors, executives and employees at all levels. The policy provides an ethical framework for the business operations, taking into account the balance and fairness for all stakeholders. Such information has also been published on the Company's website, intranet system as well as in the Corporate Sustainability Report. The CSR policy is as follows:

1. Good Governance: Sahacogen does business in accordance with the good corporate governance principles, ethics, moral, social benefits and stakeholders' fair treatment. The Company also focuses on increasing its values and supporting the Company sustainable growth.
2. Anti-Corruption: Transparency, integrity, and justice are the essence of Sahacogen's business operation. Illegal and immoral practices are not acceptable.
3. Human Rights: Sahacogen supports the human rights protection. All stakeholders and other people will be equally treated regardless of gender, skin color, race, religion and personal belief.
4. Labor Practices: Sahacogen provides fair employee benefits and welfares according to the labor laws and occupational health and safety management principles.
5. Consumers and Suppliers: Sahacogen is continually developing the operational system to efficiently deliver good quality products and services to customers. We treat our suppliers with fair trades. Moreover, we are focusing on building long term relationships with customers and suppliers.
6. Environment: Sahacogen promotes the resource management for sustainability. We ensure the compliance in environmental friendly procedures to reduce the risk and negative effects from our operation. We also help to preserve the local ecology systems and communities environment to be sustainable.
7. Community Involvement and Development: Sahacogen supports the local development in terms of education, economy and living quality. We encourage our staff to regularly participate in public benefit and local traditional activities.
8. Innovation and Dissemination: Sahacogen gives collaborative supports to local communities and local educational institutions to conduct studies in raw material productivity improvement, using by-products in creating new inventions, and also practically promote such ideas and practices to the local communities.

In 2017, the Corporate Social Responsibility Committee convened 2 meetings, and subsequently reported the results to the Board of Directors. The meeting dates had been earlier decided throughout the entire year.

## 6. The Chairman

The authorities and responsibilities of the Chairman as a guideline to serves as the Chairman are described as below;

### The Authorities and Responsibilities of the Chairman

1. Take responsibility as the leader of the Board of Directors in monitoring and supervising the operations of the Board of Directors and various committees.
2. Preside at the Board of Directors' meeting. In case of tie, the Chairman adds an additional vote as a casting vote.
3. Summon the Board of Directors' meeting or may assign another person to act on own behalf.
4. Preside at the shareholders' meeting and control the meeting to be in accordance with the company's regulations regarding the meeting. Conduct the meeting according to the agenda specified in the invitation to the meeting, unless the meeting resolves to change the order of the agenda by votes of not less than two-thirds of the shareholders present at the meeting.
5. Engage in other acts as assigned by the Board of Directors.

## 7. The Managing Director

The Board of Directors has clearly assigned the authority, duty and responsibility of the Managing Director as a guideline to serve as the Managing Director. The details are as follows:

### The Authorities and Responsibilities of the Managing Director

1. Manage Company operations so as to well comply with the laws, objectives, Company regulations, resolutions by the shareholders' meeting, resolutions by The Board of Directors, resolutions by The Executive Board, and other standard practices concerned.
2. Instruct or engage in necessary and appropriate acts, so as to achieve those purposes laid down in above item 1. Should the matter be deemed significant, the Managing Director is required to report said matter to The Board of Directors and/or The Executive Board.
3. Review and approve the recruitment, appointment, transfer, and dismissal of employees, granting approval to the promotion or disciplinary action against employees, as well as deciding on the remuneration and welfare benefits for employees. However, such action must not contradict with the authority and the decision by The Executive Board.
4. Set Company regulations regarding work practice, which must not contradict with the policies, regulations, provisions, instructions, or resolutions, set forth by the shareholders' meeting, The Board of Directors' meeting, and/or The Executive Board's meeting.
5. Authorize and/or assign other persons to carry out specific assignment on own behalf.
6. The exercise of authority by the Managing Director shall not be permitted, if he/she is deemed to have interests at stake, or have conflict of interests with the Company.
7. In the exercise of authority by the Managing Director, should there arise any doubt or unclear aspect regarding such action, the matter shall be forwarded to The Board of Directors for consideration and conclusion.
8. Other duties as assigned by the Executive Board.

Additionally, the Executive Committee has set up several sub-committees in order to have employees jointly organize the internal management appropriately, efficiently, and effectively to the Company. Each committee has at least one Executive Director to be a consultant. The established committees at present are as follows:

1. The Committee of Safety, Occupational Health and Working Environment
2. The Committee of Welfare
3. The Committee of Environment, Safety and Energy Conservation
4. The Committee of Business Risk Management and Operation Risk Assessment
5. The Committee of Corporate Social Responsibility
6. The Committee of Anti-Corruption
7. The Committee of Managerial Policy
8. The Committee of Energy Management

### **The selection and appointment of the directors and chief executive officer**

#### **1. The selection method of persons to be appointed directors and independent directors**

The Nomination and Remuneration Committee has been assigned to select qualified persons having appropriate qualifications to be nominated as Company directors in accordance with the organization and structure of directors for the Company's business strategy for consideration by the Board of Directors, prior to submitting to the shareholders' meeting for approval by the majority votes of the shareholders present at said meeting. In the case where the retirement took place prior to term completion with the remaining term being not less than 2 months, the Board of Directors' meeting shall then be authorized to select the persons from the candidates proposed by the Nomination and Remuneration, for further appointment as Company directors, by the majority votes of not less than 3/4 of the remaining directors. In such case, the newly-appointed directors shall serve out the remaining term of their predecessors.

For such nominating process of the persons to be appointed directors, the Company has set the screening criteria for such candidates based upon their basic qualifications and qualities that can meet the requirements of the vacancy, in order to have the Board of Directors with knowledge and various field of expertise, including leadership, vision, integrity and ethics, as well as transparent work experiences and not be prohibited under the laws and regulations of the Company. With this regard, the Company provided an opportunity for minor shareholders to participate in nominating qualified directors. In addition, the Nomination and Remuneration Committee also considered the person to be nominated to serve as directors, apart from professional directors of the Thai Institute of Directors Association (IOD). If the Nomination and Remuneration Committee nominates current directors, their performances should be considered. Shareholders are supposed to receive adequate prior notice and sufficient information about candidates up for election at the shareholders' meeting.

With regard to the selection of persons to be appointed independent director, the Nomination and Remuneration Committee shall select from those persons having qualifications required for independent directors, in accordance with the Notification by the Capital Market Supervisory Board, in addition to basic qualification requirements above.

### Independent director's qualifications

The Board of Directors resolved to adopt the definition for “independent director” having qualifications in accordance with the notification of the Capital Market Supervisory Board as follows:

- (1) The person must hold no more than 1% of shares with voting rights of the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company; inclusive of shareholding by individuals related to such independent directors.
- (2) The person must not be serving, or have served, as a director who is involved with the management, or a staff member, an employee or a consultant with a monthly wage. The person also must not be or be an individual with the authority to control the Company, the parent Company, the associates, the affiliates, the associates of the same level, the major shareholders or of the entities with the authority to control the Company, with the exception of the case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director. The ineligibility however does not include the case where an independent director has previously served as a public servant or a consultant of a government agency which is a major shareholder of, or an entity with the authority to control the Company.
- (3) The person must not be related by blood or law as father, mother, spouse, sibling or child, spouse of son or daughter of executives, major shareholders, individuals with the authority to control the Company or candidates for the position of an executive or an individual with the authority to control the Company or an associate.
- (4) The person must not have, or have had, a business relationship with the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company, in such a manner that may interfere with one's independent discretion. The person also must have not been or has been a shareholder, individuals with the authority to control the Company, of the person who has business relationship with the Company, the parent Company, the associates, the affiliates, the major shareholder or the entities with the authority to control the Company. There is an exception in the case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director.

The business relationship as described in the above paragraph is inclusive of normal trading transactions for the conduct of business; lease or letting of immovable; transactions relating to assets or service; provision or acceptance of financial assistance through acceptance or provision of loans and guarantees, the use of assets as collateral and other such practices which result in the Company or the party to the agreement being under the obligation to repay the other party for an amount from 3% of net tangible assets of the Company or from Twenty Million Baht whichever is lower. The calculation of such obligation to debt is to be in accordance with the related transaction value calculation method as per the Announcement of the Capital Market Supervisory Board on the Related Transaction Criteria with exceptions. The said obligation to debt includes that which has materialized during the period of one year prior to the day of business relationship with the same individual.



- (5) The person must not be, or has been, an auditor of the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company. The person also must not be a significant shareholder, an individual with the authority to control or a partner of the audit office with which the auditor the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company is associated. There is an exception in such case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director.
- (6) The person must not be, or has been, a provider of a professional service including the service as a legal consultant or a financial consultant for which greater than Two Million Baht of fee is paid per year by the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company. The person also must not be a significant shareholder or an individual with the authority to control or a partner of such provider of professional service. There is an exception in such case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director.
- (7) The person must not be a director appointed to represent a director of the Company, a major shareholder or a shareholder who is related to a major shareholder.
- (8) The person must not be in a business of the same nature as, and of significant competition to, that of the Company or an associate. The person also must not be a significant partner in a partnership; a director who is involved with the management ; a staff member; an employee; a consultant with a monthly wage; as well as, a shareholder who holds more than 1% of shares with voting rights of another Company which is engaged in a business of the same nature as and of significant competition to that of the Company or an associate.
- (9) The person must not have any other characteristic which is an obstacle to the giving of free opinion on the operation of the Company.

In the event of any announcement by the Capital Market Supervisory Board imposing the revision to the qualifications for independent director, the Company's independent director would thereby be required to possess such qualifications well complying with such revision.

After having been appointed as an independent director following the qualifications specified under items (1) through (9) above, the independent director may be assigned by the Board of Directors to make decisions on the operation of the Company, the parent Company, the associates, the affiliates, the associates of the same level, the major shareholders or the entities with the authority to control the Company in the manner of a collective decision.

Additionally, in the past accounting period, the independent directors of the Company had neither business relationship nor professional services. Also, the appointed independent directors never have or had business relationship or professional services exceeded than the rules stipulated in the notification of the Capital Market Supervisory Board regarding the Application for and Approval of Offer for Sale of Newly Issued Shares.

### **The selection of the management and top executive**

The selection process for the persons to further serve in management positions for the Company begins with the selection of the persons having good qualifications and sound morality and ethics to join the Company. The Company then trains and develops these people to be well-prepared to meet the challenges as future management members, through its consistent evaluation process of employees' potentials and capabilities. Those employees so selected and trained by the Company would be assigned to work in the positions having higher authority and responsibility scope. As general practice, the Company regularly carries out training programs seeking to upgrade employees' potentials to a higher level, so as to be well-prepared to take up further significant positions when they become vacant.

### **The selection of the Chief Executive Officer**

With the regard of selection methods for the Company's Chief Executive Officer, the Nomination and Remuneration Committee shall consider and select from the current management or others, with qualified knowledge and abilities, who understand the Company's business very well, as well as be able to manage to achieve the objectives and targets set by the Board of Directors, and also not be prohibited by laws. Accordingly, such person is then proposed to the Board of Directors for consideration of appointment.

## **2. The rights accorded minor shareholders regarding director(s) appointment**

### **Nomination of Directors**

The Company provided minor shareholders with the opportunity to nominate candidates to be appointed as Company directors at the annual shareholders' general meeting in advance according to the criteria specified by the Company, whose further details were displayed on the Company website under the heading "Investor Relations : IR News".

### **Vote-casting method for director appointment**

According to the Company's Articles of Association, the chapter 3 on the item 11, the shareholders' meeting was authorized to appoint Company directors according to the criteria and method as follows:

- One shareholder shall have one vote per one share.
- Each shareholder must exercise all of the votes he or she has under the first paragraph to elect one or several persons to be a director or directors and must not allot his or her votes to any person in any number.
- The persons receiving the highest number of votes, followed by those with descending highest number of votes shall be elected as the directors fulfilling the number of directorship required to be elected by the shareholder's meeting. In case the number of votes for the candidates in descending order are equal and exceed the number of directors to be elected at said meeting, the Chairman shall cast the deciding vote.

## **Supervising the operations of subsidiaries and associates**

The Nomination and Remuneration Committee will make a decision in selecting the person and present it to the Board of Directors to consider selecting the person nominated and appointed to be a director in subsidiaries and associate. The number of individual that the Company voted to appoint as a director is in accordance with the Company's proportion of shareholding. The person who was appointed as a director in subsidiary or associated companies was entitled to perform the operations for the best interests of their subsidiaries or associate, unless it is important policies affecting the Company's business operations. The Company required the appointed person to be approved by The Executive Board prior to cast a vote.

The Company has laid down the policy for subsidiaries and associate that is the Company's main business to have proper and adequate internal control systems. Such internal control systems of the company and subsidiaries were monitored annually by Dharmniti Internal Audit Co., Ltd.

Furthermore, the Company has assigned the person who was appointed by the Company to oversee its subsidiaries to operate and disclose significant information according to the rules in the same way as the Company performed, such as making connected transaction, the acquisition or disposition of assets, or making other important transactions, including to supervise the information storage and bookkeeping of the subsidiaries for the Company, so that it can be reviewed and collected for financial statements in due time. The mission also includes the subsidiaries application to be members of Thai's Collective Action Coalition Against Corruption (CAC). The subsidiaries were successfully accredited as CAC members on February 12, 2018.

The Company had no agreements between the Company and other shareholders in the management of subsidiaries, totaling 2 companies (Sahacogen Green Co., Ltd. and Sahagreen Energy Co., Ltd., since it is a major shareholder and no other persons holding shares more than 10 percent of the shares with voting rights of subsidiaries. In addition, the Company had no agreements between the Company and other shareholders in sharing returns beyond normal returns according to proportion of their shareholding in subsidiaries. For Sahagreen Forest Co., Ltd, its subsidiary, the Company has the agreement with other shareholder in accordance with "Joint Venture Agreement for Biomass Power Plant Project" at August 21, 2010.

### **1. Supervision of Internal Data Use**

The Company has policies to the use of insider information by determining in the Company's code of business ethics to implement to the Company and shareholders, including the code of employee conduct. The directors, the executives and employees must behave with integrity, accountability and moral consciousness. Under no circumstance should they exploit their authority for the benefit of themselves and / or others. All relevant employees must protect the interests and the Company's asset. They must not use the Company's information or assets for benefit of themselves and/or not to engage in any action which assists any individual in business that competes with Company. The code of business ethics were distributed to directors, executives and staff, also disseminated via the Company's website. The Company monitors internal data use in line with the Corporate Governance in written and published on the Company's intranet system such as the Code of Conduct; manuals about responsibility for directors, managers and employees; and guidelines regarding to company anti-corruption policy. The newly hired member will be informed such details on the first day of their work. The summary of significant policy is described as following;

1. The Company shall provide the directors, managers and employees with knowledge and understanding about reporting of their securities holding and changes in securities holding in the Company to the SEC according to Section 59 of the Securities and Exchange Act B.E. 2535. They have the duty to report their holding of the Company's securities within 3 days from the date of such report change. The Company Secretary is to submit a summary report on the said securities holding and changes in securities holding in the Company to the Board of Directors' meeting for acknowledgement. They must also be informed of punishment clauses for any violation or non-compliance with the said regulation.
2. It is prohibited to disclose the Company's annual financial statements or others to outsider or unrelated persons. Persons who are relating to inside information are not allowed to engage in the Company's securities trading within 1 month before the quarterly financial statements, and the Company's annual financial statements are published to the public, and for 24 hours after important information are being disclosed. If such regulation is violated, the punishment is ranged from warning, deducting wages, being suspended to being laid off, which should be considered and approved by the Board of Directors.
3. The company has set a policy for directors and top management to inform the Board of Directors and/or company secretary about the company's security or share trading at least 1 day prior to trading.
4. The company has introduced the measures for monitoring of the company director and the management's conflict of interest by requiring them to declare the conflict of themselves and/or related persons based on the company policy.

At the same time, the Company also developed internal control system regarding inside information, by applying information technology system to classify inside information access level for each employee level, through the setting of ID code for accessing such information.

In 2017, the Company did not receive any warning letter of rules and regulations violation from the Securities and Exchange Commission (SEC).

The Securities and Exchange Commission (SEC) has the circulating letter number 15/2060 to promote the newly launched Corporate Governance Code (CG Code). The CG Code will be the new guideline replacing the Good Corporate Governance for Listed Companies that has been using since 2012. The main objective of the new code are listed as follow.

1. To raise up standard of corporate governance from "Comply or Explain" to "Apply or Explain". The new standard focuses more on the practical operation rather than just complying with the rules. Consequently, the result of the change will lead to the corporate sustainable value creation.
2. To have the directors as the top line of management in the organization as the main drive to bring the 8 guidelines into the company's operation

The Board of Directors has attended to the seminar "CG Code 2017" and assigned the risk management committee to study and compare both CG guides. The main goal is launching the new CG code that is suitable for the company nature of business.

The Company's activities regarding to the good corporate governance are as listed here.

## **The Principles of Corporate Governance divided into 5 categories**

### **Chapter 1 : The Rights of Shareholders**

- 1.1 The Board of Directors appreciates and respects the ownership rights of shareholders. No actions are taken to violate or infringe the rights of shareholders. The interests of shareholders are fairly safeguarded and the exercise of rights by all shareholder groups are supported and promoted, whether domestic or foreign, major shareholders, minority shareholders or institutional shareholders, incorporating both the fundamental rights of shareholders, access rights to information in a sufficient and timely manner, and the right to attend shareholders' meetings to determine directions for operations and decisions on matters having a significant impact on the Company.
- 1.2 The Board of Directors provides opportunities for shareholders to propose items to be included in the meeting agenda and submit questions prior to the shareholders' meeting day. Rules for the proposal of agenda item and advance submission of questions have been published in the Company website.
- 1.3 The Board of Directors ensures that information pertaining to the day, time, venue and agenda of the meeting are provided together with explanations and reasons supporting each agenda in the meeting notice. The shareholders' meeting venue shall be conveniently accessible.
- 1.4 The Board of Directors has granted shareholders with the authority to approve the remunerations of Company Directors on a yearly basis as well as to determine the rules for paying remuneration to each Company Committee.
- 1.5 The Board of Directors promotes the use of technology in shareholders' meetings in order to promote accuracy and speed. Votes are taken for each item on the agenda. Shareholders are given the right to elect Company Directors individually and ballot papers are used and independent overseers of the vote count are engaged.
- 1.6 The Board of Directors publishes shareholders' meeting resolutions along with the voting results for each agenda on the Company website on the day following the meeting.
- 1.7 The Board of Directors prepares minutes of the shareholders' meeting. The minutes provide an explanation of voting procedures, list of Company Directors, members of Company Committees, and Executives present and absent from the meeting, the voting results in each agenda together with questions and answers. Items which have not been specified in the meeting notice are not added to the agenda. The minutes are published on the Company website.

The Board of Directors recognized the importance of the shareholders and respected their ownership rights. Accordingly, the Company ensured that its corporate governance policy also carried provisions to safeguard the shareholders' rights, while ensuring that any action taken by the Company would not infringe upon their rights. Accordingly, the Company provided for the facilitation of rights exercise by all shareholders, including minor shareholders and institution investors, as follows:

#### **Basic rights**

Referred to the right for shares transaction, the right to receive profits allocation in term of dividend payment based on outstanding shares, the right to access Company information in sufficient, timely, and consistent manner, the right to attend and cast votes at the shareholders' meeting, the right to elect individual Company director and approve directors' remuneration, the right to appoint Company auditor and approve audit remuneration, and the right to appoint proxy to attend and cast vote on his/her behalf.

### **The right to significant information access**

Shareholders were entitled to access information on an equitable basis. In that regard, the Company facilitated information distribution in both Thai and English languages, via the channels of the Stock Exchange of Thailand and Company website, to provide shareholders with additional access channel. Such information included performance results, connected transactions, changes in the funding structure, changes in supervisory control, transactions of significant Company assets, and other information essential for decision-making by shareholders.

### **The Right to Attend Shareholders' Meetings and Voting Rights**

The Board of Directors has promoted to hold the shareholder's meeting placing importance on rights and equality of shareholders according to the laws, and the good corporate governance principles of the Office of Stock Exchange of Thailand (SEC) as well as the principles on the rights and equitable treatment of shareholders. The Board of Directors has held a meeting of shareholders every year within 4 months (120 days) as from the end of the Company's annual accounting year. In case of emergency which the Company needs to propose special agenda regarding shareholders' benefit, regulations or related laws which need to be approved by shareholders, the Company shall call for an extraordinary shareholders' meeting.

In 2017, the Company did not call for extraordinary shareholders' meeting.

### **Treatment of Shareholders prior to the Meeting of Shareholders**

In 2017, the Company conducted the General Shareholder's Meeting No. 15 on April 24, 2017. In this respect, the shareholders holding one share or several shares, but not over 5% of total number of shareholders with voting rights, were allowed to propose agenda and nominate the candidates to be elected as the Director in advance according to the Company's regulations, during November 9 - December 30, 2016. The Company informed such information to the shareholders through information board of SET and on the Company's website, [www.sahacogen.com](http://www.sahacogen.com) under the item of "Investor Relations" on November 8, 2016. Nonetheless, there was neither meeting agenda nor nomination of the Directors proposed in advance.

- The shareholders were notified of the resolution determining the date of the General Shareholders' Meeting No. 15 for 2 months prior to the meeting date, on February 14, 2017, on the Company's website, [www.sahacogen.com](http://www.sahacogen.com), and through SET channel system. Therefore, the shareholders enabled to set aside time for attending the meeting.
- The meeting notice together with all relevant documents in both Thai and English were published on the Company website ([www.sahacogen.com](http://www.sahacogen.com)) on March 16, 2017, which was 6 weeks in advance of the meeting date. The same information was sent to the Thailand Securities Depository Company Limited, the Company's Share Registrar, for forwarding to shareholders in document format (English version for foreigner shareholders) on March 31, 2017, 24 days prior to the meeting date, so as to give the shareholders sufficient time to study the meeting documents. Advertisements were also placed in daily newspapers for a period of 3 consecutive days, and 28 days prior to the meeting date, which was on March 27-29, 2017.
- Shareholders are notified of the rules and procedures for attending the meeting on the invitation letter, with which Proxy Form B as prescribed by the Ministry of Commerce was also attached so as to enable shareholders who were unable to attend the meeting to grant proxies to other persons or grant proxies to Independent Directors who are Audit Committee of the Company as specified or a choice of either Proxy Form A or Proxy Form C. All three proxy forms can be downloaded from the Company website; [www.sahacogen.com](http://www.sahacogen.com). The Company also publicized such guidelines through the press release system of the Stock Exchange of Thailand.

### **The Treatment of Shareholders on the Meeting of Shareholders**

- The Company has a policy to support and facilitate the shareholders, including institutional investors, to attend the general meetings of shareholders. The Company decided to set the meeting date, time, and venue in such manner being most convenient and not posing problems to the shareholders to attend. For 2017, the Company held the shareholders' meeting on Monday, April 24, 2017, at 14.00 p.m., at the Montien Riverside Hotel where the mass transit system is available and sufficient for the shareholders and institutional investors.
- Shareholders were able to register with the barcode system at least 2 hours prior to the meeting and in the subsequent period until the end of the meeting, a right given to shareholders attending after the meeting had already commenced. Such late comers would have the right to cast votes in the pending agenda that had not yet been voted on. The quorum would be counted as from the agenda of first attendance and vote, except where held otherwise by the shareholders. The Company assigned adequate staff members to administer the registration and prepared duty stamps for affixing with free of charge on the Proxy Form on their behalf. In case that the shareholders were unable to attend the meeting, they might grant proxies to other persons or grant proxies to Independent Directors who are Audit Committee of the Company as specified for retaining the right. In addition, the Company handed out ballot paper and voting card to each shareholder.
- The Board of Directors has given significance to the meeting of shareholders. It is deemed as a duty to attend every meeting, with the exception of illnesses or other important engagements. In the Annual General Meeting of Shareholders No.15 held on Monday 24 April, 2017, there were 13 directors of the Company attended the meeting, presented as 100%; Chairman of all sub-committees attended the meeting, including the Chairman of the Board of Directors, Chairman of the Executive Board, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee, Chairman of the Risk Management Committee, Chairman of the Corporate Social Responsibility Committee, Executive Director, Managing Director, General Manager, Chief Financial Officer, Business Development Department Manager, Accounting Division Manager, Public Relations and Community Relations Division Manager Quality, Safety and Environment Management Division Manager and Administration and Information Technology Division Manager well as Miss Sirirat Sricharoensup and Mr. Thannop Chanchiaw, auditors of EY Office Limited attending the meeting to give explanations and respond to any questions posed on matters related to the meeting agenda, or related to the person in charged, and Mrs. Kobsuk Saengsawad, Miss Supanee Luengsathid, the lawyers of Weera Law Office Co., Ltd. and Mr. Thannop Chanchiaw, the auditor of EY Office Limited, also attended the meeting and acted as inspectors counting votes.
- Prior to the commencement of meeting pursuant to the agenda, the Company Secretary notified the meeting of the number and proportions of shareholders presenting and declared the meeting open. An explanation was given on the voting procedures and vote-counting procedures for shareholders casting votes in each agenda according to the law and articles of the Company. The Chairman of the Board, acting as the chairman of the meeting, convened the meeting, defined the voting rights in the meeting commensurate with the number of shares held, with one share equal to one vote.
- The shareholders' meeting was carried out in accordance with the agenda notified in the meeting notice. No additions or changes were made to significant data without giving prior notice to the shareholders. Appropriate and sufficient time was set aside for presenting various matters in each agenda and opportunities were given to shareholders to pose questions and express opinions fully in each agenda. In 2017, There was 1 shareholder named Mr. Anu Wongsankit asking questions as follows;



1. Regarding the revenue structure, the utilization factor of steam seemed low in comparison with the electricity's. He asked how the company could increase the utilization factor of steam.  
The Managing Director: Our customers' medium-sized factories operated for 8-16 hours per day, then the amount of steam usage was not high. However, the executives of the industrial park agreed to expand such area, and persuaded new entrepreneurs with high electricity and steam demand for 24 hours to run business in the industrial park, which had a tendency to increase the utilization factor of steam.
2. He asked when the subsidiaries was expected to break even, and how the increment of the fuel adjustment charge (Ft) affected the company's performance.  
The Managing Director: The biomass-fired power producers requested to change Adder rates to Feed-in Tariff, which had been approved and was effective already. In 2017, the subsidiaries; Sahacogen Green Co., Ltd. and Sahagreen Forest Co., Ltd. would earn more income from selling electricity, and profit from operating performances.  
  
In addition, the increment of the fuel adjustment charge (Ft) did not impact on the subsidiaries' operating performances due to selling electricity to PEA based on fixed rate: Feed-in Tariff. However, this had a positive impact on Sahacogen (Chonburi) PLC.'s operations. The company would receive more income from selling electricity to industrial users in the industrial park; however, it also depended on the change of the natural gas prices.
3. He asked how the related-party loans were beneficial to the company.  
The Managing Director: The company's 2016 adjustment of loan structure; long-term loans instead of short-term loans and the fixed rate with the financial institutions and its affiliates, would bring better financial stability and liquidity ratio, and could help reduce the interest rate approximately by 1%.
4. He also asked when the retention totaling Baht 35 million would be returned.  
The Company Secretary: The retention was insured by the contractors for the expansion project of the power plant in compliance with the agreements. If the party breached the conditions of the agreements, the company would recognize it as other income.
5. Regarding the fire incident, whether the company received the complete claim refund or not.  
The Managing Director: The company received the claim refund during the year 2015 completely.
6. Whether the audit fee 1,155,000 Baht included the BOI examination fee or not, and how many BOI certificates the company had.  
The Managing Director: The audit fee for auditing the financial statements for 3 quarters and the year ended as at 31 December did not include the BOI examination fee. However, the subsidiaries' BOI examination fee was 80,000 Baht per certificate as stated in Notes to consolidated financial statements No. 25 "Promotional privileges".



7. He asked about the further business development plan in overseas.

The Managing Director: The company had studied the feasibility of overseas investment and would come to the conclusion when the Energy Regulatory Commission announced the regulations and conditions on power purchase, which would be expectedly announced in Q3. For the investment in ASEAN zone or CLMV countries, the company had studied the feasibility of the joint investment with business alliances from Japan.

- Votes were cast openly. Voting on each agenda is made by barcode system; voting card and ballot were prepared for all shareholders. In vote counting, only votes for disapproval and/or abstentions were counted and there were deducted from the total shares represented in the meeting. The balance was counted as votes for approval. The Company employed an information system for summarizing the voting results obtained from the vote counts in each agenda, which was displayed on a screen shown to all shareholders simultaneously. In 2017, ballot papers were used in important agenda, such as the appointment of Directors where the shareholders were given an opportunity to select Directors individually. In the interest of transparency, the ballot papers for such votes were kept at the Sriracha Head Office, which could be inspected after the meeting.

**The summary of voting in each agenda on the General Meeting of Shareholders No.15 held on Monday 24 April, 2017 as follows;**

Agenda	Agree			Disagree			Abstention			Voided Ballot		
	Share-holders	Shares	%	Share-holders	Shares	%	Share-holders	Shares	%	Share-holders	Shares	%
1	68	839,777,010	100	-	-	-	-	-	-	-	-	-
2	68	839,777,010	100	-	-	-	-	-	-	-	-	-
3	68	839,777,010	100	-	-	-	-	-	-	-	-	-
4	69	839,937,510	100	-	-	-	-	-	-	-	-	-
5.1	69	839,938,510	99.9995	-	-	-	1	4,000	0.0005	-	-	-
5.2-5.3	68	839,938,410	99.9995	1	100	0.0000	1	4,000	0.0005	-	-	-
5.4	67	838,938,410	99.8805	1	100	0.0000	2	1,004,000	0.1195	-	-	-
6	71	839,952,510	100	-	-	-	-	-	-	-	-	-
7	71	839,952,510	100	-	-	-	-	-	-	-	-	-

**The significant meeting agenda were as follows.**

- 1. Appointment of Directors:** The Company gave an opportunity for shareholders to elect Directors individually. The shareholders had been provided with preliminary information on the nominees, positions held in other businesses, clearly specifying the cases of companies carrying out businesses identical to or in competition with the Company, and the attendance of Board of Directors Meetings. Each nominee had been considered by the Nomination and Remuneration Committee on his properly qualification, experience and various professional, as well as performance on the Director on the past. In case of consideration of the Director retiring by rotation, the Nomination and Remuneration Committee proposed the lists of Directors to the Board of Directors to select toward to the proper qualification and number of Directors appropriately.

2. **Directors' Remuneration:** The Nomination and Remuneration Committee considered and allocated the amount of remuneration, which were determined on the Company's operation performance and responsibilities in accordance with the policies and conditions for directorial remunerations. In any event, the Company has regularly proposed a remunerations limit for approval by the meeting of shareholders every year, and disclosed the remunerations paid to each Director in Form 56-1 on the topic of "Corporate Governance" and Annual Report on the topic of "Management Structure, section "Remuneration Amount.
3. **Appointment of Auditor and Determination of Audit Fee:** The Company provided details on the name of auditor of the Company and its subsidiaries, the audit fee, the reasons on appointing the auditor, qualified performance on the previous year, and the relationship between the audit office and the Company, the number of years of work performed, the comparative data on audit fees and other fees for the current year and the preceding year. Such information had also been considered by the Audit Committee. The details disclosed in the Annual Report.
4. **Dividend Payment:** The Company provided details on profit distribution, dividend payment in accordance with the Company's dividend policy, and a comparison of dividend payment for the current year and the preceding year. The closing date of the register (Record Date) for the determination of the right to receive dividend payment was also specified.

#### Subsequent to the Meeting of Shareholders

- The Company Secretary recorded the information and prepared accurate and complete minutes for the general meeting of shareholders, including the names of Directors present/absent together with the reasons for absence, essential explanations and a summary of questions or answers or opinions. In the past year, all Directors were present and no questions were posed by the shareholders. The details on each agenda were in accordance with the facts in the meeting. Summaries of the votes in each agenda were divided into approval, non-approval and abstention. Such minutes were signed by the Chairman of the Board, acting as chairman of the meeting, and submitted to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission within 14 days of the meeting of shareholders. The minutes were also published on the Company website in both Thai and English as a channel for shareholders to search and inspect data without having to wait for the subsequent meeting. A submission was also made to the Ministry of Commerce within the period prescribed by law.
- The Company disclosed the resolutions adopted by the shareholders' meeting, together with the voting results for each meeting agenda, in both Thai and English, via the news channel of the SET, and the Company website, on the following day.
- The meeting atmosphere and minute were tape-recorded and disseminated through the Company's website.
- After the shareholders' meeting approved dividend payment, the Company shall inform the resolution including dividend payment's details through the news channel of SET and cooperate with the registrar of Thailand Securities Depositories Co., Ltd. to ensure all shareholders receiving payment correctly and completely. The Company set the Record Date for distribution of shares on March 14, 2017 to determine the persons eligible for attendance of the Annual General Meeting of Shareholders. The names were collected in accordance with Section 225 of the Securities and Exchange Act by closing the share register book on March 15, 2017.
- The free float proportion was 26.54 % of issued shares.

In recognition of its consistent efforts dedicated to holding the shareholders' general meeting efficiently on a continuous basis, the Company was awarded the "excellent" appraisal result in 2017 for the quality of its shareholders' meeting for the 8th consecutive year by the Thai Investors Association.

## **Chapter 2 : Equitable Treatment of Shareholders**

- 2.1 The Board of Directors treats all shareholders fairly and equitably. Shares of the same class carry equal voting rights, i.e. one vote per share.
- 2.2 The Board of Directors encourages shareholders who are unable to attend a meeting in person to grant proxies to attend the meeting and vote on their behalves. The proxy form used allows shareholders to determine voting directions and at least 1 independent director will be provided as an alternative for the grant of shareholder's proxy.
- 2.3 The Board of Directors provides an opportunity for minority shareholders to nominate candidates for election to become Company Directors in the annual general meeting of shareholders.
- 2.4 The Board of Directors publishes the shareholders' meeting notice in both Thai and English on the Company website at least 30 days in advance of the shareholders' meeting day.
- 2.5 The Board of Directors encourages all shareholders to exercise their shareholders' rights. Meeting notices as well as supporting documents are sent to shareholders in advance. An English version is also prepared for foreign shareholders.
- 2.6 The Board of Directors pursues a policy to prevent the use of inside information and has implemented measures to prevent the exploitation of inside information for wrongful interests of oneself or of others. Company Directors, Executives and employees who are in units which expose them to inside information are prohibited from trading in the Company shares in the one month period prior to the public disclosure of financial statements.
- 2.7 The Board of Directors has directed Company Directors and Executives to declare their interests and the interests of connected persons, to act prudently in regard to the management of conflicts of interests and to comply with rules of the Office of the Securities and Exchange Commission.

Regarding to the Corporate Governance Policy and the Principles of Corporate Governance in section Equitable Treatment of Shareholders, the Company treats all shareholders in fair manner and all shareholders deserve right and equitability as following;

### **1. The shareholders' meeting**

- (1) For foreign shareholders, the meeting notice with attached documents were translated into English and sent together with Thai Version. The notice both Thai and English version were disseminated through the Company's website.
- (2) The voting right depends on the number of shares held by shareholders, one share, one vote (all of the Company's shares are the common stocks).
- (3) The shareholders holding one share or several shares, but not over 5% of total number of shareholders with voting rights, were allowed to propose agenda and to nominate the candidates to be elected as Directors in advance, during November 9 – December 30, 2016, according to the Company's regulations. Regarding the meeting, the Company informed shareholders on November 8, 2016 through the news channel of SET and on the Company's website: [www.sahacogen.com](http://www.sahacogen.com), on the topic of "Investor Relations". Nonetheless, there was neither meeting agenda nor nomination of the Directors proposed in advance.

- (4) In 2017, the Company had held one shareholders' meeting on Monday 24 April, 2017 where the quorum was presented. The meeting's resolution was to assign Thailand Security Depository Co., Ltd. (TSD), Company's Registrar, to send the Notice of the Meeting of Shareholders for 24 days in advance and announced 39 days prior to the meeting through the Company's website; [www.sahacogen.com](http://www.sahacogen.com), on the topic of "Investor Relations" in order that the shareholders had more time to study the information.
- (5) If any shareholders could not attend the meeting, the Company allowed them to authorize the Independent Directors or anyone as the proxy of voting rights by using the letter of proxy Form B with voting recommendation, Form A, or Form C (for foreign investors with custodians in Thailand to oversee their stocks). The proxy was attached with the Notice, and announced in the Company's website; [www.sahacogen.com](http://www.sahacogen.com) for downloading. The duty stamps were also provided for the proxy. In 2017, there was a total of 71 shareholders attending the meeting, representing of 839,952,510 shares or 87.95% of all shareholders. Three shareholders, holding 99,635,400 shares or 10.43% of 955,000,000 shares, gave a proxy to the Independent Directors of the Company.
- (6) The meeting is conducted according to the order of the agenda items; there was no reshuffling of agenda items, nor any change made to material information without notifying shareholders in advance.
- (7) Votes were cast openly. In vote counting, only votes for disapproval and /or abstentions were counted and there are deducted from the total shares represented in the meeting. In 2017, the ballot papers were used in important agenda, such as the appointment of Directors where the shareholders were given an opportunity to select Directors individually. In the interest of transparency, the ballot papers for such votes were kept at the head office, which could be inspected after the meeting.
- (8) The voting procedure for each meeting agenda was carried out in a transparent manner, with the voting ballot provided the shareholders for each agenda, whereas only disapproval and abstention votes were kept afterwards. Nevertheless, for the agenda related to directors' appointment, all voting ballots bearing the signature of each shareholder were collected and kept as evidence. Vote tallying was carried out using the barcode system and displayed on-screen in the meeting room, to facilitate convenience, transparency, and easy verification.

## **2. Supervision of Internal Data Use**

The company has regulations to the use of insider information by determining in the Company's business ethics in section "Conflict of Interest", and also disclosing in the Annual Report "Corporate Governance", in section "Equitable Treatment of Shareholders".

## **3. Determination on the Company's stock trading**

- (1) The Directors, executives and staff in possession of insider information are prohibited from selling or purchasing Company share within one month before disclosing the financial statements to the public. Besides, the Directors and executives are required and notified of their duties to report changes in securities holdings in the Company to the Office of the Securities and Exchange Commission within 3 working days of such changes together with the submission of a copy to the Company Secretary. A report would then be made to the meeting of the Board of Directors and Executive Committee on every occasion, in which every agenda would include a report of

securities holdings of the Directors and executives. The Directors and executives must conduct in compliance with the regulations. Moreover, it assumes to the new Directors or executives are also required to report securities holdings in the Company to the Securities and Exchange Commission within the above timeline.

- (2) The Company secretary annually arranges the Board of Directors' meeting schedule which is sent to all directors in advance in order to inform the period when securities trading should be abstained.
- (3) With regard to the principles of buying-selling the Company' stocks, the Directors and top management are requested to inform the Board of Directors and/or company secretary before carrying out the stock transaction for at least 1 day.

In 2017, the Directors and executives of the Company have conducted strictly in compliance with the said policies. No share trading was found during the prohibited period.

#### **4. Protection of the Conflict of Interest**

- (1) With the transparent structure of shareholding, there is no report of the conflicts of interest. Meanwhile, the disclosure of shareholder structure has deliberately shown in the annual report as well as the overall shareholding of the Board of Directors.
- (2) The Board of Directors proceeds carefully and rationally with regard to conflict of interest and connected transaction. The Company most concerns on its benefits and sets pricing strategy in compliance with fair trading conditions as if the transactions are engaged with third party. The process of such transaction is managed transparently and compliance with the regulation of the Stock Exchange of Thailand. Furthermore, the Company sets the regulation in its good corporate governance and business ethic binding upon Company and shareholder.
- (3) Information such as connected transaction is disclosed to ensure equal access by all, such as the related transaction. The Company performs as the announcement of the Capital Market Committee and The Stock Exchange of Thailand in regarding the disclosure of information and operation of registered Company on connection transaction.
- (4) The Company has defined that any Directors, who has conflict of interest, must not present in the meeting or be prohibited to vote on such agenda in order that the rest Directors, not having any conflicts of interest, independently comment and resolve on such agenda. The Company Secretary shall inform the meeting the name of the Directors having conflicts of interest on such agenda. After the meeting, the name of the Directors, the relationship of the related persons, the price of such transaction and the opinion of the Directors, which is different from the opinion of the Board (if any) to the Stock Exchange of Thailand on the time frame. Such transactions are disclosure on the Company's website for transparency and be recorded in the Minute of Meeting which can be audited.

In 2017, there was no any related transaction violating the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC). There was also no related transaction that considered as financial support, for example, group lending and financial guarantee.

## 5. Asset purchasing control

The Company controls purchasing of asset in accordance with the regulation of Capital Market Commission subjected “The acquisition or disposition of assets”. The directors who have an interest on such transaction are not take part for making decision for transparency and fairness.

In 2017, the Company did 1 transaction of the acquisition or disposition of assets as follows;

1. Regarding the resolution of the Board of Directors Meeting No. 2/2017 of Sahacogen (Chonburi) PLC. held on May 9, 2017, the Company was approved for land rental of 4,800 square meters in Nongkharm, Sriracha, Chonburi from Sinparadorn Co., Ltd. The land is used to be an access route to the plant.

## Chapter 3 : Roles of Stakeholders

- 3.1 The Board of Directors appreciates and respects the rights of various stakeholders by having regard to rights under the law or agreement with the Company. Stakeholders are ensured that their rights are protected and that they are treated fairly and equitably. A policy has been prescribed as a guideline for the treatment of each stakeholder group, which has also taken into consideration the community, society and the environment, to promote sustainable development, suppress dishonest acts and corruption, avoid intellectual property infringements, including giving due respect to human rights.
- 3.2 The Board of Directors supports the corporate social responsibility reporting which has been an integral part of the Annual Report.
- 3.3 The Board of Directors provides channels and procedures for all stakeholder groups to report or file a complaint on any matter which poses a risk of loss to the Company, the accuracy of financial statements or an unfair treatment.
- 3.4 The Board of Directors has prescribed policies or guidelines for protecting employees or informants of matters which pose a risk of loss to the Company or an unfair treatment.

Regarding to the Corporate Governance Policy and the Principles of Corporate Governance in section “Roles of Stakeholders”, the Company set the policy for roles of stakeholders by preparing the handbook “Business ethics and Code of Conducts for Company directors, executives and employees” and providing to directors and all-leveled employees, which brings the balance and fairness to stakeholders. The handbook is published on the Company’s website and the intranet system. Moreover, the Company develops the concepts of stakeholders’ participation to enhance its sustainable business operations as mentioned in the Annual Report, “Business Ethics” in section “The responsibilities to stakeholders; Shareholders”.

## Chapter 4 : Disclosure of Information and Transparency

- 4.1 The Board of Directors oversees that there is proper, transparent and timely disclosure of significant information in accordance with the relevant laws and regulations. These disclosures include reports filed in accordance with accounting periods and reports of events having an impact on shareholders’ interests, as well as the disclosure of other information pursuant to the principles of good corporate governance prescribed by the Stock Exchange of Thailand. Disclosure is made to the extent that the Company’s legitimate interests are not prejudiced. Information is published in both Thai and English on the Company’s website, disclosure channels of the Stock Exchange of Thailand and other channels which are comprehensively and equitably accessible.

- 4.2 The Board of Directors has established units or responsible persons to perform investor relations functions to communicate with external persons equitably and fairly.

Regarding to the Corporate Governance Policy and the Principles of Corporate Governance in section “Disclosure of Information and Transparency”, the Board of Directors recognizes the quality of information, accurate, sufficient, expeditious, nondiscriminatory and fair information disclosure. Ensure disclosure of significant information related to the company, both financial and nonfinancial information, or information that might affect the company’s share prices, to all shareholders and interested investors in complete, accurate, and equitable manners.

The disclosures are easy accessible to all stakeholders and parties. All such information are published in both Thai and English on the website of the Stock Exchange of Thailand and the company’s website, [www.sahacogen.com](http://www.sahacogen.com), in order to engender the confidential.

## 1. Corporate Governance

The Company arranges the good corporate governance principal, business ethics, code of conduct as well as anti-corruption policy in writing and provide to all directors, executives and staff including publishing on the billboard and the intranet system to communication internally in the organization. In 2017, the results of performance according to the corporate governance policy were reported in conformity with the good corporate governance principles set by the Stock Exchange of Thailand, and publicized via the Company’s annual report, the annual information report form (Form 56-2), and the Company website; [www.sahacogen.com](http://www.sahacogen.com).

## 2. Disclosure of Significant Data on Financial and Non-Financial Information

The Board of Directors has carried out the disclosure of the Company’s significant data, including financial data and non-financial data as required under the Regulations of the Stock Exchange of Thailand and the SEC. Such disclosures were accurate, complete, timely and transparent, having been reviewed under the prescribed procedures. The information was published in both Thai and English through channels of the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th)) and the Company’s website ([www.sahacogen.com](http://www.sahacogen.com)) as follows:

- **The information shown in the report (Form 56-1)**, and the annual report was transparently and completely disclosed in every aspect, according to the Criteria of Disclosure of the Stock Exchange of Thailand and the Securities (SET) and Exchange Commission Thailand (SEC). In order to provide shareholders information in making the investment decision, the information has regularly been updated.
- **Regarding the annual and quarterly financial statement**, the auditors have audited them with approval from the Audit Committee and the Board of Directors. Subsequently, the Company has disseminated this information to the shareholders and then presented to the SET and SEC. In this regards, it was disclosed to the investors or shareholders before the due period, which investors can obtain property information for decision making.

The Company’s auditors are knowledgeable, skillful, independent, and approved by the SET and SEC. Besides, the auditors do not have business relationship with the Company, subsidiaries, joint venture companies, the executives, major shareholders or relation with any of them. Thus,



the auditors have the independent rights in auditing and commenting on the Company's financial statement.

In 2017, financial statements both quarterly and annually in Thai and English version were disseminated via SET's website and company website, which can be downloaded. The Company financial statement was certified by the auditor with no conditions. The Company sent its financial statements to SEC and SET on time and not ordered to correct as well as not conducting any actions on erroneously regarding on the disclosure not complied to the requirements.

- **Quarterly Performance Report : In the case of net profit according to last financial statement changed from the financial statements in the same period last year more than 20 percent,**

The Company has revealed the explanation of the operation's results for the quarter on the website of the Stock Exchange of Thailand and the Company's website.

In 2017, the Company disclosed the said report 3 times, on May 9, 2017, August 8, 2017 and November 7, 2017.

### **3. Report on the Board of Directors' Responsibilities with respect to the Financial Statements**

The Board of Directors appreciates the significance of preparing an accurate and complete financial statement in accordance with accounting standards. The disclosure of such data have been reviewed by independent auditors and approved by the Audit Committee and Board of Directors before publication to the shareholders. Also, in order to secure confidence, the Board of Directors has prepared a report on the responsibilities of the Board of Directors to the financial statements published in the Annual Report and Form 56-1 together with the Auditor's Report. Thus, investors are able to rely on such data when making decisions.

### **4. The Disclosure of Related Transaction and/or Asset Acquisition or Disposition**

All related transactions should be approved by the Audit Committee and the Board of Directors so as to avoid any conflicts of interest. It should be carefully and reasonably prepared for the best interest of the Company and shareholders. Such related transactions, which were considered and approved, were disclosed in compliance with the requirements of SET and SEC in both Thai and English languages, and disseminated via the Company's website, summarized in the annual report and Form 56-1; "Transaction with Related Companies".

However, in case the value of the related transaction is less than 3% of the Company's total net tangible assets, the Company must report and disclose to the SET and the Board of Directors for approval, but no shareholders' approval is required.

In 2017, based on this disclosure policy, there was 1 assets acquisition transaction. The mentioned transaction is disclosed in Chapter 2: Equitable Treatment of Shareholders under "section 5: Asset purchasing control". For the other transactions, they were under normal operation in accordance with business trade normally.



**5. The Determination that the Directors and the Executives must report their trading, holding of the Company's securities, and the Conflicts of Interest of individuals and persons concerned that are spouses and minor children, who might have conflicts of interest on the Company's business operation. This information must be reported to the Board of Directors on the meeting every time whenever there are any changes. The guidelines and policies, are defined to comply with the rule, are as follows:**

- Report on the first office holding as the director or the executives
- Report on any changes of stockholding
- Report at the end of year
- In case of retirement by rotation and reappointment as the Director in a consecutive way, the Director shall not present a report if there is no change of stockholding
- The Directors and the executives should present report of stockholding to the Company Secretary within 1 month after being elected/ appointed, and changed. After that, the Company Secretary will send the copy of report, within 7 days, to the Chairman of Board Directors, and Chairman of Audit Committee.

In 2017, the Company did not received any warning letter of rules and regulations violation from the Securities and Exchange Commission (SEC).

**6. Determination of the Policy on Corporate Social Responsibility, Community and Environment**

The Company sets the policy in its mission for practical guideline and substantial performance. This is a mission which all employees shall participate. Its details are provided in the Corporate Sustainability Report 2017.

**7. Communication between the Executive Board, the Top Management and the Management of Each Department**

The Company has organized the meeting every month to invite the Executive Board, the executive officers and the management, including the top management of all departments to attention in order to disseminate the Company's goal and business strategies. Such communications are made to employees throughout the organization in order to share common understanding and practices in the same direction so as to achieve the business targets. Accordingly, the Executive Committee will follow up that the Management has implemented such strategic plan or not. The Management is supposed to report the plan of the business strategies to the Top Management, the Executive Directors and the Board of Directors respectively on a monthly basis in order to acknowledge and review the strategic plan, so that the Board of Directors can provide suggestions on matters that improvements and corrections are deemed necessary. In 2017, the Company organized the meeting relating to the Company's annual performance and 2018 business strategy in order to present and report them to the Board of Directors.

Apart from the disclosure of financial reports or other information to the Stock Exchange of Thailand and SEC via designated channels completely, precisely and timely, the Company has revealed through the Company's website: [www.sahacogen.com](http://www.sahacogen.com) as follows;

- **Shareholding structure**

The Company disclosed the names of the top 10 shareholders at the time of closing shares registration book for the shareholders' meeting ("Shareholders and Management Structure" in annual report").

- **The Company structure**

The Company disclosed its structure in the annual report "Shareholders and Management Structure".

- **Shareholding of the Directors and Executives**

The Company disclosed it in the annual report "Shareholders and Management Structure".

- **Nature of the business and Company's performance**

The Company disclosed nature of the business, industrial trend and potential competitiveness, including company objectives and goal in "Nature of the Business".

- **Risk management policy :**

The Company has set up the Risk Management Committee to supervise risk management of the organization in a systematic and effective manner, and cover all areas appropriately, as well as assign risk management policies, according to the details under the heading "Risk Factors".

- **Dividend policy**

The Company's dividend policy was disclosed in the annual report "Performance Review and Revenue Structure".

- **Duty performances by The Board of Directors and sub-committees**

The Company disclosed the details on the roles and authority of the Board of Directors and sub-committees, the number of meetings held the number of meeting attendance by each director during the past year, details under the heading "Management structure", and "Corporate Governance" on subcommittees.

- **Directors' date of appointment**

The Company disclosed it in the annual report "Corporate Governance".

- **The selection and appointment of the directors and chief executive officer/ the assessment of director's performance**

The Company disclosed it in the annual report "Corporate Governance".

- **The remuneration for the directors and the management**

The Company disclosed the policy regarding the remuneration for directors and the management, the nature and number of remuneration accorded the directors for the Board of Directors and subcommittees, under the heading "Management structure", on the remuneration for the directors and management members.

- **Development for the directors and the management**

The Company disclosed the development and training of directors and the management. Details are under the heading “Board of Directors Information” and “Corporate Governance” on compliance with good corporate governance principles in other matters (Section 5: Responsibilities of The Board of Directors).

- **Internal control and internal control assessment**

The disclosure of internal control according to the concept of COSO (Internal Control Integrated Framework) as well as the result of internal control assessment, the results of assessment in 5 aspects with 17 principles, was stated in the “Internal Control and Risk Management” including the comment of the Audit Committee and auditor in Form 56-1.

- **Whistle blowing policy**

The Company disclosed it in “Chapter 3: Roles of Stakeholders” in the annual report.

- **Notice of the shareholders’ meeting and annual report**

The Company disclosed the notice of the shareholders’ meeting and the annual report in Thai and English on the Company’s website within 120 days, which can be downloaded.

- **Charters, duties, responsibilities, qualifications and directorship terms of the Board of Directors and sub-committees**

The Company has publicized such information in Annual Report 2017 and Form 56-1 in section “Corporate Governance”.

- **Article of Association, vision and mission**

The Company has publicized such information in Annual Report 2017 and Form 56-1.

## **Investor Relations**

The Board of Directors has designated the persons who would be able to provide data and information as required by investors and relevant persons. In this regard, the following persons are as follows;

- **Mr. Viroj Theeravatvatee**

Managing Director

Tel : 038-481555

Fax : 038-481551

E-mail : viroj@sahacogen.com

- **Mrs. Pannee Chantavoraluk**

The Company Secretary

Tel : 038-481555

Fax : 038-481551

E-mail : pannee@sahacogen.com

The Company has announced the name of contact persons and simple channels under the subject of “Investor Relations” on the Company’s website: [www.sahacogen.com](http://www.sahacogen.com).

Moreover, general investors and students enable to contact the Company’s officers when requiring investment data for their consideration and for the thesis. Such agent is welcome and cooperates well to all visitors thoroughly.

The Company and other companies in Saha Group, totally 15 companies, cooperated with the Stock Exchange of Thailand, arranged the “The 9th Analysts and Investors Meet Saha Group “ on June 30, 2017 at Queen Sirikit Conventional Center in the annual event of the 21st Saha Group Fair. This event was provided a venue where analysis, investors and mass media could engage in meaningful discussions on business, policy and investment directions of the Company. The Managing Director welcomed and provided information about business and businesses in Saha Group. Information books given to attendants also summarized companies’ business and performance results, which made attendants very pleased and the number of investors and analysts increases very year. Moreover, the Company has organized “Open House” for people from government agencies, private organization and community nearby interested in educational and business visit.

#### **Criteria of Good Corporate Governance and its Implementation**

Throughout 2017, the Company performed in accordance with good corporate governance criteria, except for the following issues.

1. The Company’s Chairman is also its Chairman of the Nomination and Remuneration Committee, who is not an independent director due to the fact that the electricity and steam business operation really needs a knowledgeable and capable person with long business experience to lead the Company to its determined goals. However, the Company and the Board of Directors are based on the principles of good corporate governance and in line with those of the SET. Thus, though the Chairman and Chairman of the Nomination and Remuneration Committee is the same person, the Chairman of the Board has never exercised his authority on behalf of the Board of Directors practically. Likewise, Chairman of the Nomination and Remuneration Committee’s performance must be approved by the Company’s Board of Directors, which is under the Company’s rules and regulations
2. The Nomination and Remuneration Committee does not comprise a large amount of independent directors (more than 50%). However, there is an independent director who is also the Chairman of the Audit Committee, who is well-qualified and appropriate to consider, give opinions independently and perform with checked-and-balance mechanism.
3. The Company does not limit the number of listed companies and non-listed companies in which its Board, managing director and the executives may hold office because it will lose an opportunity of getting qualified people to sit on the Board. However, the Board of Directors regularly reviews the number of companies in which each Board member holds office.
4. The Company does not limit the number of years the independent directors serve because it really needs intellectual and long-and-widely experienced persons for its business operation. Some of them serve on the Board of Directors more than 9 years, which exceeds the measurement of the good corporate governance. However, all of independent directors appropriately exercise their authority in line with checked-and-balanced mechanism transparently and strictly and based on the Board of Directors.

5. Although the Company does not have Diversity Board policy and not use professional search firm or director pool for selecting and nominating directors, but the Company stipulates a structure for the Board of Directors comprising of persons having a diverse range of knowledge, competencies, experiences, qualifications required by law and none-gender specification, which discloses in “Chapter 5: Responsibility of the Board of Directors”.
6. The Company did not do press media or newsletter for its financial statement because the Company reported and disclosed it via both the Company and SET’s website, which was an accessible way for shareholders and those who are interested in the Company’s information.
7. The Company does not nominate CG Committee due to the fact that the Board of Directors has provided for monitor and assessment of corporate governance by establishing the Risk Management Committee (Chapter 5: Responsibility of the Board of Directors).
8. In 2017, there was no meeting among non-executive directors. The directors have been showing the independent ideas. There was no conflict in the meetings.

#### **Chapter 5 : Responsibility of the Board of Directors**

- 5.1 The Board of Directors has prescribed a structure for the Board of Directors comprising of persons having a diverse range of knowledge, competencies and experiences, without limitation to gender, and having the qualifications required by law. At least one Company Director is a Non-Executive Director who has experience in the Company’s business undertaking. There are also Independent Directors as required under the Notification of the Office of the Securities and Exchange Commission.
- 5.2 The Board of Directors has provided a definition for an Independent Director which meets the minimum requirements of the Office of the Securities and Exchange Commission.
- 5.3 The Board of Directors has appointed Committees to screen key matters prior to submission to the Board of Directors.
- 5.4 The Board of Directors has issued a charter for each Company Committee by prescribing the tenure and scope of powers and duties to clearly demarcate the roles, duties and responsibilities of each Company Committee and the management.
- 5.5 The Board of Directors has a policy which requires Company Directors and Executives holding directorial positions in other companies to make a disclosure to the Company Chairman and Chairman of the Audit Committee.
- 5.6 The Board of Directors has provided for a Company Secretary to perform duties prescribed by law and as entrusted. The qualifications of a Company Secretary should be a person possessing knowledge of law or accounting, or who has completed training relating to the performance of Company secretarial duties. Continual training and knowledge development are also continually provided.
- 5.7 The Board of Directors has prescribed policies for governance, business ethics and codes of conduct for Company Directors, Executives and employees to ensure a harmonized approach.
- 5.8 The Board of Directors has prescribed a Company vision and mission so that the Company Directors, Executives and employees would strive towards the same goal.
- 5.9 The Board of Directors has a policy of continually promoting and sponsoring the development of knowledge amongst Company Directors, Executives and employees.
- 5.10 The Board of Directors prescribes an annual meeting schedule in advance every year. The determination of agenda takes into account the fair interests of shareholders and all stakeholders. All Company Directors enjoy independence in the expression of opinions. A Company Director having an interest in an agenda shall not have the right to vote in such agenda.

- 5.11 The Board of Directors prescribes a duty for Company Directors to attend all Board Meetings unless there is a necessary cause.
- 5.12 The Board of Directors has a policy of encouraging senior Executives to attend Board Meetings.
- 5.13 The Board of Directors provides Non-Executive Directors with opportunities to meet among themselves in the absence of the management when necessary. The Managing Director shall be notified of the meeting outcome.
- 5.14 The Board of Directors has a policy of promoting the Company Directors' access to essential additional information from the Managing Director, Company Secretary or other assigned Executives within the scope of the set policies. In the event of necessity, the Board of Directors may obtain independent opinions from advisors or external professionals on the Company's expenses.
- 5.15 The Board of Directors has implemented measures pertaining to conflicts of interest which are prudent, rational and in compliance with the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 5.16 The Board of Directors prohibits Company Directors, Executives and employees from trading in Company shares in the 1-month period prior to the public disclosure of financial statements.
- 5.17 The Board of Directors has directed Company Directors and Executives as well as their spouses and children who have not attained legal age to have the duty to disclose shares holdings and changes in holdings of the Company shares to the Office of the Securities and Exchange Commission, and to submit a copy to the Company Secretary for reporting to the Board of Directors in the subsequent Board Meeting.
- 5.18 The Board of Directors has directed Company Directors and Executives to disclose personal interests and interests of connected persons in accordance with the prescribed rules.
- 5.19 The Board of Directors has established an internal audit unit as an internal agency accountable to the Audit Committee.
- 5.20 The Board of Directors requires an annual assessment of the Board of Directors' performance.
- 5.21 The Board of Directors prepares a report on the responsibilities of the Board of Directors pertaining to the financial statements submitted in the Annual Report.
- 5.22 The Board of Directors oversees and determines the payment of appropriate remuneration to each committee member pursuant to the powers, duties and responsibilities and draws comparison to the operation levels in the same business sector.
- 5.23 The Board of Directors has prescribed a succession plan for employees in various positions in view of their advancement to higher positions.
- 5.24 The Board of Directors provides an orientation for first term Company Directors.
- 5.25 The Board of Directors has established an internal control system and risk management system.
- 5.26 The Board of Directors has provided for the monitoring and assessment of corporate governance by establishing the Risk Management committee.

The Board of Directors plays a vital role in providing the directions of the Company's business, monitoring the operation performance of the management, issuing the policy of good corporate governance, business ethics, and employees' code of conduct to protect benefits for the Company and shareholders. Additionally, the Board had supervised the activities to be legally implemented.

In 2017, the Company did not commit any following violations:

- Severe violation against stipulations of the Securities and Exchange Commission and the Stock Exchange of Thailand
- Corruption action or violation of ethics.
- Resignation of a non-executive director due to the reason of good governance.
- Loss of creditability due to the Board of Director's failure in monitoring the business.

## **Business Ethics**

### **1. The responsibilities to stakeholders**

#### **1.1 Shareholders**

The Board of Directors performs duties responsibly, prudently, earnestly and honestly in order to generate good returns to shareholders on a continual and sustainable basis. In this regard, the following policies and practice guidelines have been prescribed as follows;

1. The ownership rights of shareholders are equitably and fairly respected.
2. Operations are undertaken in accordance with the principles of good corporate governance, which will foster the trust and confidence of shareholders and eventually lead to sustainable growth.
3. The Company's businesses are continually advanced to ensure proper returns to shareholders.
4. Significant information which affects or potentially affects shareholders' interests shall be disclosed, whether reports made pursuant to the accounting period or situation reports, pursuant to the relevant laws and notifications. However, no action shall be taken to restrict shareholders' access to Company information.
5. A report of the Board of Directors' responsibility for the financial statements in the Annual Report shall be prepared.
6. Minority shareholders shall be given an opportunity to propose matter for inclusion in the meeting agenda and/or to nominate persons for election as Company Directors in the Annual General Meeting of Shareholders.
7. Shareholders are given an opportunity to submit questions relevant to the meeting prior to the shareholders' meeting.
8. Shareholders' meeting notices in both Thai and English are published on the Company website at least 30 days prior to the shareholders' meeting day as information for shareholders and to enable the study of information prior to meetings.
9. Shareholders' meeting shall be facilitated. The date, time, venue and procedure must not pose an obstacle to the shareholders' attendance of the meeting. Shareholders who are not able to attend in person must have the opportunity to grant a proxy to other persons to attend the meeting and vote on their behalves.
10. Conflicts of interests must be dealt with prudently, rationally and information must be fully disclosed.
11. The Company's interests and assets shall be safeguarded as a reasonable person would safeguard his/her property. Wrongful interests, whether obtained by direct or indirect means, shall be eliminated.

**For the Policy and guideline, the Company had done as following;**

The Company has an effective manner to ensure that all shareholders receive accurate information and appropriate and fair returns in accordance with the Company's Policy on Dividend. Moreover, there is the control of connected transactions, the measure on prevention of conflict of interests, the prevention on exploitation of inside information which is confidential and the stipulation that directors and management member who have an access to inside information exploit that information for their advantages by prohibiting them to buy or sell the Company's assets within 1 month prior to the disclosure of the financial statements to the public.

The Company respects the interests of all stakeholders by running business with responsibilities and equal treatment. The Company has also a determination to improve the business to reach the progress and sustained stability with the ability to give returns to all shareholders properly, protect the interests and take care of the Company's assets as the normal people taking care of their own assets. The Company is, therefore, confident that all stakeholders will be treated with equitability by stipulating in the manual of Code of Conduct, Corporate Social Responsibility Policy and Policy of Quality. The information is disclosed via the Company's office website.

The Company respects the basic rights of all shareholders in comply with laws, the Company's Articles of Association and Code of Conduct by treating all shareholders with equitability. The Company has an effective means to ensure all shareholders that they shall receive only accurate information and appropriate and fair returns in accordance with the Company's Policy on Dividend. In addition, there is the control of connected transactions, the measure on prevention of conflict of interests, the prevention on exploitation of inside information which is confidential and the stipulation that directors and management member who have an access to inside information exploit that information for their advantages by prohibiting them to buy or sell the Company's assets within 1 month prior to the disclosure of the financial statements to the public.

In year 2017, the Company paid the dividend from the result of business performance of year 2016 at rate of 0.14 Baht per share. The total dividend was equal to 66.41% of net profit of the separate financial statements by setting the date of payment on May 23, 2017. We have paid the dividend to shareholders continuously and this is accounted as real long-term wealth for all shareholders. Each and every shareholder is invited to attend the Ordinary General Meeting of Shareholders of Year 2017 and has right of vote for each and every important agenda item as well as receive the important information through various medias, e.g. pamphlet and e-information. Besides, the Company also reports the business performance at every quarter and discloses the transactions done with related persons in the same condition as that done with external persons for their awareness via the news system of the Stock Exchange of Thailand and the Company's website.



## 1.2 Customers

The Board of Directors realizes that customer satisfaction and confidence are key factors which contribute to the Company's sustainable success in accordance with Policy of Quality, Environment, Safety and Energy Conservation Policy, Corporate Social Responsibility Policy and Anti-Corruption Policy. The following policies and guidelines have been prescribed as follows:

1. The Company operates the businesses of distributing electricity and steam which are safe for consumers and environment friendly.
2. The Company has operated with commitment to develop and expand its business to value creation on the biomass and agricultural residues, innovate continually to meet the demands of customers along with the disclosure of necessary information for decision-making without concealment or distortion of facts.
3. Businesses are operated in earnest, honest and fair values and no action is taken that would violate the rights of customers. The confidentiality of customer trade secrets are maintained and not exploited for wrongful personal gains or for the gains of others.
4. The Company does not demand, receive or consent to the direct or indirect receipt of properties or other dishonest benefits from customers.
5. The Company adheres to trade agreements. In the case where adherence is not possible, the customer would be notified in advance in order to jointly find a remedy and prevent loss.
6. The Company provides communication channels to enable customers to file complaints to the Company. Complaints are processed with care and dealt with fairly.

Moreover, customers can rapidly get information through their mobile and other channels to communicate with customers in case of interruption on electricity and steam either in working hour or after working hour as follows:

**Working day** (Monday-Saturday at 8.00 am - 5.00 pm)

Contact Center : Saha Pathana Inter-holding PCL at 038-480444  
Sahacogen (Chonburi) PCL at 038-481555

**After working hour or holiday:**

Emergency Line : 038-481574 or 038-481555 ext. 110  
Customer Services on electricity : 081-9822184  
Customer Services on steam : 081-9859793  
Radio Communication Center 22 (the industrial park's center utility) or 038-483111

In 2017, there were no significant complaints from customers. The other complaints were analyzed in order to prevent, monitor and adjust to the organization in order that such defects might not happen again.

Regarding to customer satisfaction surveys, the Company received 88.19% and 90.14% from electricity and steam distribution respectively.

### 1.3 Business Partners

The Board of Directors has treated business partners equitably and taken into account mutual interests in accordance with Corporate Social Responsibility Policy and Anti-Corruption Policy by prescribing the following policies and guidelines.

1. The Company has a system for screening business partners in the value chain who operate businesses in compliance with the law, safety and occupational hygiene standards, and friendliness to the environment. Business partners are treated on the basis of fair competition, equality and mutual respect.
2. The confidentiality or communications of business partners are maintained and not exploited for wrongful gains of oneself or of others.
3. Relationships and good understandings are fostered. Knowledge is exchanged. Developments and value adding to goods and services are jointly undertaken to promote mutual growth.
4. The Company adheres to trade agreements and makes proper data. In the event that an agreement cannot be complied with, the Company will expeditiously engage in early negotiations with trading partners in order to reach a mutual remedy and loss prevention solution.
5. The Company does not demand, receive or consent to the receipt of properties or any other benefits outside trade agreements.

**Policies and practices of the Company were conducted as follows.**

The Company adheres to the conditions of trade, provides the accurate information with good relationship and mutual understanding, including exchanges knowledge, cooperates in the development of products and service to have value added, does not request or receive or agree to receive any gift or benefit which is out of scope of the trading agreement. In 2017, there was no violation of contract between the Company and any Business Partners.

### 1.4 Competitors

The Board of Directors has operated in accordance with the provisions of law. In this regard, the following policies and guidelines have been prescribed.

1. The Company shall conduct its businesses within the rules of fair competition regarding to business ethics and trade competition laws of various countries in which the Company operates.
2. The Company will not damage the reputation of its trade competitors.

**According to policy and method of the said practice, the Company had done as follows:**

The business transactions with any partner must be competitive under the fair criteria. The Company regards competitor is a part of enhancement of its potential to be more stable and strong. In 2017, there was no dispute on trading competition.

### 1.5 Creditors

The Board of Directors is committed to undertaking business operations in a principled and disciplined manner in order to build the trust of creditors by prescribing the following policies and guidelines.

1. All creditor groups shall be treated equitably and fairly.
2. Contracts and terms will be strictly adhered to.
3. Operations will be administered to ensure the confidence of creditors in the Company's financial standing and credit rating.
4. Financial standings shall be accurately and timely disclosed.
5. In the event of an inability to comply with a particular term, the creditor will be forthwith notified in advance in order to enable a joint solution for remedy and loss prevention

**For the Policy and guideline, the Company had done as following;**

The Company strictly adheres to the agreement with the creditors. In the previous years, the Company has settled the payment to creditors in time according to credit terms stipulated in the contract. The Company strictly runs the business under the criteria of trading competition honestly and fairly in accordance with the laws. The Company has also never dispute with business creditors from the beginning until now.

Moreover, the Company has applied media clearing, transferring system of bank to facilitate all creditors as follows;

- Billing Date is specified on the date of 1 - 3 of each month
- Transferring Date is specified to every the date of 25 of each month

### 1.6 Employees

The Board of Directors regards employees as valuable resources and a key factor to the Company's success. The following policies and guidelines have been prescribed in this regard.

1. Human dignity and fundamental rights of employees are respected at work. Employee data or confidential information is not disclosed or transmitted to third parties or unrelated persons.
2. Employees are treated in accordance with the provisions of law, regulations and articles governing the Company's operations.
3. Employment equality is promoted. There is no discrimination on the grounds of gender, skin colour, race, religion, age, disability or other status that is not directly related to the works.
4. Training and knowledge exchange are sponsored and promoted to encourage learning and skill development throughout, strengthen career security and offer opportunities for advancements pursuant to each person's potential.
5. Employee participation in the determination of the Company's direction and development are promoted.
6. Fair compensation is given as suitable for the knowledge, skill, duties, responsibilities and performance.
7. Appropriate welfare and benefits are given to employees, e.g. medical expenses, provident fund and so on.

8. Channels are provided for employees to communicate suggestions and complaints pertaining to work. These suggestions are considered and remedies will be determined in the interest of all parties and in view of the creation of good working relations.
9. Facilities necessary for work operations are provided and working conditions are maintained with due regard to safety and occupational hygiene as a means of promoting and raising the quality of lives of employees.
10. Employees of all levels are encouraged to participate in social responsibility activities.

#### **Human Resource Development and Improvement Policy**

Sahacogen and affiliates realize the potential of their employees and regards them as a valuable resource for leading the Company with achievement and efficient growth. Especially for business expansion to other regions, human resource management is such an important thing for its business success and sustainable growth. As a consequence, it is necessary to set directions and define predictability to keep on enhancing and developing human resource management from policy to action. It is a challenge to create a masterpiece and strengths for growing organizations in a world of competition. Sahacogen and affiliates operated many ways to achieve its goals as described in “Management Structure”, under the heading “Employee”.

In addition to human resource development, it is also important to pay close attention to environment, safety as well as welfares for enhancing employees’ spirit. Hence, the Company creates various activities such as sports boosting the relationship among employees in different departments, exhibitions about social security, drugs, besides, setting provident fund and participation in festivals or important national holidays, etc.

#### **Employee Welfare**

The Company has policy to pay compensation to all-leveled employees appropriately both in the short term according to the Company’s annual performance and in the long term for provident fund to promote the money saving for their future as well as to persuade employees to loyalty work for the Company. Moreover, the company gives its employees the opportunity to pay their savings into the fund more than the company does in accordance with the specified rate in the Provident Fund Act. The deduction of wages as savings paid into the fund shall not be more than 15% of the wage. For members of the provident fund, they will monthly receive 5% of the wage as monthly contribution, and they will also pay the same amount deducting from their wages for their accumulated fund. When the employment is terminated, the employees will receive accumulated fund, contribution and the net profit of the fund.

The Company has appointed the welfare committee to give opportunity to employees in taking part in the welfare management. The welfare committee will provide services on welfare to employees, namely, quality of working life, ability to effectively perform work with happiness as the following details:

##### **1. Welfare on the Development of Employees**

- Promotion of education during working hours and after working hours
- Training constantly on working competence conducted by the Company and others, both inside and outside the workplaces, such as business management strategies, team building, and participation in reduction of capital cost.
- Provision of E-learning, library, video, internet and intranet system

**2. Welfare on Living-Cost**

- Bonus, shift payment and experiential payment and so on
- Provision of uniform
- Transportation allowance such as vehicle, gas and telephone bill
- Provision of welfare for accidents, the death of parents and spouse

**3. Welfare on Saving**

- The provident fund

**4. Welfare for Development of Employees' Families**

- Activities on Family's Day
- Child Welfare

**5. Welfare of Future Security Promotion**

- The gratuity for retired employees for their benefit after retirement
- Allowance in case of death
- Special housing interest rate by coordinating with the Governmental Housing Bank
- Saha Group Employee's Saving and Credit Cooperative Limited (SGSC)

**6. Health Welfare**

- Holding Sport's Day activities
- Provide general health check-up package, Mammogram test, Pap Smear Test, Prostate Examination and so on
- Health examination regarding working risk factors.
- Educate on occupation health such health knowledge and HIV/AIDs protection
- Visiting sick employees

**7. Welfare on Sports and Recreation**

- Organize the sport activities to foster good health, unison and good relation
- Hold the cultural activities such as Songkran Day
- Arrange religious activities such as candle procession on the Buddhist Lent Day

**To summarize, Sahacogen's welfare consists of**

1. Happy Health
2. Happy Heart
3. Happy Brain
4. Happy Soul
5. Happy Family
6. Happy Society

**Communication Channel for Employees**

The Company has provided a communication channels for employees to make suggestions and identify problems between the employees and their superiors by way of a suggestion box of the Welfare Committee, or through intranet system. Such suggestions shall be proposed to the Executive Board for consideration, remedy to maintain good relationship between the parties consistently, including hearings of opinions and suggestions from all employee levels equally and without discrimination. Additionally, all suggestions and complaints shall be confidently kept and not affected to the employee who reports such matter.

In addition, this said section is also published on Form 56-1 “Human Resource Development and Improvement Policy” heading, Annual Report in the section “The Corporate Governance” and the subject is business ethics and the Code of Conduct for the Company directors, managers and employees, and on Corporate Sustainability Report 2017.

### 1.7 Community and Society

The Board of Directors has operated businesses with due regard for the duties and responsibilities owed to the nation, community and society as well as local traditions in order to maintain a desirable society and participation. In this regard, the following policies and guidelines have been prescribed.

1. A business which could lead to a deterioration of society shall not be undertaken and the rights of others in the community and society shall not be violated.
2. Consciousness of responsibilities towards the community and society as a whole shall be instilled continuously for the benefit of the Company and all levels of employees.
3. Measures shall be provided for the prevention and remedy of impact on the community and society as a consequence of the Company's operations.
4. The preservation of local culture and traditions shall be promoted.
5. Cooperation shall be entered into with various agencies for the development of communities.
6. Public benefit activities shall be sponsored.
7. Incomes shall be generated and the community economy shall be promoted through employment of community members and use of community products.
8. Good relations shall be fostered between the Company and the community and society on the basis of propriety, transparency and fairness

#### **For the Policy and guideline, the Company had done as following;**

The Company has cultivated the mental commitment to the community and society as a whole to occur in the Company by action continued oversight not to create problems to the community. Provide assistance and support to the community for the benefit together and support activities for the benefit of community and society as a whole; for example,

- Education
- Sport
- Quality of Life
- Religion, Cultures, Tradition
- Public Interest
- Economy

In this regard, the Company has disclosed the information in “Corporate Sustainability Report 2017”.

## 1.8 Environment

The Board of Directors undertakes businesses with due regard for responsibilities to the environment. In this regard, the following policies and guidelines have been prescribed.

1. Businesses shall be undertaken in accordance with laws, regulations and policies on the environment with due regard for the impact on natural resources and the environment and regular revisions and assessments of performance results shall be undertaken.
2. An organizational culture and consciousness of employees at all levels shall be promoted to encourage cooperation and responsibility for the efficient and sustainable management of the environment and utilization of resources.
3. Knowledge promotion and environmental training shall be extended to employees.
4. Environmental management system shall be promoted, from the economical use of resources to the sustainable treatment and rehabilitation, replacement, monitoring and prevention of impact on natural resources.
5. There is a system for selection of trade partners in the value chain who undertake businesses in an environmentally friendly manner.
6. Environmentally friendly technology are developed and published.

The Company has been certified the environment management system (ISO: 14001) for distributing electricity and steam from Management System Certification Institute (Thailand) or MASCI, which is apparent that the Company has systematic and sustainable environmental management systems. Accordingly, the Company has select the most efficient production process to generate electricity and thermal energy in the form of steam, that is called cogeneration combined cycle. Moreover, the Aero Derivate, the gas turbine, has been chosen, which can be adjusted in the wide range on the production toward the demand of electricity of EGAT and the industrial factories that subject to change over the period. Additionally, Inlet Air Chilling is also installed to reduce the air temperature before burning to increase the efficiency and productivity of the gas turbine. In addition, the Company created the project “RO Rejected Water Recycle” to reuse water for electricity operation, which can reduce the amount of raw water and waste water 12,600 cubic meters per month. This also helps the plant reduce the expense of raw water and water treatment and manages natural resource for the best benefits in accordance with objectives and goals of the Company’s environment management.

In addition, the Company has provided the energy management system and appointed the working group on energy management to control the energy management system efficiently and comply with legal requirements. The energy conservation policy is determined as the part of the Company’s operation. The guidelines on the energy conservation on electricity are the installation of the speed measure of Cooling Tower Fan, which has been done completely. While the thermal energy conservation has been operated by maintain the steam trap on the steam distribution system continually.

In 2017, the Company provided knowledge and understanding on significant subjects such as courses “Energy Conservation within Organization”, “ISO 14001”. Besides, the Company has organized activities and training on energy conservation to employees continually to create

awareness on maximizing energy the most beneficially for all departments within the organization, covering all the energy sectors of power, water, paper and other exhaustible items; for example, air-conditioning system and lighting should be turned off during the lunch breaks or unoccupied office space, re-using paper must be promoted etc. Although these activities did not give much quantitative result, but helped instill the recycling mindset and behaviors in the employees who would treat the same at their home.

The Company enhances consciousness on responsibilities to community and society among people in the organization continuously, never causes any harm to community, provides support and help for mutual happiness. The Company also supports the activities which are good for entire community and society such as environment, which is described in “Corporate Sustainability Report 2017”.

### 1.9 Government Sector

The Board of Directors undertakes businesses in compliance with the rules and regulations enacted by the State. In this regard, the following policies and guidelines have been prescribed.

1. Knowledge and understanding of the laws governing operations are acquired and no activities are undertaken which would be inconsistent with the law.
2. Proper action shall be taken when conducting transactions with an official or agency of the State.
3. Good relations are fostered between the Company and the State sector within suitable bounds.
4. Relevant laws and business traditions are observed in each country or locality.

The Company consistently provided its support for such dedicated activities. In 2017, the Company organized the campaign “Big VHVs to Small VHVs (Village Health Volunteers) with hospital and Department of Local Administration to enhance junior public health volunteers’ potentiality from small VHVs, provide knowledge and experience to children for developing public health works. Such activity has been proceeded 8 years consecutively, the total attendants in the previous year was 100 persons, which has been disclosed in “Corporate Sustainability Report 2017”.

## 2 Conflict of Interest

The Board of Directors has a policy for dealing with conflict of interest. The following guidelines have been prescribed.

1. The administration of conflict of interest or connected transactions is undertaken prudently, fairly and rationally. There is a transparent system for approving transactions which primarily takes into account the Company’s interests. Interested Company Directors do not have the right to vote and must make a full disclosure in accordance with the rules of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.
2. The Company’s interests shall be upheld subject to legality. No action shall be taken that would be a conflict with the Company’s interests, and no benefits or privileges will be given to any person.



3. Company Directors and Executives must disclose personal interests and the interests of related persons in accordance with the prescribed rules.
4. Company Directors, Executives and employees who acquire inside information are prohibited from trading in Company shares in the 1-month period prior to public disclosure of financial statements.
5. Company Directors, Executives as well as their spouses and children who have not yet attained legal age shall have the duty to report Company securities holdings and changes in such holdings to the Board of Directors in the subsequent Board Meeting.
6. Company information or secrecy acquired or acknowledged shall not be disclosed or transmitted to third parties or unrelated persons.
7. Disclosure shall be made by authorized Company employees. Classes of secrecy may be prescribed in accordance with the significance of the information. Disclosure shall be made within the assigned scope of duties and responsibilities.

In 2017, the company did not receive any complaint on conflict of interest.

### **3 Receptions, receipts and grants of gifts**

The Board of Directors aspires to undertake the Company's businesses in line with fair competition. Nevertheless, receptions, receipts and grants of gifts or attendance at receptions in accordance with traditions and practices to maintain good relations are necessary and desirable in accordance with Anti-Corruption Policy. In this regard, the following guidelines have been prescribed.

1. No receipts or grants of gifts, tokens or receptions which may influence a decision shall be made. If there is a necessity to receive or grant a gift, token or reception in accordance with tradition to a value in excess of normal circumstances, a report shall be filed with the respective supervisors.
2. In the case of an assignment or authorization by a supervisor to assist in an external agency, monies, objects or gifts may be received in accordance with the generally applicable rules or standards prescribed by such an agency, e.g. gifts, tokens or lucky draws.
3. In the case where an agent, contractual party, partner or any other person wishes to grant a gift, token or reception to the Company, prior authorization must be obtained from the Company.
4. Expenses pertaining to these matters shall be maintained within a reasonable budget.

In 2017, there was no any complaint about receiving or giving gifts leading to the influence on business decision.

### **4 Combating Dishonest Acts Corruption**

The Board of Directors has a policy of compliance with the law on combating Dishonest Acts Corruption and Anti-Corruption Policy. In this regard, the following guidelines have been prescribed.

1. A consciousness, value and attitude to comply with laws and regulations honestly and in good faith shall be instilled in employees.
2. An internal control system which is efficient and effective shall be in place. There shall be suitable oversight and checks of powers to prevent employee abuses or involvements in combating Dishonest Acts Corruption.

3. Company Directors, Executives and employees are prohibited from performing any act which amounts to a demand or acceptance of properties or other benefits for oneself or for others as an inducement to wrongfully perform or refrain from performing a duty or which could result in a loss of the Company's legitimate benefits.
4. Company Directors, Executives and employees are prohibited from giving or offering to give properties or any other benefits to third parties to induce such person to unlawfully or wrongfully perform or refrain from an act.
5. There shall be a financial reporting system which is transparent and accurate.
6. There shall be a channel for employees and related persons to provide notices of causes for suspicion with confidence of protection. Personnel must be appointed to examine all notices of suspicion given.

The Company had a process of verification, tracking and risk assessment on corruption, and plans to prevent such risks by assigning the internal auditor to audit and present to the meeting of The Audit Committee in order to consider and review internal control system and monitor the results from internal audit. The Company has arranged the transfer of policies and practices in anti-corruption for business interests to directors, executives, and supervisors at all levels, as well as provided training sessions for orientation and knowledge testing online. During 2017, the Company followed the mentioned practice guidelines, and did not come across any irregularity as the result.

Moreover, the Company has signed up to join "Collective Action Coalition Against Corruption" or CAC with the resolution of the Board of Directors' Meeting No. 1/2014 on February 17, 2014 and the resolution of the Board of Directors' Meeting No. 1/2015 has approved Anti-Corruption Policy on February 17, 2015, which the Company has inform it to employees, managers and directors already on February 18, 2015. The Company received the certification from Thailand's Private Sector Collective Action against Corruption (CAC) on October 14, 2016 (No. 181). The subsidiaries were successfully accredited as CAC members on February 12, 2018.

The Company also publicized the Anti-Corruption Policy and guidelines to promote the provision of knowledge on this matter via website, intranet, Sahacogen and Affiliates' magazine and notice board. Besides, the Company supported employees to attend anti-corruption training courses organized by various institutions in order to study, review and develop the Company's disclosure of anti-corruption information. The attendance of trainings and seminars in 2017 was summarized in "Trainings and seminars attended by the Board of Directors in 2017" and "Trainings and seminars attended by relevant parties in Corporate Governance in 2017".

In 2017, the Company did not receive any complaints in term of corruption.

## **5 Non-infringement of Intellectual Property**

The Board of Directors pursues a policy of non-infringement of intellectual property by prescribing the following guidelines.

1. Business undertakings shall be consistent with laws, regulations and contractual obligations governing intellectual property rights.
2. Intellectual property works of the Company shall be maintained. Such intellectual properties shall not be used or allowed to be used by others without authorization.

3. The intellectual property rights of others shall be respected. The works of others shall not be infringed or applied to personal use except where a license has been obtained or a fee paid to the owner of the work.
4. Intellectual property of creative works produced by employees shall vest in the Company. Upon termination of employment, such intellectual property works must be returned to the Company regardless of the form which it is stored.

The Company has regulations of computer uses in compliance with the laws relating to the Computer Crime Act (No. 2) B.E. 2560 (A.D.2017) and non-infringement of intellectual property, which all employees must follow strictly. If they violate the regulations, they will receive punishment according to the seriousness of the crime.

In 2017, the Company did not engage in any activities infringing upon the patents or intellectual properties.

## **6 Non-violation of Human Rights**

The Board of Directors respects human rights. In this regard, the following policies and guidelines have been prescribed.

1. There shall be no activities or support of activities which violate human rights.
2. Employees are provided with knowledge and understanding of human rights which are applied to work operations.
3. There are no limitations to independence or differences in ideology, gender, race, religion, politics or other matters. The expression of opinions which could cause conflicts or divisions should be avoided.
4. Channels shall be provided for employees or persons who believe that their personal rights have been violated or that they have been treated unfairly to file a complaint with the Company.

Such complaints shall be given attention and processed fairly.

**For the Policy and guideline, the Company had done as following;**

### **1. Labor**

The Company oversees that the operations of all branches do not employ illegal labor.

### **2. Political Rights**

- The Company has promoted the executives and employees to exercise their rights as citizen under the Constitution and other relevant laws.
- The executives and employees shall not use their power to lead or induce colleagues and subordinates to support either directly or indirectly any political activities.

In 2017, the Company was not informed any said complaints and had no previous notorious record relating to any violations of human rights lodged with court.

## 7 Safety and Occupational Hygiene

The Board of Directors attaches importance to safety and occupational hygiene. In this regard, the following guidelines have been prescribed;

1. Business undertakings shall comply with laws, regulations and policies on safety, occupational hygiene and working environment with due regard to the safety of life and properties as well as to the impact on the health of employees, trading partners and stakeholders. Regular monitors and safety assessments must be conducted.
2. Occupational safety shall be promoted. Work regulations, procedures and standards are prescribed to ensure working safety consistent with risks. Working environment and safe work procedures are improved. Tools and equipment for safety protection are also provided to employees.
3. Preparations are made for emergency events. An emergency plan has been devised and regular drills and improvements are carried out. This is to prevent and minimize any loss to life or properties of the Company, employees, trading partners and related persons.
4. A safe working culture has been built for the entire organization to ensure sustainably safe work operations.

Moreover, the Company has paid more attention on safety and occupational hygiene on operations. The Safety, Occupational Health and Environment Committee is appointed to conduct on the safety and occupation health policy to employees. The safety on workplace is well and regularly checked by the security officers throughout 24 hours. The fire alarms and fire extinguisher are installed on the buildings, as well as fire doors. The safety activities (5s) are regularly promoted on the workplace. The basis firefighting, fire evacuation drills, first aid are frequently trained to employees and “Safety Week” is organized annually. The Company has also published and communicated information, knowledge, and data on various diseases and health care through the exhibitions, the Company’s board, audio network system, and intranet system every year.

In 2017, no mentioned accidents occurred.

## Code of Conduct for Company directors, Executives and Employees

### 1. Formal Responsibilities

The Board of Directors appreciates the importance of good governance. Continual undertakings are implemented to ensure that Company Directors, Executives and employees are aware and comply with standards under the framework of the Code of Conduct and conduct oneself honestly, cautiously and prudently for the greatest benefit of the Company and all related parties. As a consequence, the following Code of Conduct has been prescribed.

#### Company Directors and Executives

1. Duties shall be performed responsibly, prudently, honestly and in good faith in compliance with the law, Company articles and relevant notifications.
2. Duties shall be performed to the utmost of ability in order to generate the greatest returns to the Company. This includes attendance at all meetings, except where there is an unavoidable necessity.

3. Duties shall be performed impartially. In a Board Meeting, Company Directors and Executives shall not vote on matters which they have interests.
4. Conflicts of interests shall be administered prudently and reasonably, in adherence to the Company's interests, to ensure transparent management of operations.
5. The acquisition or disposal of assets of the Company, Company directors and executives, including their spouses and children who have not attained legal age, shall comply with the relevant rules and a disclosure shall be made to the Board Meeting in the subsequent meeting.
6. Company directors and executives are prohibited from buying or selling Company shares in the 1 month period prior to the public disclosure of financial statements.
7. Company directors and executives must disclose personal interests and those of related persons in accordance with the prescribed rules.
8. There shall be regular appraisals of the Board of Directors' performance every year.

### **Employees**

1. Employees must support and cooperate in the Company's activities on a regular basis. Assigned tasks must be performed to the best of ability in order to ensure good results and advancement of the Company and employees.
2. Employees must comply with the relevant law, policies, terms of employment, regulations and notifications.
3. Persons contacting the Company must be treated courteously, hospitably and provided with an excellent service in order to preserve the Company's image and reputation.
4. Trade secrets must be kept and the Company's inside information must not be disclosed to third parties.
5. Loans shall not be obtained from customers, persons connected to customers or business counterparts of the Company, except for loans obtained from a bank or financial institution.
6. Lawful orders of supervisors shall be complied.
7. There shall be a commitment to teamwork, mutual assistance, harmony and mutual respect for the benefit of the Company and employees.
8. Co-workers must be treated generously and with good human relations. No groundless allegations shall be made against others. Credit shall not be claimed for the works of others.
9. Duties shall be performed with determination, in earnest and honesty, and the roles and responsibilities in the Company shall not be abused for the purpose of acquiring wrongful benefits for oneself or for others.
10. Duties shall be performed responsibly, cautiously and without neglect in such a manner which could cause a loss to works or properties of the Company.
11. Employees should conduct themselves as good citizens who comply with the constitution and relevant laws. Political rights shall be exercised appropriately. Employees shall also avoid any involvement in an activity which is unlawful or inconsistent with public order or the good morals of the people.

## **2. Maintenance of Company Assets**

Company directors, executives and employees are under a duty and responsibility to efficiently maintain Company assets and assets under the care of the Company. In this regard, the following guidelines have been prescribed.

1. Assets shall be used for business operations and not used for personal gains or for the gains or third parties.
2. Interests shall be protected and assets shall be cared to prevent loss, damage or wrongful use pursuant to the standards of a reasonable man caring for one's property. Direct or indirect wrongful exploitation of benefits shall be eliminated.
3. Sufficient insurance protection from losses shall be obtained for assets.
4. The use of computers to harass, infringe, spy, corrupt other person's personal data or fabricate evidence which could lead to data theft shall be prohibited. An information security system consistent with international standards shall be installed.
5. E-mails and internet access provided shall be used for business purposes. They shall be used cautiously and not prejudice the Company's reputation.
6. Passwords for access to the Company's data shall be kept secret and shall not be disclosed to unauthorized persons.
7. The Company's intellectual property works shall not be reproduced, adapted or used for personal benefit or for the benefit of others without authorization from the Company.
8. The supervisor shall be reported of any finding of rights infringement or acts which could lead to a rights infringement or any act which could potentially lead to a dispute relating to the Company's intellectual property.
9. The safekeeping of important documents of the Company shall be overseen to ensure full compliance with the relevant laws and regulations. Upon the lapse of the safekeeping period, the relevant employee must oversee that the documents are destroyed by appropriate means.

### **3. Informants and Complaints**

The Board of Directors gives employees and stakeholders an opportunity to give information or file a complaint on a matter which could constitute a violation of the law, dishonest or wrongful act of an employee, including irregular behavior which could cause a problem or loss to the Company (Whistle Blowing). The Company also receives complaints on cases where the rights of an employee or stakeholder has been infringed or where they have been treated unfairly and corruptly. Suitable channels and procedures have been provided by the Company in this regard.

The Company will hear and process all complaints impartially, transparently and fairly. Systematic and just measures for the protection of complainants are provided. Information provided by the complainant is kept confidential in the Company according to the Anti-Corruption Policy.

#### **Measures for the Protection of Complainants**

1. A complainant may choose to remain anonymous if he/she deems that disclosure could lead to insecurity or loss concerns.
2. The Company will keep relevant information secret and take into account the safety of the complainant. Measures have been prescribed for the protection of complainants who are employees, including those who cooperate in the investigation of facts. These persons will be protected from unfair treatment as a consequence of the complaint, e.g. disturbances during work, reassignment or termination of employment.

In 2017, there was no information or complaint of law violation, dishonest and wrongful act of employees.

#### 4. Interpretations

A supervisor shall be under a duty to take responsibility and give advice to subordinates to ensure knowledge and understanding as well as compliance with the prescribed Code of Conduct. If the Code of Conduct does not provide for any instance, or if there remains a question which renders performance not possible or that a decision cannot be made, the matter shall be consulted with the respectively higher level superior. In the case of a conflict, the decision of the managing director, executive board and Board of Directors shall be final.

Participation channels for stakeholders: In case that shareholders and stakeholders has any concern in regard to accuracy of financial statements, deficiency of internal control or violation of laws and code of ethics, shareholders and stakeholders can contact as follows;

Contacts	Telephone	E-mail Address
The Board of Director (Chairman)	038-481555 Ext. 202	chairman@sahacogen.com
The Audit Committee (Chairman)	038-481555 Ext. 203	auditcommittee@sahacogen.com
The Risk Management Committee	038-481555 Ext. 260	riskcommittee@sahacogen.com
The Corporate Social Responsibility Committee	038-481555 Ext. 290, 291	pr-csr@sahacogen.com
Managing Director	038-481555 Ext. 200	viroj@sahacogen.com
The Company Secretary	038-481555 Ext. 282	pannee@sahacogen.com
Investor Relations	038-481555 Ext. 202, 282	investorrelation@sahacogen.com
Human Resource & Administration	038-481555 Ext. 242, 243	hradmin@sahacogen.com

The result of investigation will be passed to the Board of Directors. The information on person who raises such inquiries and complaints shall be treated as confidential. In 2017, there has never been action taken against a later-than stipulated announcement of information, a violence of labor law or any other law related to employment, consumers, business competition, and environment. There also have never been complaints made by stakeholders.

#### ❖ The Structure of the Board of Directors

The Board of Directors has appointed several committees comprising of competent and experienced members, to supervise over each particular aspect of Company operations, to ensure careful and effective management and operations for the Company. Those committees consisted of the Board of Directors, the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Corporate Social Responsibility Committee as well as the managing director and the company secretary, which is appropriately, verifiable and balance each other.

The Board of Directors clearly set the authority and responsibility scope for each committee per the charter for said committee. The chairman of every other committee is responsible for supervising the operations in accordance with the policies of the Board of Directors and reported the results in the Board of Directors' meeting.

With regard to the Company's regulations, the Board of Directors is comprised of at least 5 directors, and not less than one-half of the directors must be resident in the Kingdom of Thailand. In 2017, the Board of Directors has 13 directors as follows:-

Director & Executive Director:	5 directors or 38.46%
Non-Executive Director:	3 directors or 23.08%
Non-Executive Director and Independent Director:	5 directors or 38.46%

The structure of the Board of Directors is comprised of Independent Directors constituting one-third of the Board of Directors' composition with consistent of the regulation of Capital Market Supervisory Board. The Company has appointed the Nomination and Remuneration Committee to select the Directors, who are professional, competent, and have various experiences in industrial, management, financial and accounting, legal knowledge and audit, to maximize the benefit to the Company, including the vision. They are integrity and unblemished professional records, and able to express their opinion independently. The Board of Directors has clearly defined the duties and responsibilities of each committee, including complying with the principles stated in the Director's Guides for the listed companies accordingly;

1. Fiduciary Duties
2. Duty of Care
3. Duty of Loyalty
4. Accountable

#### ❖ The Directors' Term of Office Holding

The Board of Directors was elected in the shareholders' meeting. According to the Company's regulations, the Directors can hold office for 3-year term as specified in the Public Limited Companies Act. The Directors who retire upon expiration of their office holding term can be re-appointed. The information of office holding, date-month-year, of the Directors and Independent Directors has been clearly disclosed.

- The Board of Directors does not specify the term of office holding for the Directors because the Board of Directors and shareholders are confident in the Directors' qualifications as the experts equipped with knowledge, business capabilities, determination, and high commitment.
- Like the Directors, the Board of Directors does not specify the term of office holding for the Independent Directors since both positions are appointed by the approval of the shareholders' meeting.
- The Board of Directors gathers information for decision making on the appointment of the Independent Directors who retires by rotation, and the number of years on such position, which shown on the notice of meeting and the annual report for consideration.

#### ❖ Holding Office Regulation for the Directors

- The Board of Directors does not limit the number of listed companies for the Directors to hold office.
- The Directors who hold office in other companies should be approved by the Board of Directors, according to the regulations of holding office for the Directors.



The disclosure of name and information of every Director holding office in other companies has been shown in the Form 56-1 and the annual report. At present, there are 3 Directors holding office more than 5 listed companies. Nonetheless, the Company believes that it will not cause any impact on their performance. Furthermore, the Directors have shown their dedication in working and regular attendance in the meetings. Those are the reasons why the Company does not specify the number of listed companies for the Directors to hold.

Regarding holding office in the other listed companies, the Company's Directors and the Executives of the Saha Group, the Company has established policy and guidelines on such matter. The executives of Saha Group have also the directions and the management team to consider such criteria of those companies as types of business and the necessity in assigning the Director or the Executive of which companies of the Saha Group to be the Company's representative concerning partnership or partnership contract. If necessary, they will send the Director or the Executive who has knowledge, skills, and expertise in that area to hold office.

Moreover, the Company believes that each director's business expertise and capabilities should not be restricted by the number of companies which director served, as long as he/she proves to be capable and devotes enough to carry out own assignments in fulfilling the expectations by the Board of Directors and shareholders.



#### **Self-Assessment of the Board of Directors**

The Board of Directors has established the policy of the self-assessment of the Board of Directors approximately once a year. In 2017, the Company Secretary delivered the self-assessment of the Board of Directors form which is in accordance with the criteria of the Corporate Governance Center, the Stock Exchange of Thailand to each director. Such assessment is covered to the policy of the Boards, the director structure and the practices of the Boards, and the preparation and implementation of the Meeting in order to be the guidelines on operation improvement. Every director was independent in taking such evaluation.

#### **Self-Assessment of the Board of Directors**

The Company carried out the board's performance assessment, divided into 6 aspects as follows:

1. Board structure and qualifications
2. Roles, duties and responsibilities of the Board of Directors
3. Roles, duties and annual performance evaluation of the Managing Director
4. The Board of Directors' meeting
5. Duties of directors
6. Relationship with management

As a result, the self-assessment of the Board of Directors can be summarized that most of their implementation is good and appropriately. In 2017, the evaluation result was in “Excellent” level with the average score of 90.00%

Criteria	Score
Excellent	Up to 90 percent
Good	Up to 70 percent
Fair	Up to 50 percent
Poor	Up to 30 percent
Bad	Up to 20 percent

**Self-Assessment of the Board of Directors on an individual basis, divided into 3 aspects as follows;**

1. Roles, duties and responsibilities of the Board of Directors
2. Duties of Directors
3. Director's self-improvement

In 2017, the evaluation result was in “Excellent” level with the average score of 94.79%.

#### **Self-Assessment of the sub-committees**

The Board of Directors has set the performance assessment for all sub-committees in 2017, that all members evaluated their performance only of which they serve the roles. Thus, the evaluation results can be summarized as below;

Sub-Committees	Evaluation Result
Executive Board	93.05%
Audit Committee	99.00%
Nomination and Remuneration Committee	90.26%
Risk Management Committee	89.11%
Corporate Social Responsibility Committee	86.35%

With regard to the performance appraisal of Managing Director, this would be carried out annually by the Chairman and the Board of Directors based on the company goals and operating performance.

#### **❖ Development of Directors and the Executives**

The Board of Directors and the executives have appreciated their roles, duties and responsibilities to the Company. Thus, the Company has attached importance to the development of all personnel throughout the organization, consistent with the leadership and vision of the Directors and the executives, in order to enhance knowledge, competencies, skills and potentials. The Board of Directors and the executives are encouraged to attend seminars and training courses that are beneficial to the performance of functions as are held internally or externally, including work visits.

### **Orientation of New Directors**

The Company has arranged for the orientation of new Directors in order to inform them of the Company's policies and relevant information, such as the Company's principal business, operating results, organizational structure, and shareholders, including relevant rules and regulations as well as plant visit to each subsidiary of the Company. Also, for the benefit of the discharge of functions by new Directors, the Company has prepared a handbook for Directors as follows;

#### **Director's Handbook**

1. Securities and Exchange Act (No. 4) B.E. 2551 (2008)
2. Charter of the Board of Directors
3. Company Certification and Objects of the Company
4. Article of Association
5. Good Corporate Governance Handbook
6. SEC's Listed Company Directors Handbook
7. Anti-Corruption Handbook

#### **Other Information**

- Visions, mission and goals of the Company;
- Annual Report together with the presentation on the Company's business description for new Directors
- The Company's video presentation

### **Guidelines to enhance the Corporate Governance for the Directors**

#### **Foundation**

- Director Certification
- Director Accreditation
- CG for Capital Market Intermediaries
- CG for Family Business

#### **Committee**

- Chairman
- Audit Committee
- Nomination and Governance Committee
- Compensation Committee
- Risk Management Committee

#### **Functional**

- Chartered Director
- Finance
- Strategy Formulation
- Strategy Measurement
- Risk Planning
- DCP Update

**Guidelines to enhance the Corporate Governance for the Executives****Foundation**

- CG for Executives
- CG for Capital Market Intermediaries
- CG for Family Business

**Functional**

- Board Reporting
- Risk Management Committee
- Risk Planning
- Strategy Formulation
- Strategy Measurement

**Developments for the directors and the management**

The Board of Directors has set up a policy to promote and support those training activities seeking to promote further knowledge for the directors, managers, and all parties concerned on a consistent basis, so as to gain better effective skills and understanding regarding their duty assignments. These activities included the programs organized by Thai Institute of Directors Association (IOD) and other agencies concerned (See the details under the heading “Board of Directors Information”), as well as the meeting to exchange opinions with The Board of Directors and the managers of other organizations, in order to apply the knowledge and experience gained to develop the Company.

**The Company Directors' attendance at training sessions conducted by the Thai Institute of Directors Association (IOD)**

Name	Training Courses	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Finance for Non-Finance Director (FND)	Audit Committee Program (ACP)	Role of the Chairman Program (RCP)	Risk Management Committee Program (RMP)	Role of the Compensation Committee (RCC)
Mr. Sujarit	Patchimnun	41/2005	-	-	-	-	-	-
Mr. Boonsithi	Chokwatana	3/2003	68/2005	-	-	-	-	-
Mr. Boonkiet	Chokwatana	3/2003	41/2004	-	-	-	-	-
Mr. Thirasak	Vikitset	3/2003	68/2005	-	-	-	-	-
Mr. Atthakorn	Glankwamdee	3/2003	68/2005	-	-	-	-	-
Mr. Viroj	Theeravatvatee	12/2004	68/2005	-	-	-	-	-
Mr. Tanong	Srichit	3/2003	72/2006	9/2004	-	-	-	-
Mr. Suthep	Dansiriviroj	32/2005	60/2005	-	-	-	5/2014	7/2008
Mr. Boonyarith	Mahamontri	3/2003	68/2005	-	-	-	-	-
Mr. Nophorn	Bhongsvej	38/2005	71/2006	-	12/2006	-	-	-
Pol. Gen. Somchai Prabhasabhakdi		25/2004	51/2004	-	2/2004	12/2005	-	-
Mr. Amom	Asvanunt	4/2003	-	-	-	-	-	-
Admiral Apiwat	Srivardhana	109/2014	197/2014	-	-	36/2015	-	-

The Company directors and managers paid much attention to attend training courses or seminars designed to promote their management abilities.

**Training and seminar attended by the Board of Directors in 2017**

Name	Training Course/ Seminar
Mr. Viroj Theeravatvatee	The Securities and Exchange Act of Thailand (New) (Saha Group)
Mr. Sujarit Patchimnan Mr. Boonkiet Chokwatana Mr. Boonyarith Mahamontri	“2017 Taxation” by Mrs. Punnee Worawuthichongsathit (Saha Pathana Inter Holding PLC.)
Mr. Sujarit Patchimnan Mr. Viroj Theeravatvatee Mr. Suthep Dansiriviroj Mr. Tanong Srichit Mr. Nophorn Bhongsvej Pol. Gen. Somchai Prabhasabhakdi	“New CG Code 2017” by Mr. Thanakit Permpoonkantisuk (Saha Group)
Mr. Nophorn Bhongsvej Mr. Suthep Dansiriviroj Pol. Gen. Somchai Prabhasabhakdi	Annual Conference “Ready for Thailand 4.0” (EY)
Mr. Thirasak Vikitset Mr. Viroj Theeravatvatee Mr. Atthakorn Glankwamdee Mr. Suthep Dansiriviroj Pol. Gen. Somchai Prabhasabhakdi	“Roles, Duty and Responsibility of Directors, and Internal Use of Information: Case Study” (SPI)

**Relevant parties in Corporate Governance**

The Company Secretary, the secretary to the Audit Committee and managers are regularly supported and engaged to attend assorted training courses and seminars organized by The Securities and Exchange Commission (SEC), The Stock Exchange of Thailand (SET), Thai Listed Companies Association (TLCA), Thai Institute of Directors (IOD), and other institute continually and consistently as follows;

**Training and seminar attended by relevant parties in Corporate Governance in 2017**

Name	Training Course/ Seminar
Mrs. Pannee Chantavaraluk	Annual Meeting of Issuers in 2017: E-Meeting (SET)
Mrs. Pannee Chantavaraluk	Open House for CS “Enhancing the Good Corporate Governance” (IOD)
Mr. Teerayuth Kaewcoon Mr. Apipong Vischuveskamin Miss Penpak Vongrakvanich Mrs. Pannee Chantavaraluk	The Securities and Exchange Act of Thailand (New) (Saha Group)
Mrs. Pannee Chantavaraluk	Criminal Liability of Directors and Juristic Persons Act (SET)
Miss Naiyachan Chongkolvanich	Internal Control Thailand 4.0 (Federation of Accounting Professions)
Miss Naiyachan Chongkolvanich Mr. Rangson Saadlun	IT Future for Listed Company 2/2017 “Cyber Security” (SET)
Mr. Apipong Vischuveskamin	SET SD Forum 2/2017: Sustainability Strategy: Key Blueprint for Business Growth (SET)

Name		Training Course/ Seminar
Miss Penpak	Vongrakvanich	Prepare for rules concerning definitions and qualifications of chief financial officers (CFO) and accountants (SET)
Mrs. Pannee	Chantavaraluk	Collaborative governance for sustainable society by listed companies (SET)
Miss Naiyachan	Chongkolvanich	
Mrs. Pannee	Chantavaraluk	Breakfast Talk 2”Cybersecurity: Risks, Liabilities, and Best Practices” (IOD)
Mrs. Pannee	Chantavaraluk	CGR Workshop 1/2017 (IOD)
Mrs. Pannee	Chantavaraluk	“2017 Taxation” by Mrs. Punnee Worawuthichongsathit (Saha Pathana Inter Holding PLC.)
Miss Naiyachan	Chongkolvanich	IT Future for Listed Company 3/2017, “Cyber Security” (SET)
Mr. Suphanut	Muenhong	
Mr. Teerayuth	Kaewcoon	“New CG Code 2017” by Mr. Thanakit Permpoonkantisuk (Saha Group)
Mr. Apipong	Vischuveskamin	
Mrs. Pannee	Chantavaraluk	
Miss Naiyachan	Chongkolvanich	
Miss Penpak	Vongrakvanich	New Set Portal System (SET)
Miss Pailin	Kanankhang	
Miss Nomjai	Tikampornpairot	
Mrs. Pannee	Chantavaraluk	CAC Conference 2017 “Bright Spots : Lighting the way to a corruption free society” (IOD)
Mrs. Pannee	Chantavaraluk	“Roles, Duty, and Responsibility of Directors and Internal Use of Information: Case Study” (SPI)
Mr. Teerayuth	Kaewcoon	
Mr. Apipong	Vischuveskamin	
Miss Penpak	Vongrakvanich	
Mrs. Uthoomporn	Sinprajackpol	
Miss Naiyachan	Chongkolvanich	
Mrs. Pannee	Chantavaraluk	“2017 AGM Checklist” (Thai Investors Association)
Miss Nomjai	Tikampornpairot	

#### ❖ Company Secretary

Under the Securities and Exchange Act (No. 4) B.E. 2551 (2008), the Board of Directors is required to appoint the Company Secretary to take responsibility for carrying out proceedings prescribed by law on behalf of the Company or the Board of Directors. In this regard, the Board of Directors has appointed Mrs. Pannee Chantavaraluk as the Company Secretary. She has been trained on the Company Secretary Program from the Thai Institute of Directors (IOD). The Company prescribed the following scope of functions and responsibilities as follows;

1. To give advice on laws, regulations and rules that must be known and complied by the Board of Directors.
2. To prepare and keep significant documents:
  - Directors Register
  - Shareholders’ meeting notices/minutes
  - Board of Directors meeting notices/minutes

3. To keep the reports of the conflicts of interests filed by Directors or the executives.
4. To coordinate between the Directors and the executives and to support the implementation of good governance principles as well as compliance with the regulations and notifications of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission and Capital Markets Supervisory Board.
5. To ensure the proper and prudent discharge of functions by the Directors and executives, taking into account the rights of shareholders and fair treatment of shareholders.
6. To contact the relevant supervisory authorities.

Moreover, the office of the Company Secretary consists of officers having law and accounting knowledge, who have been trained on the Fundamental Practice for Corporate Secretary from the Thai Listed Company Association to reinforce their capabilities. Besides, they were assigned to conduct the orientation for the new Directors, as well as to enhance knowledge and understanding on Good Governance to the Directors, the executives, and employees. In other words, they perform as the Compliance Unit in building the corporate image.

#### **Guidelines to enhance the Corporate Governance for the Company Secretary**

##### **Foundation**

- Company Secretary Program

##### **Functional**

- Board Reporting
- Company Reporting

##### **Extension Skill**

- Strategy Formulation

**The Company has 5 sub-committees described as below;**

	<b>Persons</b>	<b>Independent Directors</b>	<b>Non-Executive Directors</b>	<b>Executive Directors</b>	<b>Executive Officers**</b>
1. Executive Committee	7	-	-	5	2
2. Audit Committee	3	3	-	-	-
3. Nomination and Remuneration Committee	4	1	2	1	-
4. Risk Management Committee	7	-	-	1	6
5. Corporate Social Responsibility Committee	5	-	-	1	4

Remarks : Those 5 sub-committees have their term for 1 year.

\*\* Executive Officers were not the Company Directors



The sub-committees are screened from the recruitment procedures of the Nomination and Remuneration Committee, who carefully consider properly persons to propose to be appointed by the Board of Directors. Some sub-committees are not comprised entirely of Independent Directors, but executive directors. All such Directors are qualified and have a good understanding of their roles as Directors and committee members. Functions are performed with responsibility, loyalty, honesty, morality, care, prudence and independence. It is believed that all Directors have such an understanding and carry out strict compliance. The composition of each committee is also accepted by the shareholders.

The Company engaged the Charters of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and duties of the Managing Director, which had already been approved by each respective committee and the Board of Directors Meeting no. 1/2009, held on February 27, 2009. Such charters are reviewed annually together with the appointment of the sub-committee. Details on the functions and responsibilities of each committee are shown in the “Shareholding and Management Structure”.

However, the Directors and the top management have never been employed or been a partner of the external audit firm during the past two years.

#### ❖ **Merger or Segregation**

The Company prescribes that the Chairman of the Board of Directors shall not be an Executive Director, Managing Director and shall not have any relationship with the entire management. There is a clear separation in the functions with respect to supervisory policies and the management of routine functions. The Company has prepared a Charter of the Board of Directors which clearly prescribes and delineates the powers of all committees and the Managing Director.

The Chairman of the Board of Directors is the leader and controller of Board of Directors meetings in order to ensure independence. All Directors are able to express opinions or make suggestions fully. The management of the executives is supported through the grant of powers and responsibilities to the Managing Director. The Board of Directors does not interfere with routine management work. Although the Chairman of the Board of Directors is not an Independent Director, the Company remains confident that the duties has always been undertaken with an understanding of good corporate governance principles. Decisions on significant matters approved by each relevant committee have achieved a balance and reviewed strictly.

#### ❖ **Roles, Duties and Responsibilities of the Board of Directors**

The Board of Directors has been elected by the shareholders as their representatives in implementing the Company’s policies. They collaborated with the executives in formulating vision, missions, strategies, operational plan, annual budget, good governance, and supervision so as to support and direct the performance of the executives and employees.

During the previous year, the Board of Directors has legally operated the Company in compliance with the laws and regulation. Therefore, there is no infringement on the official regulations found.

- **Leadership and Vision**

The Board of Directors is comprised of persons with knowledge, competence, skills and experience in the Company's principal business. The vision, mission, strategies and goals as well as working plans and annual budget are determined in order to enhance operational efficiency for the greatest benefits of the business and achievement of the Company's business goals. In this regard, the Board of Directors undertakes the duties of monitoring the management of the executive according to the various working plans, as well as the determination and delineation of roles, functions and responsibilities between the Board of Directors, executive officers, employees and relevant persons.

In addition, the Audit Committee has been entrusted with the function of supervising the operations of the internal audit section. Dharmniti Internal Audit Co., Ltd. was assigned to audit all procedures of the Company and its subsidiaries' operation so as to ensure sufficiency for the business and to ensure suitable risk management in order to achieve the highest safeguard of interests. The principles of good corporate governance are applied as management tools for adding value to the business and the shareholders.

In regard to the Company's vision and missions, the Board of Directors has supervised the Company's performance by considering the quarterly report of operation, Company's turnover, and security holding of the Directors and the executives in order to appropriately and timely adjust the Company's strategies.

- **Good Corporate Governance**

The Board of Directors appreciates the importance of good corporate governance. In consequence thereof, the Board of Directors has laid down a policy on corporate governance in writing, consisting of 4 parties, i.e. corporate governance policies, the principles of corporate governance divided into 5 categories, business ethics and code of conduct for company directors, executives and employees. Such policies were handed to the Board of Directors, the executives and all employees of the Company, in order to be a guideline for all employees to responsibly their duty with good conscious, to promote the implementation of good corporate governance systems in the organization, thus achieving transparency in business operations, trust of shareholders and general investors, stability to the business and generation of beneficial returns to the shareholders, stakeholders and the society as a whole as well as the promotion of advancement of employees. Revisions were made to certain parts of the business ethics and in compliance with ASEAN CG Scorecard, the tool to evaluate the grade of "good corporate governance for the listed companies" for the ASEAN countries, which had been approved by the Board of Directors meeting No. 1/2014, held on February 18, 2014. The policies are also published on the Intranet and the Company's website. For those who do not comply with such measures will be appropriately punished and might be prosecuted in the case of law violation. If employees are in doubt and cannot comply or make decision, they shall consult with sequence supervisor. In the case of dispute, the judgment from the Managing Director, the Executive Board and the Board of Directors will be considered as final order.

**Establishment of the organization with the good governance culture**

**1. Corporate Governance Policies**

The Company developed its Good Corporate Governance Principles in accordance with the “Principles of Good Corporate Governance for Listed Companies 2012” by the Stock Exchange of Thailand.

**2. The Principles of Corporate Governance which are divided into 5 categories**

- 2.1 Rights of Shareholders
- 2.2 Equitable Treatment of Shareholders
- 2.3 Role of Stakeholders
- 2.4 Disclosure and Transparency
- 2.5 Responsibilities of the Board

**3. Business Ethics**

- 3.1 Responsibilities to Stakeholders
- 3.2 Conflict of Interest
- 3.3 Receptions, Receipts and Grants of Gifts
- 3.4 Combating Dishonest Acts Corruption
- 3.5 Non-infringement of Intellectual Property
- 3.6 Non-violation of Human Rights
- 3.7 Safety and Occupational Hygiene

**4. Code of Conduct for Company Directors, Executives and Employees**

- 4.1 Formal Responsibilities
- 4.2 Maintenance of Company Assets
- 4.3 Informants and Complaints
- 4.4 Interpretations

**- Conflict of Interests**

The Board of Directors has clear guidelines for managing the avoidance of conflict of interests prudently and reasonably, and in order to confer the greatest benefits for the Company and the shareholders. Transactions which might entail conflicts of interests have been notified by the Company and the resolutions disclosed specifying the value of the transaction, the contractual party and reasons of necessity for entering into such a transaction in accordance with the rules of the Stock Exchange of Thailand. The interested Directors have left the meeting room and did not vote on such agenda so as to ensure independence in decisions and information were disclosed immediately in the interest of transparency. Connected transactions would be considered by the Board of Directors meeting on the suitability of the transaction and the Audit Committee would give its approval for the disclosure of information in Form 56-1 and the annual report. The Company has conducted as the following principals;

- 1. Directors and the executives shall report their personal and related persons’ interests in the report form within 1 (one) month as from the effective date of the law, or as from the date of election/appointment.

2. If there is a change in information on interests, the amended interest report shall be submitted to the Company Secretary within 1 (one) month as from the date of the change.
3. The Company Secretary shall submit a copy of the report to the Chairman of the Board of Directors and Chairman of the Audit Committee within 7 (seven) days as from the date of receipt of interest report.

In 2017, all Directors and Executive Officers have already filed such reports, including any amendments thereto conducted according to the regulations.

- **Promotion of Social Responsibility, Environment, and Human Rights**

The Company has realized on the importance of social responsibility and environment in parallel with the business operation. Therefore, the Company focuses on fostering quality of life in surrounding communities, human rights awareness, and fair employment in the sustainable ways.

- **Internal Control and Audit**

The Board of Directors attaches importance to and has installed a control system for operations, financial reporting in compliance with rules, regulations and policies. The Company has employed Dharmniti Internal Audit Co., Ltd. to audit the internal control and reported to Audit Committee, and the Board of Directors. The auditors have independence on their audit. The Board of Directors shall consider the suitability and adequacy on internal control system in accordance with the COSO (Internal Control Integrated Framework) on the 5 sections i.e. the Control Environment, the Risk Assessment, the Control Activities, the information and Communication, and the Monitoring, which will be done every year.

**Guidelines for the assessment of internal control and audit described as follows;**

The Internal Control: all employees of the Company have roles and responsibilities in a mutual way in writing clearly defined duties, responsibilities, authorities both in management and operational levels, also including financial control, operations and management in accordance with laws and relevant regulations.

Risk Assessment: the Company assesses type of risks, causes, risk factors, opportunities and impacts that may occur in order to find ways preventing and managing such risks in an acceptable level. This is also informed to the management and employees to help reduce and prevent risks that may arise. The internal audit unit keeps monitoring each operational unit and considers risks that may happen, which the Board of Directors and the Audit Committee support.

Control Operation: The Company clearly specified the scope of authority and approved amount to each level of management in writing, including segregation of the roles and responsibilities of each working unit for check and balance. The Company follows up, reviews and monitors the results relating to the business operations monthly in accordance with the resolution of the Board of Directors, shareholders' meeting and related laws.

Information and Communication: The Company provides both initial and external communications effectively. The Company keeps accounting documents in full and classified categories, accounting policies generally accepted are applied, and the communications about financial information or other information that are currently accurate are supported, which is informed to people involved for making decision.

Monitoring System: The Company's operating results are monitored on a monthly basis and compared with the prior year performance in order to analyze the causes of differences and adjust their strategies to meet and achieve expected goals. In order to maintain the adequate internal control, the internal audit is required to audit, analyze and evaluate the internal control of various systems and monitor the operating performance continuously. Such results need to be reported directly to the Audit Committee. If any significant defects are found, the Audit Committee has to report them to the Board of Directors for corrective action, monitoring and keeping track of such deficiencies that need to be solved.

In the Board of Directors' Meeting No. 1/2018, held on February 20, 2018, which was also attended by the Audit Committee, the meeting together reviewed the adequacy of the internal control system, and then concluded that the Company had adequate internal control system in place. (The details are disclosed in the Audit Committee report Form 56-1 and the annual report.

- **The Internal Audit**

The Board of Directors has assigned the Audit Committee to inspect the sufficiency, appropriateness, and effectiveness of the internal control system. The results of the internal audit should be reported to the Board of Directors and shareholders. The Company has employed Dharmniti Internal Audit Co., Ltd. to audit the internal control system and report directly to Audit Committee. Mr. Saksri Ampawan, the Head of Internal Audit and their qualified supporting team are responsible for the assessment of sufficiency and effectiveness of the internal control system and be independent. They have given suggestions in proposing improvement for the added value of the organization, and simultaneously supporting the good corporate governance.

In 2017, the Audit Committee has effectively performed their responsibilities as assigned, making the mission completely. The evaluation of internal control system was revealed in "Shareholders and Management Structure" in the annual report and the Form 56-1. The assessment of the internal control system was reported some issues to be improved to the recipients and the related parties as well as properly recommendations for corporate operation, which were presented to the Board of Directors for consideration on the quarterly meeting.

- **Risk Management**

The risk management is a policy implemented systematically in the organization under the supervision of the Risk Management Committee comprising the Executive Director and Managing Directors. In this regard, the senior management of each department have been appointed as a commission responsible for the risk management according to the policy and assigned duties. The report on risk management is presented to the Audit Committee and the Board of Directors. If necessary, they can propose statement of necessity to the Board of Directors to be considered. Whenever there is a significant risk or an irregular transaction. These proceedings are taken to ensure that the level and magnitude of damages that could occur are maintained within acceptable, assessable and controllable levels for the organization that can be systematically inspected with due consideration to the organization's goals.

In 2017, the Risk Management Committee arranged totally 4 meetings and reported to the Audit Committee and Board of Directors every year. Such reports specified opinions and considerations which were good for the company operations and approved by all committees. The Company disclosed the risk management in "Risk Factors" and "Report of the Risk Management Committee" in the annual report.



### **Board of Directors' Meetings**

The Board of Directors has determined that meetings shall be held at least once every quarter. An annual schedule of Board of Directors' meetings is prepared wherein the agenda are clearly stated. The Company Secretary would submit such schedule in the December of each year together with the submission of documents at least 7 days prior to the meeting date so as to give the Board of Directors sufficient time to consider and examine the data prior to attending the meeting, except in the event of urgency for the protection of the Company's interests where notice may be given less than 7 days. Each meeting would last approximately 2 hours.

A quorum of the Board of Directors' meeting requires the presence of at least half of all directors.

All directors are considered as their duties to attend the meeting each time unless unable to do so due to significant obligation or illness. On consideration of other issues, the Chairman of the Board of Directors, be the Chairman of the Meeting, has invited the Directors to comment independently. The voting shall be held the majority. Each director shall have one vote and the director who have conflicts of interest in each agenda, as the case may be. In case that the voting is equal, the Chairman of the Meeting is entitled to one vote on a resolution.

The Board of Directors has focused on the management of the conflicts of interest of all parties carefully and fairly. The information must be completely disclosed. In the event that any directors have conflicts of interest with the benefit on the issued considered, such interested director has no right to make decision.

One the Board of Directors' Meeting, if there is a query or a need to obtain additional information from relevant persons, Managing Director would invite a high level management to give an explanation.

The Company Secretary would record the meeting and propose to the Executive Board to review prior to present to the Board of Directors' Meeting for endorsing on the first agenda of the next meeting and verified by signatures of the Chairman of the Board of Directors. In addition, the Directors can express opinion or amend on the Minutes of the Meeting before endorsement.

The Minutes of Meetings, already endorsed, are kept at the head office and filed the original minutes of meeting together with the relevant documents on each agenda for convenience of reference and searching.

Besides, the Board of Directors has allowed the Non-Executives Directors to hold meetings amongst themselves in the absence of the management in necessity and present to the board for acknowledgement.

In 2017, the Company has held 6 meetings of the Board of Directors which were considered as the appropriate numbers and adequate time for the performance of the Director and the nature of business. Not less than 80% of the Directors attended the meeting. If the Directors would like to have more information, they could make a request to the Company Secretary.

The Board of Directors supported the joint meeting between the Board of Directors and the Executive Board at least once a year, to deliver yearly strategic targets and operation plans of the Company, as well as to build good relationships between directors and executives. Moreover, Chief Financial Officer has joined the Board of Directors' meeting at all times.

The Board of Directors has laid down a policy that independent directors arrange their own meeting, without executive directors or the management of the Company, at least once a year so that independent directors can consider and discuss various issues about management or issues that are of interest. The results of the meeting were informed to the Managing Director.

During 2017, Independent Directors and Audit Committee held the meeting without the management attending the meeting (the amount of meetings shown in “Management Structure”).

The Audit Committee held a meeting on a regular basis with Company’s auditor, Dharmniti Internal Audit Co., Ltd. The Audit Committee invited the management to participate the meeting as well.

In 2017, there were the meeting schedule (not including the extra-ordinary meeting) for 2018 arranged in advance. The meeting date could be rearranged.

- **The Board Of Directors**

No.	Date
1	February 20, 2018
2	April 3, 2018
3	May 8, 2018
4	August 7, 2018
5	November 13, 2018
6	December 11, 2018

- **The Audit Committee**

No.	Date
1	February 20, 2018
2	May 8, 2018
3	August 7, 2018
4	November 13, 2018

- **The Nomination and Remuneration Committee**

No.	Date
1	February 6, 2018
2	December 11, 2018

## ❖ Remuneration of the Directors and the Executives

The Nomination and Remuneration Committee would determine the appropriate remunerations by consideration of the experience, duties, scope of roles and functions, participation and responsibilities of each Director for proposal to the Board of Directors and to the meeting of shareholders for approval. In this regard, the Annual General Meeting of Shareholders No. 15 held on Monday April 24, 2017 approved directorial remunerations on the amount of not exceeding Baht 10 million per year. The Board of Directors has delegated to the Nomination and Remuneration Committee the tasks of determining the remunerations for the Directors and Sub-Committees, and then proposing the appropriate remuneration to the Board of Directors for approval.

The Nomination and Remuneration Committee has defined the remuneration structure appropriately to the responsibilities and benefits which each director has received, as well as, according to the Company's operation performance and comparable to the similar industries. The Sub-Committee shall receive additional remuneration from appropriately performance.

In 2017, the Nomination and Remuneration Committee held 2 meetings. The committee considered remuneration for year 2017 to directors and proposed the remuneration amount for the year 2018 to get an approval from the Board of Director and the shareholders' meeting respectively. The amounts of remuneration to each director are disclosed in the "Shareholders and Management Structure" of the annual report and the Form 56-1.

## ❖ Succession Plan

The Company has set succession plans for key management positions at all levels, starting from the process of nominating the persons who will be responsible, in a proper and transparent manner. The persons were prepared in different areas, as well as continuously participated in training for development. There was also monitoring activities to create the management with knowledge, abilities, leadership, who is professional and honest, allowing the Company to precede its operations continuously and effectively.

Additionally, the Board of Directors has recognized the importance of creating the management to succeed to Chief Executive Officer, with the principles as follows:

1. Specify description for the position of chief executive officer, and relation with targets and strategies of the organization, including qualifications of knowledge and skills required.
2. Select subordinate executives with potential and capabilities.
3. Analyze their qualification individually to find prominence and what needs to be further developed.
4. Create individual developing plan to promote potential and capability development.
5. To provide opportunity for middle management to work closely with top managers including department managers in both direct-functional and cross-functional lines.
6. To select the Executives of high potential to succeed and place in the appropriated positions.
7. To prepare having senior management be ready to take up other functions if necessary.
8. To prepare specialized personnel to be able to take up higher management positions.
9. To give the executives more opportunities on both direct-functional and cross-functional lines.
10. To organize a training course for senior and middle management to promote common awareness for accountability, integrity and corporate image as a whole.
11. To provide the executives training for each department for higher potential, advance planning in addition to systematic thinking to middle managements.



12. There are other training courses on systematic planning process for middle managers.
13. The Company rotates executives in some divisions to enhance efficiently in business administration.



#### **The Operation of Anti-Corruption**

The Company signed a declaration of intent to join Thailand's private sector Collective Action Coalition Against Corruption (CAC) on February 18, 2014. All employees were informed of the Anti-Corruption Policy on February 17, 2015, which is monitored closely by the Risk Management Committee. Additionally, the company directors, management and all employees were provided with seminars and workshops about such issue. The policy is publicized on the Company's website at [www.sahacogen.com](http://www.sahacogen.com), in which related parties and stakeholders can acknowledge it, in order to support the enhancement of anti-corruption awareness and practices, together with the good governance policy, business ethics and code of conduct published in kind of cartoon animation, which finished in the beginning of year 2015.

#### **Anti-Corruption Policy**

The company follows the policy relevant to laws countering corruption by prohibiting the company directors, executives and employees from accepting or supporting every type of corruption both in direct and indirect manner, which is written for exercising it as follows;

1. The company will not be a party to pay bribes. In case of charitable contributions, political contributions as well as offering gifts in a business manner, this must be transparent, explainable and audited.
2. Supporting enhancement of awareness and value for anti-corruption among the company directors, executives and employees to perform duties in accordance with relevant laws, notifications and regulations by preparing such manual for guidelines.
3. The company directors, executives and employees must not act as an intermediary in demanding and accepting gifts or benefits from government sectors or private sector, which induces to violate the laws. Moreover, it is illegal to use positions and/or duties to use the company's data to seek benefits for oneself or others.
4. Setting the system to report financial status transparently and accurately, providing an efficient and effective internal control system, and controlling check-and-balance system to be appropriate in order to prevent conducting any fraud or taking part in any fraud and corruption.
5. Monitoring and reviewing the anti-corruption policy, guidelines and regulations consistently for operation in order to adjust with business changes, laws and regulations.
6. Opening channel for reporting any suspected activity and ensuring that such reporters receive protection.

**Guidelines for the operation of Anti-Corruption with stakeholders**

1. Persuade customers/ business partners to join and be a partner of anti-corruption and share good practices with them.
2. Enhance awareness of employees by reviewing the business ethics regularly.
3. Organize activities or campaigns relating to anti-corruption and congratulate and praise employees who conduct themselves well and honest.
4. Provide information to communities and schools as well as support anti-corruption campaign.
5. Set measures and systems for internal control for transparent business operation.
6. Be a partner or member of anti-corruption institutions or agencies; for example: the Company has joined the Partnership against Corruption for Thailand (PACT) Network on July 6, 2015.

**Anti-Corruption Practices in 2017**

1. The Company has channel communicating the anti-corruption policy to its customers and business partners via e-mail, intranet, website and notice of no gift policy.
2. There are channels for employees to provide notices of any suggestion or suspicion to its supervisors. Informants can give information or file a complaint on a matter which could constitute a violation of the law via notice box to the Social Security Committee or comment box or via the Company's intranet system, which will be presented to the Executive Board afterwards to consider and tracking of rectification. All suggestions and complaints of its employees are noted and observed righteously in order to maintain good relationship with each other. The Company will keep relevant information secret with the confidence of complainant's protection.
3. The Risk Management Policy was amended by adding risk management framework in accordance with the Anti-Corruption Policy on February 14, 2017
4. The Company organized the in-house seminar "The 2<sup>nd</sup> Seminar on Fighting Against Corruption" to review and well comply with the Anti-Corruption Compliance Handbook on June 19, 2017
5. Sahacogen Green Co., Ltd. and Sahagreen Forest Co., Ltd., its subsidiaries, organized the seminar "The 2<sup>nd</sup> Seminar on Fighting Against Corruption" by Mr. Thanakit Permpoonkantisuk to make executives and employees review and well understand the anti-corruption guidance. Moreover, this seminar provided them with brainstorming activities on anti-corruption risk assessments based on the Thailand's Private Sector Collective Action Coalition against Corruption, on June 21, 2017
6. Sahacogen Green Co., Ltd. and Sahagreen Forest Co., Ltd. submitted the self-assessment form consisting of 71 items to certify as the member of Thai's Collective Action Coalition (CAC) on November 20, 2017. The subsidiaries were successfully accredited as CAC members on February 12, 2018.
7. There test of CAC knowledge and good corporate governance were published online.

## A Survey of Corporate Governance Practices of the Listed Companies

In 2017 Thai Institute of Director (IOD) associated with Securities and Exchange Commission Thailand and Stock Exchange of Thailand in a survey of corporate governance practices of the listed companies in 2017, the total listed is 620 companies, by evaluation from annual report 2016 and published information disclosure in 2017. The Company was scored on the level of **“Very Good”**.

### Details of Corporate Governance Evaluation;

Categories	2015 (%)	2016 (%)	2017 (%)
1. Right of Shareholders	91	92	92
2. Equitable Treatment of Shareholders	99	99	99
3. Role of Stakeholders	88	93	93
4. Disclosure and Transparency	97	97	95
5. Responsibilities of the Board	70	78	78
<b>Score Average</b>	<b>84</b>	<b>88</b>	<b>88</b>

The Company has appreciated the importance of Corporate Governance development continually for rewarding to society under balancing between business profits and responsibility to stakeholders, social, community and environment, in order to the sustainable growth in the long term.

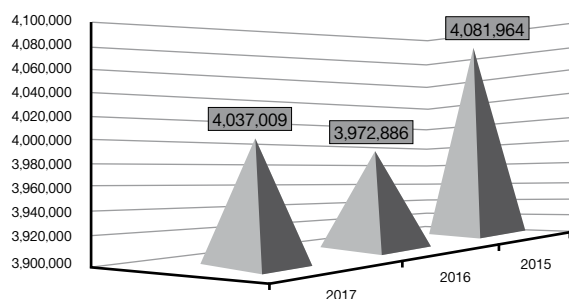
Due to the Good Corporate Governance adjusted to Corporate Governance Code by the Securities and Exchange Commission, the Company recognizes the importance of, and is on the progress of study for its further adjustment and compliance. Moreover, the seminar “CG Code” was organized to make directors, executives and employees review and well understand the “apply or explain” basis of the Principles and Sub-Principles. The Directors and top management also tested “CG” understanding, the total result was in a “really good” level (more than 90%).

# Performance Summary and Financial Highlights

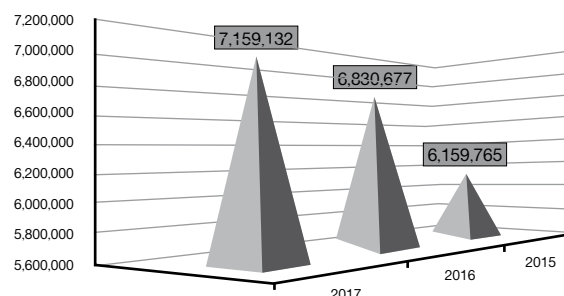
(Unit : Baht'000)

Operational Highlights	2017	2016	2015
Sales	4,026,822	3,964,956	3,910,263
Total Revenues	4,037,009	3,972,886	4,081,964
Cost of Sales and Expense	3,529,572	3,628,368	3,844,891
Finance Cost	134,420	125,199	138,570
Earning Before Tax	373,017	219,319	98,503
Income Tax	64,883	59,818	54,114
Profit for the year	308,134	159,502	44,390
Total Comprehensive Income for the year	308,814	161,841	44,078
Financial Highlights			
Current Assets	918,236	981,610	995,781
Fixed Assets	6,240,896	5,849,067	5,163,984
Total Assets	7,159,132	6,830,677	6,159,765
Current Liabilities	1,546,397	942,144	1,813,561
Non-Current Liabilities	2,997,208	3,443,371	1,963,624
Total Liabilities	4,543,604	4,385,515	3,777,185
Share Capital Fully Paid	955,000	955,000	955,000
Shareholders' Equity	2,615,528	2,445,162	2,382,580

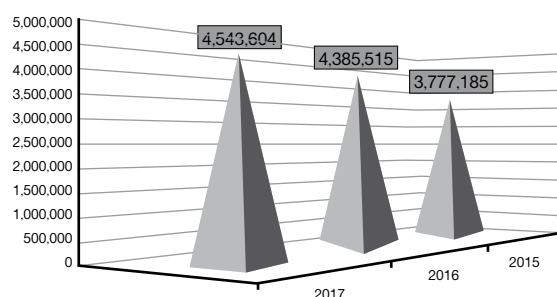
Total Revenues



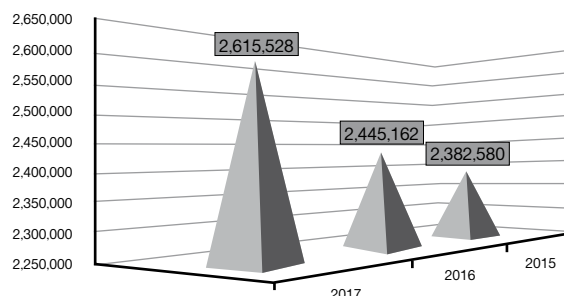
Total Assets



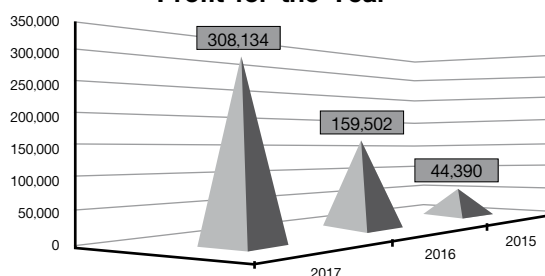
Total Liabilities



Total Shareholders' Equity



Profit for the Year



# Financial Ratio Table

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
<b>Liquidity Ratio</b>															
Current Ratio	1.08	1.73	1.48	1.30	2.10	1.81	0.73	1.21	0.77	0.96	0.56	0.55	1.04	0.59	time
Quick Ratio	0.89	1.42	1.24	1.06	1.55	1.35	0.49	0.82	0.61	0.64	0.38	0.38	0.77	0.41	time
Current Cash Flow Ratio	1.50	0.24	1.41	1.00	0.63	1.76	1.02	0.51	1.04	0.44	0.25	0.30	0.51	0.72	time
Accounts Receivable Turnover	7.41	7.37	7.79	7.57	7.55	7.28	7.80	8.66	9.55	8.39	7.43	6.49	7.15	7.36	time
Average Collection Period	48.57	48.87	46.19	47.58	47.67	49.46	46.18	41.56	37.68	42.89	48.45	55.48	50.35	48.90	days
Accounts Payable Turnover	16.65	16.33	10.56	7.51	10.46	14.81	8.73	7.82	7.98	6.87	8.99	11.28	12.39	9.20	time
Payment Period	21.63	22.04	34.08	47.91	34.42	24.31	41.22	46.01	45.13	52.41	40.03	31.91	29.05	39.13	days
Cash Cycle	26.95	26.83	12.11	(0.33)	13.25	25.16	4.96	(4.45)	(7.45)	(9.52)	8.42	23.58	21.29	9.77	days
<b>Profitability Ratio</b>															
Gross Profit	22.25	19.82	20.68	20.99	17.05	17.06	18.26	16.94	14.16	13.87	12.54	7.77	14.31	15.92	%
Operating Profit	19.40	17.00	17.90	16.81	12.97	13.01	12.60	11.69	10.07	11.19	9.23	6.06	8.69	12.60	%
Other Profit	0.30	0.08	0.46	0.23	0.40	0.15	0.60	0.14	0.16	0.59	0.14	4.21	0.20	0.25	%
Operating Cash Flow Turnover	156.05	29.40	158.36	132.97	75.20	152.53	176.59	100.11	193.94	86.16	84.50	235.77	205.94	177.39	%
Net profit	15.07	12.99	13.03	11.08	8.53	8.68	8.19	7.13	6.58	6.97	4.50	1.09	4.01	7.63	%
Return on Equity	21.89	20.65	20.70	16.59	13.90	13.72	12.61	11.67	11.87	13.15	8.50	2.39	6.61	12.18	%
<b>Efficiency Ratio</b>															
Return on Total Asset	7.32	6.58	7.20	6.18	5.43	5.52	4.95	4.52	4.63	5.15	3.36	0.71	2.46	4.41	%
Return on Fixed Asset	13.52	12.28	14.20	13.27	6.77	12.92	11.67	11.57	11.76	12.88	11.82	8.63	10.50	12.53	%
Total Asset Turnover	0.49	0.51	0.55	0.56	0.65	0.64	0.59	0.65	0.69	0.75	0.76	0.66	0.58	0.58	time
<b>Financial Policy Ratio</b>															
Debt to Equity	1.72	2.00	1.77	1.60	1.52	1.46	1.63	1.53	1.28	1.52	1.54	1.59	1.79	1.74	days
Interest Coverage	8.06	(2.25)	6.92	5.45	3.56	6.07	6.74	4.13	6.67	4.10	3.81	5.35	6.86	6.90	days
Payout Ratio	88.90	83.93	51.90	77.85	91.94	54.86	61.38	66.71	57.15	63.79	60.10	80.94	215.14	83.82	%

# Management Discussion and Analysis

## Discussion and Analysis of Operating Result and Financial Status

This analysis is based on the consolidated financial statements of the year 2017 comparing to the year 2016. The details are described below.

### 1. Operating Result

#### 1.1 Overview of Operations

The global energy price is slightly up comparing to last year. The global energy price has the slight impact on the price of electricity and steam which are the main income of Sahacogen. The core business is selling electricity and steam generating 99.55% of the group total revenue. However, the total of 74.99% of revenue structure is relied on the natural gas price, the main fuel in production process. Another factor indicating the energy price is the Agreement with Electricity Generating Authority of Thailand (EGAT). The electricity price structure is also subordinated to the actual cost of natural gas. For energy price distributed to customers in Sriracha Saha Group Industrial Park, it is subjected to price rate of PEA and the Float Time (FT) rate. There are risks to company operating performance, if the FT rate is not align with the fuel cost. The company considered the mentioned risks as the external factors that would be unable to control. In contrast, the company has been improving the production efficiency as well as focusing on the production cost control in order to minimize the effect on business operation from fuel price risk.

In 2017, the revenues of the company and subsidiaries reached THB 4,037 million, increased by THB 64 million or 1.61% comparing to last year. The cost of electricity sold combining to administrative and selling expenses and loss in assets impairment were THB 3,530 million. The total expenses decreased by THB 99 million or 2.72%. The financial expenses were THB 134 million increased THB 9 million or 7.37%. The corporate income tax increased THB 5 million or 8.47%. The group company has THB 308 million in net profit, increased by THB 149 million or 93.19%.

In 2017, the company and subsidiaries' research and development cost was not significant to the overall expenses. Then, the R&D cost will not be mentioned in this discussion.

#### 1.2 Operating Result of Each Product Units

- **Revenues from Sales**

The total selling revenues from the consolidated financial statements was THB 4,027 million, increased by THB 62 million or 1.56%, comparing to year 2016. This change resulted from the change in selling price calculating method from Adder to Feed-in Tariff (FiT). The change caused more income from the two subsidiaries generating electricity from renewable energy distributed to the PEA (Sahacogen Green Co., Ltd. and Sahagreen Forest Co., Ltd.). The two subsidiaries revenue increased by THB 26 million. Moreover, the revenue from selling steam decreased THB 35 million from the rise of selling price according to the fuel price.

- **Other Revenues**

The other revenues was THB 10 million, increased by THB 2 million due to the exchange rate profit.

- **Cost and Expenses**
  - Cost of sales: The cost of sales in consolidated financial statements was THB 3,385 million, decreased by THB 12 million or 0.34% according to the reduction in natural gas price.
  - The administrative expenses in the consolidated financial statements were THB 139 million, decreased by THB 11 million or 7.60% according to the closely cost control policy.
  - The loss on assets impairment was THB 4 million, decreased by THB 76 million or 94.64%. The big change was the result from the operation shut down of a subsidiary (Sahagreen Energy Co., Ltd.) in 2016.
- **The financial expenses:** in the consolidated financial statements were THB 134 million, increased by THB 9 million or 7.37%. The change resulted from the interest rates increases with financial institutions.
- **The corporate income tax:** in the consolidated financial statements was THB 64 million, increased by THB 5 million or 8.47% according to the operating performance.
- **Profit**
  - In 2017, the group company net profit was THB 308 million, increased by THB 149 billion or 93.19%. The increase in net profit generated from the company was THB 79 million. While THB 70 million was from the subsidiaries.
  - There was a gain on change in value of available-for-sale investments THB 0.68 million which considered as other comprehensive income. The total comprehensive income for the year was THB 309 million.
  - The total comprehensive income attributed to the equity holders was THB 300 million.
- **Gross Profit Margin:** 15.92% increased by 1.61% comparing to last year. This was an increase of 11.25%.
- **Return to Shareholders:** 12.18% increased by 5.57% comparing to last year. This was an increase of 84.27%.

## 2. Financial Status

- **Assets:** the total assets was THB 7,159 million, increased from the year 2016 by THB 328 million or 4.81%. The majority of total asset value, THB 6,146 million, is in the category of property, plant and equipment. The change of THB 395 million, was mainly from the expansion of the combined-cycle power plant run by natural gas. The project had been being under construction since 2016 and started the commercial operation date on November 20, 2017. The additional value of THB 46 million was from the inventory which are bio mass prepared for the electricity production. The reduction in cash THB 113 million was the result from buying components and the steam turbine preparing for the major overhaul in January 2017.

- **Liabilities:** The total liabilities were THB 4,544 million, increased from the year 2016 by THB 158 million or 3.60%. This was resulted from the increasing long-term loan for the power plant expansion of the combined-cycle power plant; the trade payables; and the retention.
- **Shareholders' Equity:** Shareholders' equity was THB 2,616 million, increased from the year 2016 by THB 170 million or 6.97%, resulting from the operating performance of the company and its subsidiaries.

### 3. Liquidity

- **Cash Flow:**
  - The company had earned net cash from operating activities THB 900 million, which was increased from the year 2016 by THB 190 million or 26.87%. This was due to the higher in revenue from operation and the expedition debt repayment received.
  - The cash flow from investment was THB 760 million, decreased from the year 2016 by THB 393 million. This year cash for investment was spending on the expansion project of the combined-cycle power plant; and the major overhaul of the gas turbine.
  - The cash flow from financing increased from the year 2016 by THB 774 million due to the long-term borrowings for the expansion project of the combined-cycle power plant run by natural gas. In 2017, the company's net cash flow and cash equivalents increased from the year 2016 by THB 305 million or 59.18%.
- **Liquidity Ratio:** The current assets were THB 918 million, decreased from the year 2016 by THB 63 million or 6.46%. The reduction in current assets was from the cash used in the major overhaul of the gas turbine. The current liabilities were THB 1,546 million, decreased from the year 2016 by THB 871 million or 48.05%. The reduction was mainly from the decrease of short-term loan. Therefore, the liquidity ratio was 0.59 times in 2017 decreasing by 0.45 times comparing to the ration of 2016. The change was 43.27% comparing to last year.
- **EBITDA/Interest paid:** 6.90 times in 2017, an increase of 0.04 times or 0.58% comparing to the year 2016.

### 4. Operation Effectiveness

The return on total assets was 4.41%, higher than last year by 79.27%. The return on fixed assets was 5.20%, lower than last year by 50.48%. The total asset turnover was 0.56 times, lower than last year by 3.45%. The reason of the changes was the completion of the combined-cycle power plant expansion that started the commercial operation on November 21, 2017.

### 5. Factors posing possible impact on the company's future business operations and financial statement

The company has disclosed factors posing possible impact on the company's future business operations and financial statement in "Note to Consolidated Financial Statements" in the item 32 "Financial Instruments" and also published on [www.sahacogen.com](http://www.sahacogen.com).



## Report on the Board of Directors' Responsibilities for Financial Statements

The Board of Directors duly recognized their obligations and responsibilities in their status as the directors of SET listed company, with regard to the compilation of financial statements for Sahacogen (Chonburi) Public Company Limited and its subsidiary companies. Said financial statements were prepared in accordance with Thai Financial Reporting Standards (TFRS), based on the adoption of appropriate accounting policies on a consistent basis, accompanied by careful consideration and justifiable accounting estimates.

Furthermore, adequate significant information was disclosed per the notes to the financial statements, together with necessary clarification and analysis regarding the financial positions and performances by the company and its subsidiaries, so as to contribute to the interests of the shareholders and general investors. Moreover, said financial statements were duly audited and unconditionally verified by independent certified public accountants.

At the same time, The Board of Directors had exercised efforts to promote good governance practices, and to establish risk management system and internal control system in an efficient and effective manner. These practices were intended to ensure that the recording of accounting information was carried out in an accurate, complete, and sufficient manner, in order to safeguard the assets of the company and its subsidiaries, while also safeguarding against any significant fraud or abuse.

In this regard, The Company's Audit Committee whose members comprising independent directors had duly carried out audit work on the quality of the financial statements and the efficiency of internal control system. The opinions of The Audit Committee were displayed per the Audit Committee's report contained in the annual report publication, as well as the annual registration statement (form 56-1).

Accordingly, The Board of Directors concluded that, the good corporate governance practice, the risk management system, as well as the internal control system already in place at the company, were well adequate and sufficient, reasonably providing sufficient confidence to all the concerned parties that, the financial statements of the company and its subsidiaries ending December 31, 2017, were prepared and presented in substantial context, in an accurate and reliable manner.



Mr. Sujarit Patchimnan  
Chairman



Mr. Viroj Theeravatvatee  
Managing Director

## Auditor Fees of the Auditor

- Audit Fee**

The Company and its subsidiaries made remuneration payments as audit fees to EY Office Limited, where the auditors were attached to:

Company	Audit	
	2017	2016
Sahacogen (Chonburi) PLC.	1,155,000	975,000
Sahacogen Green Co., Ltd.	570,000	490,000
Sahagreen Forest Co., Ltd.	350,000	260,000
Sahagreen Energy Co., Ltd.	150,000	280,000
<b>Total Audit Fee</b>	<b>2,225,000</b>	<b>2,005,000</b>

- Non-audit Fee**

The Company and its subsidiaries Paid for other services as follow:

Company	Facilitator	Non-audit Fee	
		2017	2016
Sahacogen (Chonburi) PLC.	EY Office Limited,	50,000 *	0
Sahacogen Green Co., Ltd.	EY Office Limited,	80,000 **	50,000
Sahagreen Forest Co., Ltd.	EY Office Limited,	80,000 **	50,000
Sahagreen Energy Co., Ltd.	EY Office Limited,	0	0
<b>Total Non-Audit Fee</b>		<b>210,000</b>	<b>100,000</b>

remark :

\* BOI examination is 50,000 Baht/certificate as at year 2017

\*\* BOI examination is 80,000 Baht/certificate as at year 2017

## **Independent Auditor's Report**

To the Shareholders of Sahacogen (Chonburi) Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Sahacogen (Chonburi) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Sahacogen (Chonburi) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sahacogen (Chonburi) Public Company Limited and its subsidiaries and of Sahacogen (Chonburi) Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### Investment in subsidiary

As described in Note 11 to the consolidated financial statements, as at 31 December 2017, the Company had an investment in a subsidiary with the book value of Baht 1,520 million, which is significant amount. This subsidiary had deficit from operations. The determination of the recoverable amount of the investment in this subsidiary requires management to exercise considerable judgement in order to forecast the operating results, estimating the cash inflows that are expected to be generated from investment, and to determine the discount rate and key assumptions. As a result, I attached importance to the audit of this matter.

I assessed the forecasted operating results of the subsidiary prepared by the management of the Company, by gaining an understanding of the processes performed by the management to derive such figures, evaluating the assumptions used in preparing the plans and cash flow projections of the subsidiary, comparing these assumptions to other available sources of data, comparing past cash flow projections with actual operating results to assess management's judgement in projecting future cash flows. I also considered the discount rate used by the management by comparing the weighted average cost of capital, other data and tested the calculation of the recoverable amount of the investment in the subsidiary in accordance with the financial model.

### **Cost of construction the power plant**

As described in Note 13 to the consolidated financial statements, during 2017, the Company has completed the third phase of the expansion of the co-generation power plant project. During the year, cost of construction the power plant amounting to Baht 466 million comprised costs of constructing the power plant, machinery, other costs related to the acquisition of assets and the related borrowing costs. As these transactions were significant, I focused my audit on the correctness of the capitalisation of costs related to the power plant construction and borrowing costs as part of the aforementioned assets, in compliance with financial reporting standards.

I gained an understanding of the processes of acquisition, payment, and preparation of financial reports, as well as management's decision-making with respect to the recording of cost of construction the power plant and the basis used in determining the amount of borrowing costs to be included in cost of construction. Moreover, I examined the recognition of costs related to the construction of the power plant and borrowing costs by randomly checking them to supporting documents for payments that were additionally recorded as costs of construction the power plant during the year, verifying the capitalisation of borrowing costs as costs of construction the power plant, and testing the calculation of such capitalised borrowing costs. I also examined whether costs of construction the power plant met the criteria of assets in accordance with financial reporting standards and I reviewed the disclosure of information in the notes to the financial statements.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible the audit resulting in this independent auditor's report.



Sirirat Sricharoensup

Certified Public Accountant (Thailand) No. 5419

EY Office Limited

Bangkok: 20 February 2018



**Sahacogen (Chonburi) Public Company Limited and its subsidiaries**
**Statement of financial position**
**As at 31 December 2017**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	77,680,387	190,316,352	58,027,861	163,944,968
Current investments - securities held for trading		269,844	267,198	269,844	267,198
Trade and other receivables	8	558,088,928	535,841,408	464,409,864	436,764,578
Short-term loans to related parties	6	-	-	280,000,000	315,000,000
Prepaid expenses		28,348,534	30,427,524	22,801,862	22,943,463
Inventories	9	243,775,098	197,865,955	136,004,579	104,374,719
Other current assets		10,073,232	26,891,272	8,120,748	25,343,406
<b>Total current assets</b>		<b>918,236,023</b>	<b>981,609,709</b>	<b>969,634,758</b>	<b>1,068,638,332</b>
<b>Non-current assets</b>					
Restricted bank deposits		812,000	812,000	-	-
Investments in subsidiaries	11	-	-	1,662,499,900	1,662,499,900
Other long-term investments - available-for-sale securities	12	10,050,000	9,200,000	10,050,000	9,200,000
Property, plant and equipment	13	6,146,046,931	5,750,731,409	4,378,520,564	3,943,346,002
Biological assets	14	49,353,216	51,075,109	-	-
Deferred tax assets	22	21,496,536	22,714,542	21,496,536	22,714,542
Intangible assets	15	11,736,436	14,027,610	9,068,262	11,040,668
Other non-current assets		1,401,329	507,000	231,000	225,000
<b>Total non-current assets</b>		<b>6,240,896,448</b>	<b>5,849,067,670</b>	<b>6,081,866,262</b>	<b>5,649,026,112</b>
<b>Total assets</b>		<b>7,159,132,471</b>	<b>6,830,677,379</b>	<b>7,051,501,020</b>	<b>6,717,664,444</b>

The accompanying notes are an integral part of the financial statements.

**Sahacogen (Chonburi) Public Company Limited and its subsidiaries**  
**Statement of financial position (continued)**  
**As at 31 December 2017**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	16	209,000,000	24,000,000	160,000,000	-
Trade and other payables	17	484,952,005	251,066,636	462,660,214	227,813,942
Other short-term loan		-	5,000,000	-	-
Current portion of liabilities under					
finance lease agreement		429,182	-	429,182	-
Current portion of long-term loans	18	719,952,000	598,878,000	671,400,000	556,800,000
Income tax payable		20,549,009	24,718,947	20,549,009	24,718,947
Current porting of retention		74,471,803	-	74,471,803	-
Other current liabilities		37,042,630	38,480,512	26,533,290	22,305,849
<b>Total current liabilities</b>		<b>1,546,396,629</b>	<b>942,144,095</b>	<b>1,416,043,498</b>	<b>831,638,738</b>
<b>Non-current liabilities</b>					
Long-term loan from related party	6	320,000,000	320,000,000	320,000,000	320,000,000
Liabilities under finance lease agreements - net of					
current portion		2,744,508	-	2,744,508	-
Long-term loans - net of current portion	18	2,659,950,000	3,074,902,000	2,426,900,000	2,793,300,000
Provision for long-term employee benefits	19	14,513,027	12,514,747	12,411,297	10,755,307
Retention		-	35,954,052	-	35,954,052
<b>Total non-current liabilities</b>		<b>2,997,207,535</b>	<b>3,443,370,799</b>	<b>2,762,055,805</b>	<b>3,160,009,359</b>
<b>Total liabilities</b>		<b>4,543,604,164</b>	<b>4,385,514,894</b>	<b>4,178,099,303</b>	<b>3,991,648,097</b>
<b>Shareholders' equity</b>					
Share capital					
Registered, issued and fully paid					
955,000,000 ordinary shares of Baht 1 each		955,000,000	955,000,000	955,000,000	955,000,000
Share premium		285,447,000	285,447,000	285,447,000	285,447,000
Deficit on changes in the ownership interest in a subsidiary		(31,800,734)	(31,800,734)	-	-
Retained earnings					
Appropriated					
Statutory reserve - the Company	20	95,500,000	95,500,000	95,500,000	95,500,000
Statutory reserve - the subsidiary		1,360,000	-	-	-
Unappropriated		1,251,577,601	1,087,286,165	1,538,134,717	1,391,429,347
Other component of shareholders' equity		(680,000)	(1,360,000)	(680,000)	(1,360,000)
Equity attributable to owners of the Company		2,556,403,867	2,390,072,431	2,873,401,717	2,726,016,347
Non-controlling interests of the subsidiaries		59,124,440	55,090,054	-	-
<b>Total shareholders' equity</b>		<b>2,615,528,307</b>	<b>2,445,162,485</b>	<b>2,873,401,717</b>	<b>2,726,016,347</b>
<b>Total liabilities and shareholders' equity</b>		<b>7,159,132,471</b>	<b>6,830,677,379</b>	<b>7,051,501,020</b>	<b>6,717,664,444</b>

The accompanying notes are an integral part of the financial statements.

**Sahacogen (Chonburi) Public Company Limited and its subsidiaries****Statement of comprehensive income****For the year ended 31 December 2017**

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales	23	4,026,821,920	3,964,956,259	3,440,614,784	3,403,259,437
Other income					
Interest income		798,372	423,010	11,635,371	1,389,181
Others		9,388,828	7,507,021	20,503,846	3,569,188
<b>Total revenues</b>		<u>4,037,009,120</u>	<u>3,972,886,290</u>	<u>3,472,754,001</u>	<u>3,408,217,806</u>
<b>Expenses</b>					
Cost of sales		3,385,847,770	3,397,551,966	2,910,936,784	2,926,784,106
Administrative expenses		139,443,869	150,914,610	93,332,103	89,086,932
Doubtful debts	6	-	-	-	33,625,706
Impairment loss on assets	10, 13.2	4,280,650	79,901,694	5,000,000	-
<b>Total expenses</b>		<u>3,529,572,289</u>	<u>3,628,368,270</u>	<u>3,009,268,887</u>	<u>3,049,496,744</u>
<b>Profit before finance cost and income tax expenses</b>		<u>507,436,831</u>	<u>344,518,020</u>	<u>463,485,114</u>	<u>358,721,062</u>
Finance cost		<u>(134,419,679)</u>	<u>(125,198,657)</u>	<u>(118,198,417)</u>	<u>(97,572,862)</u>
<b>Profit before income tax expenses</b>		<u>373,017,152</u>	<u>219,319,363</u>	<u>345,286,697</u>	<u>261,148,200</u>
Income tax expenses	22	<u>(64,882,769)</u>	<u>(59,817,752)</u>	<u>(64,882,769)</u>	<u>(59,817,752)</u>
<b>Profit for the year</b>		<u>308,134,383</u>	<u>159,501,611</u>	<u>280,403,928</u>	<u>201,330,448</u>

The accompanying notes are an integral part of the financial statements.

## Sahacogen (Chonburi) Public Company Limited and its subsidiaries

## Statement of comprehensive income (continued)

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments		850,000	(210,000)	850,000	(210,000)
Less: Income tax effect	22	<u>(170,000)</u>	<u>42,000</u>	<u>(170,000)</u>	<u>42,000</u>
		<u>680,000</u>	<u>(168,000)</u>	<u>680,000</u>	<u>(168,000)</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gain	19	-	2,788,548	-	1,405,997
Less: Income tax effect	22	<u>-</u>	<u>(281,199)</u>	<u>-</u>	<u>(281,199)</u>
		<u>-</u>	<u>2,507,349</u>	<u>-</u>	<u>1,124,798</u>
<b>Other comprehensive income for the year</b>		<u>680,000</u>	<u>2,339,349</u>	<u>680,000</u>	<u>956,798</u>
<b>Total comprehensive income for the year</b>		<u>308,814,383</u>	<u>161,840,960</u>	<u>281,083,928</u>	<u>202,287,246</u>
<b>Profit attributable to:</b>					
Equity holders of the Company		299,349,994	164,614,746	<u>280,403,928</u>	<u>201,330,448</u>
Non-controlling interests of the subsidiaries		<u>8,784,389</u>	<u>(5,113,135)</u>		
		<u>308,134,383</u>	<u>159,501,611</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		300,029,994	166,922,391	<u>281,083,928</u>	<u>202,287,246</u>
Non-controlling interests of the subsidiaries		<u>8,784,389</u>	<u>(5,081,431)</u>		
		<u>308,814,383</u>	<u>161,840,960</u>		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	24	0.31	0.17	0.29	0.21

The accompanying notes are an integral part of the financial statements.

Sahacogen (Chonburi) Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2017

	Consolidated financial statements										(Unit: Baht)		
	Equity attributable to owners of the Company					Other components of equity							
	Issued and paid-up share capital	Share premium	Deficit on changes in the ownership interests in a subsidiary		Retain earnings		Other comprehensive income		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity	
			in the ownership interests in a subsidiary	in the ownership interests in a subsidiary	Appropriated	Subsidiary	Unappropriated	changes in value of available-for-sale investments					Total other component of shareholders' equity
<b>Balance as at 1 January 2016</b>	955,000,000	285,447,000	-	-	-	1,015,695,774	(1,192,000)	(1,192,000)	2,350,450,774	28,442,751	2,378,893,525		
Profit (loss) for the year	-	-	-	-	-	164,614,746	-	-	164,614,746	(5,113,135)	159,501,611		
Other comprehensive income for the year	-	-	-	-	-	2,475,645	(168,000)	(168,000)	2,307,645	31,704	2,339,349		
Total comprehensive income for the year	-	-	-	-	-	167,090,391	(168,000)	(168,000)	166,922,391	(5,081,431)	161,840,960		
Dividend paid (Note 27)	-	-	-	-	-	(95,500,000)	-	-	(95,500,000)	-	(95,500,000)		
Purchase of investment in subsidiary (Note 11.2)	-	-	(31,800,734)	-	-	-	-	-	(31,800,734)	31,728,734	(72,000)		
<b>Balance as at 31 December 2016</b>	955,000,000	285,447,000	(31,800,734)	-	-	1,087,286,165	(1,360,000)	(1,360,000)	2,390,072,431	55,090,054	2,445,162,485		
<b>Balance as at 1 January 2017</b>	955,000,000	285,447,000	(31,800,734)	-	-	1,087,286,165	(1,360,000)	(1,360,000)	2,390,072,431	55,090,054	2,445,162,485		
Profit for the year	-	-	-	-	-	299,349,994	-	-	299,349,994	8,784,389	308,134,383		
Other comprehensive income for the year	-	-	-	-	-	-	680,000	680,000	680,000	-	680,000		
Total comprehensive income for the year	-	-	-	-	-	299,349,994	680,000	680,000	300,029,994	8,784,389	308,814,383		
Transferred unappropriated retained earnings to statutory reserved	-	-	-	-	-	-	-	-	-	-	-		
Decrease in non-controlling interests of subsidiaries	-	-	-	-	1,360,000	(1,360,000)	-	-	-	-	-		
from dividend payment of a subsidiary	-	-	-	-	-	-	-	-	-	(4,750,003)	(4,750,003)		
Dividend paid (Note 27)	-	-	-	-	-	(133,698,558)	-	-	(133,698,558)	-	(133,698,558)		
<b>Balance as at 31 December 2017</b>	955,000,000	285,447,000	(31,800,734)	-	-	1,251,577,601	(680,000)	(680,000)	2,556,403,867	59,124,440	2,615,528,307		

The accompanying notes are an integral part of the financial statements.

## Sahacogen (Chonburi) Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

Separate financial statements							(Unit: Baht)
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity	Total shareholders' equity	
			Appropriated	Unappropriated			
<b>Balance as at 1 January 2016</b>	955,000,000	285,447,000	95,500,000	1,284,474,101	(1,192,000)	2,619,229,101	
Profit for the year	-	-	-	201,330,448	-	201,330,448	
Other comprehensive income for the year	-	-	-	1,124,798	(168,000)	956,798	
Total comprehensive income for the year	-	-	-	202,455,246	(168,000)	202,287,246	
Dividend paid (Note 27)	-	-	-	(95,500,000)	-	(95,500,000)	
<b>Balance as at 31 December 2016</b>	955,000,000	285,447,000	95,500,000	1,391,429,347	(1,360,000)	2,726,016,347	
<b>Balance as at 1 January 2017</b>	955,000,000	285,447,000	95,500,000	1,391,429,347	(1,360,000)	2,726,016,347	
Profit for the year	-	-	-	280,403,928	-	280,403,928	
Other comprehensive income for the year	-	-	-	-	680,000	680,000	
Total comprehensive income for the year	-	-	-	280,403,928	680,000	281,083,928	
Dividend paid (Note 27)	-	-	-	(133,698,558)	-	(133,698,558)	
<b>Balance as at 31 December 2017</b>	955,000,000	285,447,000	95,500,000	1,538,134,717	(680,000)	2,873,401,717	

The accompanying notes are an integral part of the financial statements.

**Sahacogen (Chonburi) Public Company Limited and its subsidiaries****Cash flow statement****For the year ended 31 December 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>				
Profit before tax	373,017,152	219,319,363	345,286,697	261,148,200
Adjustment to reconcile profit before tax to net cash provided by (paid from) operating activities				
Profit on disposal of land and equipment	(115,591)	(761,887)	(97,754)	(5,451)
Gain on change in fair value of biological assets	(655,375)	(2,485,633)	-	-
Depreciation	437,364,706	407,202,114	357,405,796	320,998,335
Amortisation on intangible assets	2,449,803	2,606,681	2,035,735	2,022,092
Amortisation on biological assets	1,132,667	11,921,260	-	-
Write - off of equipment	3,781,436	16,590,096	3,701,894	16,578,340
Reduction of inventory to net realisable value (reversal)	3,496,057	(18,390,236)	6,047,119	-
Unrealised gain on change in value of securities held for trading	(2,646)	(2,728)	(2,646)	(2,728)
Provision for long-term employee benefits	1,998,280	1,910,964	1,655,990	1,649,365
Allowance for impairment loss on assets	4,280,650	79,901,694	5,000,000	-
Allowance for doubtful accounts (reversal)	-	-	(137,907)	33,625,706
Interest expenses	134,419,679	125,198,657	118,198,417	97,572,862
Profit from operating activities before changes in operating assets and liabilities	961,166,818	843,010,345	839,093,341	733,586,721
Operating assets (increase) decrease				
Trade and other receivables	(22,247,520)	37,313,594	(27,507,379)	59,608,475
Inventories	(49,405,200)	84,825,770	(37,676,979)	14,050,004
Other current assets	18,903,884	(11,990,531)	17,364,259	(12,915,409)
Other non-current assets	(894,330)	(147,421)	(6,000)	-
Operating liabilities increase (decrease)				
Trade and other payables	224,927,094	(49,486,699)	230,179,341	(54,840,983)
Provision for long-term employee benefits	-	(192,060)	-	(192,060)
Other current liabilities	(196,819)	8,216,076	5,389,677	1,643,888
Cash flows from operating activities	1,132,253,927	911,549,074	1,026,836,260	740,940,636
Cash paid for interest expenses	(164,119,901)	(132,817,505)	(147,819,813)	(104,582,794)
Cash paid for corporate income tax	(68,011,555)	(69,234,564)	(68,004,701)	(69,198,181)
<b>Net cash flows from operating activities</b>	<b>900,122,471</b>	<b>709,497,005</b>	<b>811,011,746</b>	<b>567,159,661</b>

The accompanying notes are an integral part of the financial statements.

**Sahacogen (Chonburi) Public Company Limited and its subsidiaries****Cash flow statement (continued)****For the year ended 31 December 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from (used in) investing activities</b>				
Increase restricted bank deposits	-	(812,000)	-	-
Decrease in biological assets	1,244,601	2,789,467	-	-
Proceeds from sales of land and equipment	2,481,996	3,146,137	1,129,380	5,607
Acquisition of property, plant and equipment	(802,517,594)	(1,194,515,880)	(766,014,097)	(1,175,306,215)
Increase in retention	38,517,751	35,954,052	38,517,751	35,954,052
Acquisition of intangible assets	(158,629)	(148,600)	(63,329)	(108,600)
Purchase of investment in subsidiary	-	(72,000)	-	-
<b>Net cash flows used in investing activities</b>	<b>(760,431,875)</b>	<b>(1,153,658,824)</b>	<b>(726,430,295)</b>	<b>(1,139,455,156)</b>
<b>Cash flows from (used in) financing activities</b>				
Decrease (increase) in short - term loans to related party	-	-	35,000,000	(300,000,000)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	185,000,000	(1,053,196,846)	160,000,000	(729,000,000)
Repayment of other short-term loans	(5,000,000)	-	-	-
Increase in long-term loan from related party	-	320,000,000	-	320,000,000
Increase in long-term loans from financial institutions	305,000,000	2,078,680,000	305,000,000	1,755,000,000
Repayment of long-term loans	(598,878,000)	(728,273,332)	(556,800,000)	(312,000,000)
Dividend paid	(133,698,558)	(95,500,000)	(133,698,558)	(95,500,000)
Dividend paid for non - controlling interest of subsidiary	(4,750,003)	-	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>(252,326,561)</b>	<b>521,709,822</b>	<b>(190,498,558)</b>	<b>638,500,000</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(112,635,965)</b>	<b>77,548,003</b>	<b>(105,917,107)</b>	<b>66,204,505</b>
Cash and cash equivalents at beginning of year	190,316,352	112,768,349	163,944,968	97,740,463
<b>Cash and cash equivalents at end of year</b>	<b>77,680,387</b>	<b>190,316,352</b>	<b>58,027,861</b>	<b>163,944,968</b>
<b>Supplemental cash flow information:</b>				
Non-cash transactions				
Acquisition of machine and equipment not yet paid	8,958,275	3,230,772	4,666,931	3,230,772
Acquisition of asset from finance lease	3,173,690	-	3,173,690	-

The accompanying notes are an integral part of the financial statements.



**Sahacogen (Chonburi) Public Company Limited and its subsidiaries****Notes to consolidated financial statements****For the year ended 31 December 2017****1. General information**

Sahacogen (Chonburi) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the production and distribution of electricity and steam. The registered office of the Company is at 636 Moo 11, Sukaphiban 8 Road, Nongkarm, Sriracha, Chonburi.

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**2.2 Basis of consolidation**

- a) The consolidated financial statements include the financial statements of Sahacogen (Chonburi) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u>	<u>2016</u>
			Percent	Percent
Sahacogen Green Company Limited	Production and distribution of electricity and steam	Thailand	100	100
Sahagreen Forest Company Limited	Production and distribution of electricity	Thailand	75	75
Sahagreen Energy Company Limited (Owned by Sahacogen Green Company Limited)	Production and distribution of wood pellet (temporarily ceased its operation)	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
  - c) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
  - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
  - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

### **3. New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current year**

During the year, the Company and subsidiaries have adopted the revised (revised 2016) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

**(b) Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which is effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied.

**4. Significant accounting policies**

**4.1 Revenue recognition**

*Sales*

Revenue from sales is recognised when the significant risks and rewards passed to the buyer. Revenue from sales of electricity includes electricity tariff adder but is net of fuel adjustment charges (Ft) and operating charges of the Electricity Generating Authority of Thailand/Provincial Electricity Authority. Revenue from sales is the invoiced value, excluding value added tax after deducting discounts and allowances.

*Interest income*

Interest income is recognised on an accrual basis based on the effective rate.

**4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

**4.3 Inventories**

Finished goods are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories includes all production costs and attributable factory overheads.

Raw materials, spare parts and supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

#### 4.4 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### 4.5 Property, plant and equipment/Depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of power plant, buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Power plant	25 - 30 years
Power plant improvement	3 - 6 years
Buildings	10 - 25 years
The improvements of land and buildings	4 - 25 years
Tools and equipment	3 - 15 years
Furniture and office equipment	3 - 10 years
Vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.6 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.7 Agriculture**

The subsidiary's biological assets consist of eucalyptus, leucaena and acacia hybrid and its agricultural produce consist wood for energy and wood for construction which were measured at their fair value less costs to sell and fair value less costs to sell at the point of harvest, respectively.

The fair value of eucalyptus, leucaena, acacia hybrid is determined based on discounted cash flows/ reference to price of eucalyptus, leucaena and acacia hybrid at the point of harvest. Gains or losses on changes in fair value of biological asset and agricultural produce are recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the subsidiary shall measure it at its fair value less costs to sell.

#### **4.8 Intangible assets**

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follow:

##### Useful lives

Computer software	3 - 10 years
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#### **4.9 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### **4.10 Long-term leases**

Leases of lands and machineries which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.11 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.12 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### **4.13 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

###### ***Defined contribution plans***

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the contributions of the Company and its subsidiaries are recognised as expenses when incurred.

###### ***Defined benefit plans***

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

#### **4.14 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### 4.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### 4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:



Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Impairment of assets**

The Company and its subsidiaries treat assets as impaired when the management judges that there has been a significant decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” requires judgement of the management.

### **Property plant and equipment/Depreciation**

Recognition of costs incurred as costs of property, plant and equipment requires management to exercise judgement, when identifying and recognising costs that are directly attributable to the acquisition of the assets. Moreover, capitalisation of such costs ceases when the management determine that the assets are in a condition whereby they are ready for their intended use.

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### Biological assets

The Company and its subsidiaries measured their biological assets at their fair value less costs to sell. Such fair values were calculated using the discounted cash flows method. The valuation involves certain assumptions and estimates such as projected cash flows discount rate, selling price, maintenance costs, selling price adjustment rate and the survival rate of biological assets.

### Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	Consolidated		Separate		(Unit: Million Baht)
	financial statements		financial statements		Transfer
	2017	2016	2017	2016	pricing policy
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Service revenue	-	-	4	2	As agreed by parties
Interest income	-	-	11	1	Contract rate
Dividend revenue	-	-	14	-	As declared
Acquisition of equipment	-	-	1	-	As agreed by parties

	(Unit: Million Baht)				
	Consolidated		Separate		Transfer
	financial statements		financial statements		pricing policy
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with related companies</u>					
Sales of electricity	1,446	1,442	1,446	1,442	Electricity rate charged by the Provincial Electricity Authority, deducted by certain discount
Sales of steam	326	291	299	270	Contract price
Fee paid for guarantee for minimum electricity demand	5	5	5	5	Contract price
Raw water and waste water treatment costs	7	2	4	4	Price charged to other customers in the normal course of business
Operation and service management fees	97	92	97	92	Contract price
Machinery lease fees	71	66	71	66	Contract price
Land rental expense	3	2	3	2	Contract price
Interest paid	9	1	9	1	Contract rate
Construction expense	6	2	-	-	Contract price
Security expense	4	3	2	-	Contract price

The balances of the accounts as at 31 December 2017 and 2016 between the Company and those related companies are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Trade and other receivables - related parties (Note 8)</b>				
Subsidiaries	-	-	6,251,556	3,947,363
Related companies (related by common shareholders and directors)	142,817,233	140,048,812	139,395,557	136,523,328
Total	142,817,233	140,048,812	145,647,113	140,470,691
Less: Allowance for doubtful debts	-	-	(3,487,799)	(3,625,706)
Total trade and other receivables - related parties - net	142,817,233	140,048,812	142,159,314	136,844,985
<b>Other payables - related parties (Note 17)</b>				
Related companies (related by common shareholders and directors)	61,340,833	48,581,823	59,000,206	48,211,447

### Short-term loans to related parties

As at 31 December 2017 and 2016, the balance of short-term loans between the Company and the related companies and the movement are as follows:

(Unit: Baht)

Loans to related parties	Related by	Separate financial statements			
		Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Sahagreen Energy Co., Ltd.	Subsidiary	30,000,000	-	-	30,000,000
Sahagreen Forest Co., Ltd.	Subsidiary	15,000,000	-	(15,000,000)	-
Sahacogen Green Co., Ltd.	Subsidiary	300,000,000	300,000,000	(320,000,000)	280,000,000
Total		345,000,000	300,000,000	(335,000,000)	310,000,000
Less: Allowance for doubtful debts		(30,000,000)	-	-	(30,000,000)
Total short-term loans to related parties - net		315,000,000	300,000,000	(335,000,000)	280,000,000

These short-term loans to related parties carry interests at the rates of 3.82 - 4.11 percent per annum (2016: 2.17 and 4.25 percent per annum) and are repayable on demand and unsecured.

### Long-term loan from related party

As at 31 December 2017 and 2016, the balance of long-term loan between the Company and the related company and the movement is as follows:

(Unit: Baht)

Loans from related party	Related by	Consolidated/Separate financial statements			
		Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Better Way (Thailand) Co., Ltd.	Related companies (related by common major shareholders and directors)	320,000,000	-	-	320,000,000

The loan borrowed from Better Way (Thailand) Co., Ltd. of Baht 320 million carries interest at the rates of 3.00 - 5.00 percent per annum with monthly interest payment and is to be repaid within 5 years and unsecured.

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Baht)	
	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Short-term employee benefits	21,988,897	21,566,262
Post-employment benefits	1,033,437	1,028,794
Total	<u>23,022,334</u>	<u>22,595,056</u>

**7. Cash and cash equivalents**

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	299,467	337,111	22,994	366
Bank deposits	77,380,920	189,979,241	58,004,867	163,944,602
Total	<u>77,680,387</u>	<u>190,316,352</u>	<u>58,027,861</u>	<u>163,944,968</u>

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.5 to 1.25 percent per annum (2016: 0.25 to 0.75 percent per annum).

**8. Trade and other receivables**

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade receivables - related parties (Note 6)	142,813,942	140,045,522	139,392,266	136,520,037
Trade receivables - unrelated parties	395,774,277	383,241,122	303,350,550	287,919,593
Other receivables - related parties (Note 6)	3,291	3,290	6,254,847	3,950,654
Other receivables - unrelated parties	597,418	551,474	-	-
Accrued income	18,900,000	12,000,000	18,900,000	12,000,000
Total	<u>558,088,928</u>	<u>535,841,408</u>	<u>467,897,663</u>	<u>440,390,284</u>
Less: Allowance for doubtful debts (Note 6)	-	-	(3,487,799)	(3,625,706)
Total trade and other receivables - net	<u>558,088,928</u>	<u>535,841,408</u>	<u>464,409,864</u>	<u>436,764,578</u>

As at 31 December 2017 and 2016, the outstanding balances of trade accounts receivable are not yet due.

## 9. Inventories

(Unit: Baht)

Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net
	2017	2016	2017	2016	2017 2016
Finished goods	-	33,352	-	(33,352)	- -
Raw materials	57,609,781	49,165,049	-	-	57,609,781 49,165,049
Spare parts and factory supplies	193,464,581	152,470,761	(7,299,264)	(3,769,855)	186,165,317 148,700,906
<b>Total</b>	<b>251,074,362</b>	<b>201,669,162</b>	<b>(7,299,264)</b>	<b>(3,803,207)</b>	<b>243,775,098 197,865,955</b>

(Unit: Baht)

Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net
	2017	2016	2017	2016	2017 2016
Spare parts and factory supplies	142,051,698	104,374,719	(6,047,119)	-	136,004,579 104,374,719

During the current year, the Company and subsidiary companies reduced cost of inventories by Baht 6 million (2016: Baht 4 million) (The Company only: Baht 6 million, 2016: Nil). This was included in cost of sales. In addition, the subsidiary companies reversed the write-down of cost of inventories by Baht 3 million (2016: Baht 22 million) and reduced the amount of inventories recognised as expenses during the year.

## 10. Non-current assets held for sale

As described in Note 13.2 to the consolidated financial statements, book value of the non-current assets held for sale as at 31 December 2017 and 2016 are as followed:

(Unit: Baht)

Consolidated financial statements	
	2017 2016
Cost	144,723,180 148,476,386
<u>Less</u> Accumulated depreciation	(25,695,196) (28,029,903)
<u>Less</u> Allowance for impairment loss on assets	(119,027,984) (120,446,483)
<b>Net book value</b>	<b>- -</b>

Movements of the non-current assets held for sale account during the year ended 31 December 2017 and 2016 were summarised below.

	(Unit: Baht)	
	Consolidated financial statements	
	<u>2017</u>	<u>2016</u>
Net book value as at 1 January	-	-
Transfer buildings and equipment to non-current assets held for sale	-	38,453,880
Disposal	(1,418,499)	-
Reversed (loss) on diminution in value of non-current assets held for sale	1,418,499	(38,453,880)
Net book value as at 31 December	-	-

During the year 2016, the management of Sahagreen Energy Company Limited (a subsidiary) recorded an allowance for impairment loss in full for the non-current assets held for sale as they considered that the assets have not been sold.

During the year 2017, the Sahagreen Energy Company Limited (a subsidiary) sold Baht 1.4 million of non-current assets held for sale to the Company and therefore reversed loss on diminution in value of non-current assets held for sale of Baht 1.4 million in the profit or loss of the current year.

## 11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Million Baht	Million Baht	%	%	Baht	Baht
<b>Subsidiaries directly held by the Company</b>						
Sahacogen Green Company Limited	1,520	1,520	100	100	1,519,999,930	1,519,999,930
Sahagreen Forest Company Limited	190	190	75	75	142,499,970	142,499,970
<b>Subsidiary held through Sahacogen Green Company Limited</b>						
Sahagreen Energy Company Limited	40	40	100	100	-	-
Total					1,662,499,900	1,662,499,900

**11.1** During 2017 the Company received dividend from Sahagreen Forest Company Limited amounting to Baht 15 million. (2016: Nil)

**11.2** On 15 September 2016, Sahacogen Green Company Limited (a subsidiary) purchased 720,000 ordinary shares of Sahagreen Energy Company Limited (a subsidiary) at a price of Baht 0.10 per share from its existing shareholders, or for a total of Baht 72,000. As a result, Sahacogen Green Company Limited's shareholding in Sahagreen Energy Company Limited increased from 82 percent to 100 percent. The Company recognised the difference from the change in ownership interests in Sahagreen Energy Company Limited of Baht 31.8 million under the caption of "Deficit on changes in the ownership interests in a subsidiary" in shareholders' equity in the consolidated financial statements.

**12. Other long-term investments - available-for-sale securities**

	(Unit: Baht)	
	Consolidated/ Separate financial statements	
	<u>2017</u>	<u>2016</u>
Cost	10,900,000	10,900,000
Fair value	10,050,000	9,200,000
Loss on changes in value of investments	(850,000)	(1,700,000)
Deferred tax assets (Note 22)	170,000	340,000
Other component of shareholders' equity - loss on changes in value of available-for-sale investments	<u>(680,000)</u>	<u>(1,360,000)</u>



**13. Property, plant and equipment**

	Consolidated financial statements								(Unit: Baht)
	Land	Power plant	Power plant improvement	Buildings and the improvements of land and buildings	Tools and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>									
1 January 2016	624,640,837	6,409,947,892	543,774,902	287,525,482	285,746,124	65,317,400	20,027,426	61,681,166	8,298,661,229
Acquisition	-	7,893,425	343,262,656	2,600,131	9,172,580	1,126,768	18,100	842,217,112	1,206,290,772
Disposals/write-offs	-	(2,122,173)	(153,810,454)	(699,900)	(6,844,555)	(1,311,083)	(420,000)	(2,600)	(165,210,765)
Transfer in (out)	2,179,662	106,272,378	5,347,630	1,799,818	3,197,531	-	-	(116,617,357)	2,179,662
Transfer to non-current assets held for sale	-	-	-	(54,844,347)	(91,726,040)	(1,879,999)	(26,000)	-	(148,476,386)
31 December 2016	626,820,499	6,521,991,522	738,574,734	236,381,184	199,545,640	63,253,086	19,599,526	787,278,321	9,193,444,512
<b>Accumulated depreciation</b>									
1 January 2016	-	2,524,647,401	438,607,887	68,016,986	108,993,679	52,409,516	10,562,361	-	3,203,237,830
Depreciation for the year	-	246,069,208	122,643,412	10,815,544	20,545,528	5,387,816	1,740,606	-	407,202,114
Depreciation on disposals/write-offs	-	(566,919)	(138,787,368)	(43,211)	(5,351,076)	(1,116,700)	(371,145)	-	(146,236,419)
Transfer to non-current assets held for sale	-	-	-	(8,029,853)	(18,314,863)	(1,624,183)	(22,975)	-	(27,991,874)
31 December 2016	-	2,770,149,690	422,463,931	70,759,466	105,873,268	55,056,449	11,908,847	-	3,436,211,651
<b>Allowance for impairment loss</b>									
1 January 2016	-	-	-	-	45,316,920	-	2,426,812	-	47,743,732
Increase during the year	-	-	-	28,657,065	17,440,586	-	-	-	46,097,651
Decrease during the year	-	-	-	-	(5,347,328)	-	-	-	(5,347,328)
Transfer to non-current assets held for sale	-	-	-	(28,526,403)	(53,466,200)	-	-	-	(81,992,603)
31 December 2016	-	-	-	130,662	3,943,978	-	2,426,812	-	6,501,452
<b>Net book value</b>									
31 December 2015	624,640,837	3,885,300,491	105,167,015	219,508,496	131,435,525	12,907,884	7,038,253	61,681,166	5,047,679,667
31 December 2016	626,820,499	3,751,841,832	316,110,803	165,491,056	89,728,394	8,196,637	5,263,867	787,278,321	5,750,731,409
<b>Depreciation for the year</b>									
2015 (Baht 385 million included in manufacturing cost, and the balance in administrative expenses)									397,694,884
2016 (Baht 391 million included in manufacturing cost, and the balance in administrative expenses)									407,202,114

(Unit: Baht)

## Consolidated financial statements

Cost									
1 January 2017	626,820,499	6,521,991,522	738,574,734	236,381,184	199,545,640	63,253,086	19,599,526	787,278,321	9,193,444,512
Acquisition	6,383,744	67,034,443	238,659,838	10,514,845	12,513,449	4,963,435	4,020,205	500,437,257	844,527,216
Disposals/write-offs	(493,407)	(5,888,959)	(351,893,418)	(487,427)	(1,112,646)	(856,161)	(3,810,370)	-	(364,542,388)
Transfer in (out)	-	1,175,004,819	68,562,657	745,884	581,717	-	-	(1,244,895,077)	-
31 December 2017	632,710,836	7,758,141,825	693,903,811	247,154,486	211,528,160	67,360,360	19,809,361	42,820,501	9,673,429,340
Accumulated depreciation									
1 January 2017	-	2,770,149,690	422,463,931	70,759,466	105,873,268	55,056,449	11,908,847	-	3,436,211,651
Depreciation for the year	-	258,022,837	147,172,739	9,535,787	16,621,783	4,239,925	1,771,635	-	437,364,706
Depreciation on disposals/write-offs	-	(2,187,070)	(351,893,415)	(22,740)	(673,767)	(821,297)	(1,836,448)	-	(357,434,737)
31 December 2017	-	3,025,985,457	217,743,255	80,272,513	121,821,284	58,475,077	11,844,034	-	3,516,141,620
Allowance for impairment loss									
1 January 2017	-	-	-	130,662	3,943,978	-	2,426,812	-	6,501,452
Increase during the year	-	5,000,000	-	-	699,149	-	-	-	5,699,149
Decrease from reversal	-	-	-	-	-	-	(258,593)	-	(258,593)
Decrease for disposal	-	-	-	-	-	-	(701,219)	-	(701,219)
31 December 2017	-	5,000,000	-	130,662	4,643,127	-	1,467,000	-	11,240,789
Net book value									
31 December 2016	626,820,499	3,751,841,832	316,110,803	165,491,056	89,728,394	8,196,637	5,263,867	787,278,321	5,750,731,409
31 December 2017	632,710,836	4,727,156,368	476,160,556	166,751,311	85,063,749	8,885,283	6,498,327	42,820,501	6,146,046,931
Depreciation for the year									
2016 (Baht 391 million included in manufacturing cost, and the balance in administrative expenses)									
2017 (Baht 428 million included in manufacturing cost, and the balance in administrative expenses)									

(Unit: Baht)

Separate financial statements									
	Land	Power plant	Power plant improvement	Buildings and the improvements of land and buildings	Tools and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>									
1 January 2016	142,501,472	5,038,647,641	543,774,902	67,625,872	47,201,136	43,532,507	16,338,581	52,585,817	5,952,207,928
Acquisition	-	2,006,910	343,262,656	-	594,301	452,335	12,200	840,752,705	1,187,081,107
Disposals/write-offs	-	(2,122,173)	(153,810,454)	-	(25,950)	(337,087)	-	-	(156,295,664)
Transfer in (out)	-	106,272,378	5,347,630	-	-	-	-	(111,620,008)	-
31 December 2016	142,501,472	5,144,804,766	738,574,734	67,625,872	47,769,487	43,647,755	16,350,781	781,718,514	6,982,993,371
<b>Accumulated depreciation</b>									
1 January 2016	-	2,297,205,732	438,607,887	36,523,958	40,387,051	35,500,245	7,714,517	-	2,855,939,390
Depreciation for the year	-	189,828,956	122,643,412	2,255,526	2,115,310	2,874,787	1,280,344	-	320,998,335
Depreciation on disposals/write-offs	-	(566,919)	(138,787,368)	-	(25,950)	(336,931)	-	-	(139,717,168)
31 December 2016	-	2,486,467,769	422,463,931	38,779,484	42,476,411	38,038,101	8,994,861	-	3,037,220,557
<b>Allowance for impairment loss</b>									
1 January 2016	-	-	-	-	-	-	2,426,812	-	2,426,812
31 December 2016	-	-	-	-	-	-	2,426,812	-	2,426,812
<b>Net book value</b>									
31 December 2015	142,501,472	2,741,441,909	105,167,015	31,101,914	6,814,085	8,032,262	6,197,252	52,585,817	3,093,841,726
31 December 2016	142,501,472	2,658,336,987	316,110,803	28,846,388	5,293,076	5,609,654	4,929,108	781,718,514	3,943,346,002
<b>Depreciation for the year</b>									
2015 (Baht 301 million included in manufacturing cost, and the balance in administrative expenses)									308,332,136
2016 (Baht 315 million included in manufacturing cost, and the balance in administrative expenses)									320,998,335

(Unit: Baht)

Separate financial statements											
	Land	Power plant	Power plant improvement	Buildings and the improvements of land and buildings	Tools and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total		
<b>Cost</b>											
1 January 2017	142,501,472	5,144,804,756	738,574,734	67,625,872	47,769,487	43,647,755	16,350,781	781,718,514	6,982,993,371		
Acquisition	-	66,424,076	238,659,838	-	871,614	3,015,688	3,439,200	489,903,462	802,313,878		
Disposals/write-offs	-	(5,888,959)	(351,893,418)	-	(140,824)	(606,665)	(3,770,424)	-	(362,300,290)		
Transfer in (out)	-	1,174,922,311	68,562,657	-	2,400	-	-	(1,243,487,368)	-		
31 December 2017	142,501,472	6,380,262,184	693,903,811	67,625,872	48,502,677	46,056,778	16,019,557	28,134,608	7,423,006,959		
<b>Accumulated depreciation</b>											
1 January 2017	-	2,486,467,769	422,463,931	38,779,484	42,476,411	38,038,101	8,994,861	-	3,037,220,557		
Depreciation for the year	-	202,234,406	147,172,739	2,249,363	1,687,651	2,685,488	1,376,149	-	357,405,796		
Depreciation on disposals/write-offs	-	(2,187,070)	(351,893,415)	-	(140,808)	(589,161)	(1,796,504)	-	(356,606,958)		
31 December 2017	-	2,686,515,105	217,743,255	41,028,847	44,023,254	40,134,428	8,574,506	-	3,038,019,395		
<b>Allowance for impairment loss</b>											
1 January 2017	-	-	-	-	-	-	2,426,812	-	2,426,812		
Increase during the year	-	5,000,000	-	-	-	-	-	-	5,000,000		
Decrease from reversal	-	-	-	-	-	-	(258,953)	-	(258,953)		
Decrease for disposal	-	-	-	-	-	-	(701,219)	-	(701,219)		
31 December 2017	-	5,000,000	-	-	-	-	1,467,000	-	6,467,000		
<b>Net book value</b>											
31 December 2016	142,501,472	2,658,336,987	316,110,803	28,846,388	5,293,076	5,609,654	4,929,108	781,718,514	3,943,346,002		
31 December 2017	142,501,472	3,688,747,079	476,160,556	26,597,025	4,479,423	5,922,350	5,978,051	28,134,608	4,378,520,564		
<b>Depreciation for the year</b>											
2016 (Baht 315 million included in manufacturing cost, and the balance in administrative expenses)									320,998,335		
2017 (Baht 351 million included in manufacturing cost, and the balance in administrative expenses)									357,405,796		

- 13.1** During the year 2017, the Company was finished the third phase of expansion of the co-generation power plant project. As at 31 December 2017, the gross carrying amount (before deducting accumulated depreciation) of the third phase of expansion of the co-generation power plant project amounted to approximately Baht 1,228 million (2016: Baht 762 million). The power plant has been financed with loans from financial institutions. Borrowing costs amounting to Baht 28 million (2016: Baht 8 million) were capitalised during the year ended 31 December 2017. The weighted average rate of 3% has been used to determine the amount of borrowing costs eligible for capitalization (2016: 3% per annum).
- 13.2** During the year 2017, a meeting of the Board of Directors of the Company passed a resolution approving a plan to demolish electricity and steam transmission lines because a customer of the Company was expanding its plant and the Company therefore needs to remove these assets and rebuild them. The Company recorded allowance for impairment loss on these assets based on their net book value of approximately Baht 5 million in profit or loss for the current periods.
- During the year 2016, the Board of Directors Meeting of Sahacogen Energy Company Limited (a subsidiary) passed a resolution approving the cessation of wood pellet production at the Kabinburi facilities that ceased its production since 2015. The subsidiary company assessed allowance for diminution in value whose recoverable amounts were estimated to be less than their net book value and recognised allowance for diminution in value of such assets of Baht 41 million in the profit or loss for the year ended 31 December 2016 and reclassified the assets from buildings and equipment to non-current assets held for sales in the statements of financial position as at 31 December 2016 and 2017.
- 13.3** As at 31 December 2017, certain items of equipment were fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 148 million (2016: Baht 354 million) (The Company only: Baht 97 million, 2016: Baht 327 million).
- 13.4** Sahagreen Forest Company Limited (a subsidiary) has mortgaged its land with structures thereon and mortgaged its machines a total of approximately Baht 451 million (2016: Baht 474 million) as collateral against credit facilities received from a financial institution.

#### 14. Biological assets

	(Unit: Baht)	
	Consolidated financial statements	
	<u>2017</u>	<u>2016</u>
<b>Balance as at 1 January</b>	51,075,109	69,166,450
Cumulative effect from change in accounting policy for agriculture	-	(3,686,585)
Gains arising from changes in fair value less costs to sell	655,375	2,485,633
Increase due to cost of planting	4,553,681	4,546,532
Decrease due to harvest	(5,798,282)	(7,335,999)
Write-offs	(1,132,667)	(14,100,922)
<b>Balance as at 31 December</b>	<u>49,353,216</u>	<u>51,075,109</u>

#### 15. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

	(Unit: Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
	<u>Computer software</u>	<u>Computer software</u>
As at 31 December 2017		
Cost	24,222,931	19,320,842
<u>Less</u> Accumulated amortisation	(12,486,495)	(10,252,580)
Net book value	<u>11,736,436</u>	<u>9,068,262</u>
As at 31 December 2016		
Cost	24,892,604	19,257,513
<u>Less</u> Accumulated amortisation	(10,205,532)	(8,216,845)
<u>Less</u> Allowance for impairment	(659,462)	-
Net book value	<u>14,027,610</u>	<u>11,040,668</u>

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	14,027,610	17,145,153	11,040,668	12,954,160
Acquisition of computer software	158,629	148,600	63,329	108,600
Amortisation	(2,449,803)	(2,606,681)	(2,035,735)	(2,022,092)
Impairment loss	-	(659,462)	-	-
Net book value at end of year	11,736,436	14,027,610	9,068,262	11,040,668

#### 16. Short-term loans from financial institutions

	Interest rate (percent per annum)	(Unit: Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Short-term loans from financial institutions	2.40 - 3.78	209,000,000	24,000,000	160,000,000	-
Total		209,000,000	24,000,000	160,000,000	-

The short-term loans from financial institutions are unsecured, except for short-term loan of a subsidiary which is secured by the mortgage of the subsidiary's land with structures thereon and mortgage of its machines.

As at 31 December 2017, the short-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 1,586 million.

#### 17. Trade and other payables

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade payables - unrelated parties	374,151,443	185,219,332	364,402,589	169,044,902
Other payables - related parties (Note 6)	61,340,833	48,581,823	59,000,206	48,211,447
Other payables - unrelated parties	45,867,004	14,604,924	36,095,194	7,972,036
Construction and retention payables	3,592,725	2,660,557	3,162,225	2,585,557
Total trade and other payables	484,952,005	251,066,636	462,660,214	227,813,942

## 18. Long-term loans

			(Unit: Baht)			
Loans	Interest rate (%)	Repayment conditions	Consolidated		Separate	
			financial statements		financial statements	
			2017	2016	2017	2016
1	4.38% per annum	semi-annual installments from December 2003 to June 2021	178,350,000	198,350,000	178,350,000	198,350,000
2	4.38% per annum	semi-annual installments from June 2006 to December 2021	303,200,000	365,200,000	303,200,000	365,200,000
3	4.38% per annum	semi-annual installments from June 2011 to December 2020	240,000,000	318,000,000	240,000,000	318,000,000
4	4.45% per annum from May 2011 until April 2014, and MLR minus 2% per annum from May 2014 until the final maturity date of the agreement.	semi-annual installments from June 2011 to December 2020	533,550,000	713,550,000	533,550,000	713,550,000
5	3.25% per annum from March 2016 until December 2017, and thereafter 4.50% per annum from January 2018 until the final maturity date of the agreement	semi-annual installments from June 2018 to December 2024	860,000,000	555,000,000	860,000,000	555,000,000
6	3.90% per annum	semi-annual installments from June 2017 to December 2021	400,000,000	500,000,000	400,000,000	500,000,000
7	4.35% per annum	semi-annual installments from June 2017 to December 2022	583,200,000	700,000,000	583,200,000	700,000,000
8	4.58% per annum from November 2016 until October 2019, and MLR minus 1.60% per annum from November 2019 until the final maturity date of the agreement	semi-annual installments from June 2017 to June 2023	281,602,000	323,680,000	-	-
Total			3,379,902,000	3,673,780,000	3,098,300,000	3,350,100,000
Less: Current portion of long-term loans			(719,952,000)	(598,878,000)	(671,400,000)	(556,800,000)
Long-term loans - net of current portion			2,659,950,000	3,074,902,000	2,426,900,000	2,793,300,000



Under the credit facility agreements of the loans No. 5 and 6 with a branch of a foreign financial institution in Thailand, if the Company breaches the conditions of the agreements or terminates the agreements early, the Company might have to indemnify the branch of the foreign financial institution.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to comply with covenants pertaining to, among other things, the maintenance of certain financial ratios and the payment of dividends, the restrictions on the creation of lien or encumbrances over assets of the Company and its subsidiaries.

The credit facilities of a subsidiary are secured by the mortgage of the subsidiary's land with structures thereon and machines.

As at 31 December 2016, the Company had the long-term credit facilities which had not yet been drawn down amounting to Baht 305 million.

#### 19. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b>Provisions for long-term employee</b>				
<b>benefits at beginning of year</b>	12,514,747	13,584,391	10,755,307	10,703,999
Included in profit or loss:				
Current service cost	1,732,689	1,583,364	1,447,400	1,370,580
Interest cost	265,591	327,600	208,590	278,785
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(9,956,685)	-	(6,868,666)
Financial assumptions changes	-	6,191,980	-	4,696,226
Experience adjustments	-	976,157	-	766,443
Benefits paid during the year	-	(192,060)	-	(192,060)
<b>Provisions for long-term employee</b>				
<b>benefits at end of year</b>	<u>14,513,027</u>	<u>12,514,747</u>	<u>12,411,297</u>	<u>10,755,307</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost of sales	407,551	390,478	205,262	187,199
Administrative expenses	1,590,729	1,520,486	1,450,728	1,462,166
Total expense recognised in profit or loss	1,998,280	1,910,964	1,655,990	1,649,365

The Company and its subsidiaries expect to not pay of long-term employee benefits during the next year (2016: Nil).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 10, 15 and 20 years (separate financial statements: 10 years) (2016: 10, 15 and 20 years, separate financial statements: 10 years).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)	
	Consolidated/ Separate	
	financial statements	
	2017	2016
Discount rate	1.7 - 2.8	1.7 - 2.8
Salary increase rate	6.6	6.6
Turnover rate	0.0 - 12.0	0.0 - 12.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: Baht)			
	As at 31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1,167,672)	1,337,576	(866,960)	976,441
Salary increase rate	1,389,470	(1,236,349)	1,024,068	(926,366)
Turnover rate	(1,191,803)	1,396,409	(830,176)	955,972

(Unit: Baht)

As at 31 December 2016

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1,119,906)	1,288,859	(855,828)	969,539
Salary increase rate	1,198,450	(1,067,172)	895,654	(810,147)
Turnover rate	(1,039,089)	1,214,328	(738,864)	849,489

**20. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

**21. Expenses by nature**

Significant expenses classified by nature are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Fuel and energy costs	2,399,740,857	2,415,983,111	2,214,204,708	2,233,047,752
Depreciation	437,364,706	407,202,114	357,405,796	320,998,335
Plant maintenance and repairing costs	121,091,737	138,429,269	105,535,988	124,346,330
Operation services of the power plant	97,002,226	92,270,655	97,002,226	92,270,655
Rental expenses	77,373,181	86,476,659	75,308,209	84,615,104
Salaries and other employee benefits	115,715,535	101,122,809	55,846,679	50,219,114
Insurance expenses	49,729,260	53,019,973	41,461,323	43,814,210

## 22. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Baht)	
	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>		
Current income tax charge	63,834,763	62,548,331
<b>Deferred tax:</b>		
Relating to origination of temporary differences	1,048,006	(2,730,579)
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>64,882,769</u>	<u>59,817,752</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Baht)	
	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Deferred tax on gain (loss) from the change in value of available-for-sale investments	170,000	(42,000)
Deferred tax on actuarial gain	-	281,199
	<u>170,000</u>	<u>239,199</u>

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	373,017,152	219,319,363	345,286,697	261,148,200
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	74,603,430	43,863,873	69,057,339	52,229,640

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax assets which were not recognised during the year	3,495,141	25,911,138	816,936	6,742,379
Effects of:				
Promotional privileges (Note 23)	(17,439,558)	(12,421,086)	(4,977,450)	-
Income/expenses which are disallowable for tax computation purposes	4,298,936	2,488,341	2,905,943	845,733
Additional income/expenses which are allowable for deductions	(3,402)	(4,236)	(2,919,999)	-
Tax loss of prior years that is used to reduce tax expenses	(71,778)	(20,278)	-	-
Total	(13,215,802)	(9,957,259)	(4,991,506)	845,733
Income tax expenses reported in the statement of comprehensive income	<u>64,882,769</u>	<u>59,817,752</u>	<u>64,882,769</u>	<u>59,817,752</u>

The components of deferred tax assets are as follows:

(Unit: Baht)

	Statements of financial position	
	Consolidated/Separate	
	financial statements	
	<u>2017</u>	<u>2016</u>
Provision for long-term employee benefits	2,482,259	2,151,061
Accumulated depreciation of assets	18,844,277	20,223,481
Unrealised loss on re-measuring available-for-sale investments	170,000	340,000
<b>Total</b>	<u>21,496,536</u>	<u>22,714,542</u>

As at 31 December 2017 the subsidiaries has tax deductible temporary differences and unused tax losses totaling Baht 543 million (2016: Baht 439 million), on which deferred tax assets have not been recognised as the subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the tax deductible temporary differences and unused tax losses.

The unused tax losses amounting to Baht 187 million will expired by the year 2022.

### 23. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the generation of electricity from natural gas, and steam, pursuant to the promotion certificate No. 1308(2)/2558. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted activity commenced generating revenues (20 November 2017).

Sahacogen Green Company Limited has received promotional privileges from the Board of Investment for the production of electricity and steam, pursuant to the investment promotion certificate No. 1563(1)/2552. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (22 March 2011) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

In addition, Sahacogen Green Company Limited has received promotional privileges from the Board of Investment for the energy plant farming, pursuant to the investment promotion certificate No. 1858(3)/2556 and 59-1260-0-00-2-0. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues. The investment certificate No. 1858(3)/2556 has operations begin generating revenues on 2 July 2015 and the investment certificate No. 59-1260-0-00-2-0 has no revenues.

Sahagreen Forest Company Limited has received promotional privileges from the Board of Investment for the production of electricity, pursuant to the investment promotion certificate No. 1856(1)/2554. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (25 December 2012) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

Sahagreen Energy Company Limited has received promotional privileges from the Board of Investment for the production of wood pellet, pursuant to the investment promotion certificates No. 1861(2)/2555 and 1861(2)/2556. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (22 August 2013 and 1 September 2015, respectively).

During the year 2016, the Board of Investment approved a request to transfer the business under investment promotion certificate No. 1861(2)/2556 to Sahacogen Green Company Limited, whereby it would be covered by investment promotion certificate No. 59-1632-0-00-1-2 and eligible to receive all remaining privileges. These privileges which would be subject to the same conditions as under the former certificate, except for a condition regarding the amount of registered capital of Sahacogen Green Company Limited, which is an additional condition stipulated upon the transfer of the business. The privileges include an exemption from corporate income tax until 8 September 2023.

The Company and its subsidiaries' operating revenues for the years ended 31 December 2017 and 2016, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales	662,219	555,489	3,364,603	3,409,467	4,026,821	3,964,956

## 24. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Separate	
	Financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the year (Baht)	299,349,994	164,614,746	280,403,928	201,330,448
Weighted average number of ordinary shares (shares)	955,000,000	955,000,000	955,000,000	955,000,000
Earnings per share (Baht/share)	0.31	0.17	0.29	0.21

## 25. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and its subsidiaries are principally engaged in two reportable segments which are the generation and distribution of electricity and steam and the production and distribution of wood pellet. Their operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss of each company.

The revenues, profit or loss and total assets by segment of the Company and its subsidiaries for the years ended 31 December 2017 and 2016 are as follows:

	Generation and distribution of electricity and steam				Production and distribution of wood pellet		Consolidated financial statements
	Sahacogen (Chonburi) Public Co., Ltd.	Sahacogen Green Co., Ltd.	Sahagreen Forest Co., Ltd.	Sahagreen Energy Co., Ltd.			
Year ended 31 December 2017	3,440,615	367,054	254,704	141	(35,692)	4,026,822	
Sales to external customers							
Results							
Profit (loss) before finance cost and income tax expenses	463,485	20,275	51,103	2,069	(29,495)	507,437	
Finance cost	(118,198)	(11,419)	(15,965)	(6,045)	17,207	(134,420)	
Profit (loss) before income tax expenses	345,287	8,856	35,138	(3,976)	(12,288)	373,017	
Income tax expenses	(64,883)	-	-	-	-	(64,883)	
Profit (loss) for the year	280,404	8,856	35,138	(3,976)	(12,288)	308,134	
Segment total assets	7,051,501	1,452,524	582,152	18,546	(1,945,591)	7,159,132	

For the year 2017, the Company and its subsidiaries have revenue from three major customers in amount of Baht 1,696 million, Baht 1,446 million and Baht 534 million.



(Unit: Thousand Baht)

	Generation and distribution of electricity and steam			Production and distribution of wood pellet	Eliminations	Consolidated financial statements
	Sahacogen (Chonburi) Public Co., Ltd.	Sahacogen Green Co., Ltd.	Sahagreen Forest Co., Ltd.	Sahagreen Energy Co., Ltd.		
<b>Year ended 31 December 2016</b>						
<b>Sales to external customers</b>	3,403,259	359,406	223,684	9,164	(30,557)	3,964,956
<b>Results</b>						
Profit (loss) before finance cost and income tax expenses	358,721	(188,310)	42,445	(97,445)	229,107	344,518
Finance cost	(97,573)	(11,044)	(15,495)	(7,300)	6,213	(125,199)
Profit (loss) before income tax expenses	261,148	(199,354)	26,950	(104,745)	235,320	219,319
Income tax expenses	(59,818)	-	-	-	-	(59,818)
Profit (loss) for the year	201,330	(199,354)	26,950	(104,745)	235,320	159,501
<b>Segment total assets</b>	6,717,664	1,471,235	603,252	20,911	(1,982,385)	6,830,677

For the year 2016, the Company and its subsidiaries have revenue from three major customers in amount of Baht 1,691 million, Baht 1,712 million and Baht 509 million.

## 26. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contributed to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by CIMB Thai Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 2,661,039 (2016: Baht 2,473,403) were recognised as expenses.

## 27. Dividend paid

Dividends	Approved by	Total dividends Million Baht	Dividend per share Baht
Final dividend for 2015	Annual General Meeting of the shareholders on 25 April 2016	95.50	0.10
Total for 2016		95.50	0.10
Final dividend for 2016	Annual General Meeting of the shareholders on 24 April 2017	133.70	0.14
Total for 2017		133.70	0.14

## 28. Commitments

### 28.1 Capital commitments

As at 31 December 2017, the Company and a subsidiary had capital commitments of approximately Baht 17 million and SEK 3 million (31 December 2016: Baht 213 million and USD 6 million) relating to the supply of equipment of the co-generation power plant project of the Company and the acquisition of equipment and construction of building of a subsidiary.

### 28.2 Electricity Sales Agreements

The Company entered into an agreement with the Electricity Generating Authority of Thailand (EGAT) to sell electricity in a specified quantity and at a stipulated price as defined in the agreement. The agreement period is 25 years and will expire in April 2024.

In March 2009, Sahacogen Green Company Limited entered into an agreement with the Provincial Electricity Authority (PEA) to sell electricity in a specified quantity and at a stipulated price as defined in the agreement. The agreement is for a period of 5 years, and will automatically renew every 5 years until termination. In 2016 Sahacogen Green Company Limited joined the program for producers of electricity from renewable energy sources to change from an Adder to a Feed-in Tariff (FiT), and as a result entered into an amendment to the sales and purchase of electricity agreement with PEA in September 2016, whereby it is required to comply with certain conditions and the period for purchase of electricity is reduced, with the agreement expiring in October 2027.

In September 2009, Sahagreen Forest Company Limited entered into an agreement with the Provincial Electricity Authority (PEA) to sell electricity in a specified quantity and at a stipulated price as defined in the agreement. The agreement is for a period of 20 years. Since Sahagreen Forest Company Limited joined the program for producers of electricity from renewable energy sources to change from an Adder to a Feed-in Tariff (FiT) in September 2016, it entered into an amendment to the sales and purchase of electricity agreement with PEA, whereby it is required to comply with conditions regarding the sale and purchase of electricity and connection to the electricity grid and the period for purchase of electricity is reduced, with the agreement expiring in March 2029.

### **28.3 Electricity and Steam Sales Agreements**

The Company entered into agreements with Saha Pathana Inter-Holding Public Company Limited to sell electricity and steam in a specified quantity and at a stipulated price as defined in the agreements. The agreements period is 15 years, starting from March 1999, and renewed for an additional period of 25 years.

### **28.4 Steam Sales Agreements**

Sahacogen Green Company Limited entered into an agreement with Thai President Foods Public Company Limited to sell steam in a specified quantity and at a stipulated price as defined in the agreement. The agreement is for a period of 10 years, starting from April 2011, and will renew every year until termination.

### **28.5 Gas Purchase Agreement**

Under an agreement with the PTT Public Company Limited (“PTT”), the Company is committed to purchase natural gas from PTT in a specified quantity and at a stipulated price as defined in the agreement for a period of 21 years. The agreement will expire in March 2020, however it contains an option to renew for an additional period of 4 years.

## 28.6 Operation and Service Management Agreement

The Company entered into an agreement with Operational Energy Group Limited under which the affiliate will provide management and advisory services for the operation and maintenance of the power plant, which the Company is committed to pay for at prices as determined in the agreement. The agreement will expire on 31 December 2023.

## 28.7 Raw Water Purchase Agreement

Under an agreement with a private entity, the Company is committed to purchase raw water in a specified quantity and at a stipulated price as defined in the agreement for a period of 25 years. The agreement will expire in March 2024.

## 28.8 Land Rental Agreements

The Company entered into a land rental agreement with Sinparadorn Company Limited to rent 4,800 square meters of land for 3 years at a monthly rental rate of Baht 144,000, which was effective from 1 June 2017 to 31 May 2020.

A subsidiary has entered into several land rental agreements for energy plant farming. The terms of the agreements are generally between 1 and 4 years.

Future minimum lease payments required under these land rental agreements were as follows.

	(Unit: Million Baht)	
	As at 31 December	
	<u>2017</u>	<u>2016</u>
Payable:		
in up to 1 year	2	2
In over 1 and up to 5 years	2	4

## 28.9 Operating lease and service agreement

The Company and its subsidiaries entered into operating lease agreement relating to rental of vehicle and office equipment and services agreements. The agreements periods are between 1 and 4 years.

As at 31 December 2017 and 2016, future minimum lease and service payments required under these agreements were as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payable:				
in up to 1 year	7	8	4	3
in over 1 and up to 5 years	11	2	5	1
in over 5 years	1	-	1	-

#### 28.10 Machinery Lease Agreement

The Company entered into a machinery lease agreement with Operational Energy Group Limited under which the affiliate will provide replacement machinery if the Company's machinery is temporarily out-of-order. Rental is charged at the rates stipulated in the agreement, which expires on 31 March 2024.

#### 28.11 Biomass Fuel Purchase Agreement

Sahagreen Forest Company Limited entered into a biomass fuel purchase agreement with Siam Forestry Company Limited to purchase specified quantities at stipulated prices defined in the agreement. The agreement is effective from 21 August 2010 until termination.

#### 28.12 Long-term service agreement

On 1 June 2017, the Company entered into a long-term service agreement with an overseas company for the maintenance and repair the Company's gas turbine engines, whereby the service charges are as stipulated in the agreement. The agreement terminates on 31 December 2023.

#### 28.13 Bank guarantees

As at 31 December 2017, there were outstanding bank guarantee of approximately Baht 163 million (2016: Baht 163 million) issued by a bank on behalf of the Company in respect of certain performance bonds as required under the Power Sales Agreement with the Electricity Generating Authority of Thailand (EGAT). There were also other guarantees issued by a bank on behalf of the Company and its subsidiaries totaling Baht 23 million (2016: Baht 25 million).

## 29. Fair value hierarchy

As at 31 December 2017, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Baht)

	Consolidated				Separate	
	financial statements				financial statements	
	2017		2016		2017	2016
	Level 1	Level 3	Level 1	Level 3	Level 1	Level 1
<b>Assets measured at fair value</b>						
Held for trade investments						
Equity instruments	269,844	-	267,198	-	269,844	267,198
Available-for-sale investments						
Equity instruments	10,050,000	-	9,200,000	-	10,050,000	9,200,200
Biological asset	-	49,353,216	-	51,075,109	-	-

## 30. Financial instruments

### 30.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans provided, investments, short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable since the majority of sales are supplied to a limited number of customers. However, due to those customers' creditworthiness, the Company and its subsidiaries do not anticipate material losses from its debt collection.

#### **Interest rate risk**

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at financial institutions, loans provided, short-term and long-term borrowings which are subject to interest. However, because most of the financial assets and financial liabilities have floating interest rates which fluctuate in line with market interest rates or fixed interest rates which approximate the current market interest rate. Details of long-term loans from financial institutions are set out in Note 18 to the consolidated financial statements.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements						
	2017						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	78	-	78	0.5 - 1.25
Trade and other receivables	-	-	-	-	558	558	-
	-	-	-	78	558	636	
<u>Financial liabilities</u>							
Short-term loans from financial institutions	209	-	-	-	-	209	2.4 - 3.78
Trade and other payables	-	-	-	-	485	485	-
Long-term loans from financial institutions	540	1,833	292	715	-	3,380	MLR-1.60 to 2.00 and 3.25 - 4.58
Long-term loan from a related party	-	320	-	-	-	320	3.50
	749	2,153	292	715	485	4,394	

(Unit: Million Baht)

	Consolidated financial statements						
	2016						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	191	-	191	0.25 - 0.75
Trade and other receivables	-	-	-	-	536	536	-
	-	-	-	191	536	727	
<u>Financial liabilities</u>							
Short-term loans from financial institutions	24	-	-	-	-	24	2.60 - 3.78, MOR
Trade and other payables	-	-	-	-	251	251	-
Other short-term loan	5	-	-	-	-	5	4.25
Long-term loans from financial institutions	259	1,406	233	1,776	-	3,674	MLR-1.60 to 2.00 and 3.25 - 4.58
Long-term loan from a related party	-	320	-	-	-	320	3.00
	288	1,726	233	1,776	251	4,274	

(Unit: Million Baht)

	Separate financial statements						
	2017						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	58	-	58	0.5 - 1.25
Trade and other receivables	-	-	-	-	464	464	-
Short-term loans to related parties	280	-	-	-	-	280	2.17 - 4.25
	280	-	-	58	464	802	
<u>Financial liabilities</u>							
Short-term loans from financial							
institutions	160	-	-	-	-	160	2.40
Trade and other payables	-	-	-	-	463	463	-
Long-term loans from financial							
institutions	491	1,781	292	534	-	3,098	MLR-2.00 and 3.25 - 4.5
Long-term loan from a related party	320	-	-	-	-	320	3.5
	971	1,781	292	534	463	4,041	



(Unit: Million Baht)

	Separate financial statements						
	2016						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial Assets</b>							
Cash and cash equivalent	-	-	-	164	-	164	0.37 - 0.75
Trade and other receivables	-	-	-	-	437	437	-
Short-term loans to related parties	315	-	-	-	-	315	2.17 - 4.25
	315	-	-	164	437	916	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	228	228	-
Long-term loans from financial institutions	217	1,306	232	1,595	-	3,350	MLR-2.00 and 3.25 - 4.38
Long-term loan from a related party	-	320	-	-	-	320	3.00
	217	1,626	232	1,595	228	3,898	

### 30.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

### 31. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 1.74:1 (2016: 1.79:1) and the Company's was 1.45:1 (2016: 1.46:1).

### 32. Event after the reporting period

#### 32.1 On 6 February 2018, a meeting of the Board of Directors of Sahagreen Forest Company Limited passed a resolution to propose that the Annual General Meeting of the Shareholders to be held in March 2018 adopt a resolution to pay a dividend of Baht 1 per share, or a total of Baht 19 million, to the shareholders in respect of the 2017 earnings.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of this company's shareholders.

- 32.2** On 20 February 2018, a meeting of the Company's Board of Directors passed a resolution to propose the Annual General Meeting of the Shareholders to be held in April 2018 adopt a resolution to pay a dividend of Baht 0.15 per share, or a total of Baht 143.25 million, to the shareholders in respect of the 2017 earnings.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

**33. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2018.

## Board of Directors Information

Name / Position	Age	Education	*Shares hold (%)	Family Relationship Between directors	Past 5 years experiences		
					Period	Position	Company Name
1. Mr. Sujarit Patchimnun	72	<ul style="list-style-type: none"> <li>• M.A. in political science, Thammasat University</li> <li>• B.A. in political science, Thammasat University</li> <li>• Director Accreditation Program (DAP) 41/2005</li> </ul>	- None -	- None -	2007 - Present 2013 - Present 2016 - Present	<u>Listed Companies</u> Director Audit Committee/ Independent Director Director <u>Other Companies</u> (non Listed Companies) Positions in its Affiliates: Chairman of 2 companies <u>Competitive Business related to Company's Business</u>	Saha Pathanapibul PLC. Pan Asia Footwear PLC. Saha Pathana Inter-Holding PLC.  3
<ul style="list-style-type: none"> <li>• Chairman at May 10, 2016</li> <li>• Chairman of the Nomination and Remuneration Committee at May 10, 2016</li> <li>• Authorized Director</li> </ul>		Thai Institute of Directors Association					
Other positions in other companies in the previous year affected his duties significantly: None							

Remark : \* Including shares held by the spouse and minor children.

Name / Position		Age	Education	*Shares hold (%)	Family Relationship Between directors	Period	Position	Company Name
2. Mr. Boonsithi Chokwatana		80	<ul style="list-style-type: none"><li>The Honorary Doctorate Degree in Business Administration, Burapha University</li><li>Thammasat University</li><li>National Institution of Development Administration</li><li>University of the Thai Chamber of Commerce</li><li>The Honorary Doctorate Degree in Engineering, Khon Kaen University</li><li>The Honorary Doctorate Degree in Laws, Waseda University</li><li>The Honorary Doctorate Degree in textiles and clothing, Rajamangala University of Technology Bangkok</li><li>Director Accreditation Program (DAP) 3/2003</li><li>Director Certification Program (DCP) 68/2005</li><li>Thai Institute of Directors Association</li></ul>	1.88	Brothers	1972 - Present 2010 - 2016 2016 - Present 1991 - 2016 May 2016 - Dec. 2016 2017 - Present 2010 - Present 2004 - 2015 2015 - Present	<u>Listed Companies</u> Chairman Advising Director Advisory of Board of Directors Vice Chairman Honorary Advisory Director Honorary Advisor Advisor Director/ Chairman of the Executive Board Chairman/ Chairman of the Executive Board/ Chairman of the Nomination and Remuneration Committee Chairman Honorary Chairman Advising Director Board Advisor <u>Other Companies</u> <u>(non Listed Companies)</u> <u>Competitive Business related to Company's Business</u>	Thai President Foods PLC. Thanulux PLC. Thanulux PLC. I.C.C. International PLC. I.C.C. International PLC. I.C.C. International PLC. Thai Wacoal PLC. Saha Pathana Inter-Holding PLC. Saha Pathana Inter-Holding PLC. Saha Pathanapibul PLC. Saha Pathanapibul PLC. Textile Prestige PLC. Textile Prestige PLC. 23 -None-
<ul style="list-style-type: none"><li>Director at March 6, 2003</li><li>Authorized Director</li></ul>								
Other positions in other companies in the previous year affected his duties significantly: None								

Remark : \* Including shares held by the spouse and minor children.

Name / Position	Age	Education	*Shares hold (%)	Family Relationship Between directors	Past 5 years experiences		
					Period	Position	Company Name
3. Mr. Boonkiet Chokwatana <ul style="list-style-type: none"><li>• Director at May 10, 2016</li><li>• Director of the Nomination and Remuneration Committee at May 10, 2016</li><li>• Authorized Director</li></ul>	70	<ul style="list-style-type: none"><li>• Honorary Doctorate Degree in Business Administration (Management), Sripratum University</li><li>• Honorary Doctorate in Business Administration College of Commerce, Burapha University</li><li>• Honorary Doctorate in Business Administration, Naresuan University</li><li>• B.S. Mechanical Engineering - Worcester Polytechnic Institute, Massachusetts, USA</li><li>• Director Accreditation Program (DAP) 3/2003</li><li>• Director Certification Program (DCP) 41/2004</li><li>Thai Institute of Directors Association</li></ul>	1.72	Brothers	2006 - Present	Director	Thailand Securities Depository Company Limited
					2008 - Present	Advisor/ Vice President <u>Listed Companies</u>	Thai Listed Companies Association
					1986 - Present	Director	Saha Pathana Inter-Holding PLC.
					1993 - Present	Chairman	S&J International Enterprises PLC.
					1994 - Present	Chairman/ Chairman of Remuneration Committee/ Chairman of Nomination Committee	People's Garment PLC.
					2007 - Present	Chairman/ Executive Chairman/ Chairman of Remuneration Committee/ Nomination Director	I.C.C. International PLC.
					2013 - Present	Chairman <u>Other Companies</u> <b>(non Listed Companies)</b> Positions in its Affiliates: Director of 1 company <u>Competitive Business related to Company's Business</u>	Pan Asia Footwear PLC. 62 -None-
Other positions in other companies in the previous year affected his duties significantly: None							

Remark : \* Including shares held by the spouse and minor children.

Name / Position	Age	Education	*Shares hold (%)	Family Relationship Between directors	Past 5 years experiences		
					Period	Position	Company Name
4. Mr. Thirasak Vikitset	66	<ul style="list-style-type: none"> <li>• MBA, Clark University: Worcester, Massachusetts, USA</li> <li>• Bachelor of Chemical Engineering Worcester Polytechnic Institute, Massachusetts, USA</li> <li>• Director Accreditation Program (DAP) 3/2003</li> <li>• Director Certification Program (DCP) 68/2005</li> </ul>	0.21	-None-	1985 - Present	<p><b>Listed Companies</b> Managing Director/ Chairman of the Executive Board/ Director of the Nomination and Remuneration Committee</p> <p><b>Other Companies</b> <b>(non Listed Companies)</b> Positions in its Affiliates: Chairman of 1 company, Director of 1 company</p> <p><b>Competitive Business related to Company's Business</b></p>	S&J International Enterprises PLC.
<ul style="list-style-type: none"> <li>• Director at March 6, 2003</li> <li>• Chairman of Executive Board at March 6, 2007</li> <li>• Director of the Nomination and Remuneration Committee at February 27, 2009</li> <li>• Authorized Director</li> </ul>							
<b>Other positions in other companies in the previous year affected his duties significantly: None</b>							

Remark : \* Including shares held by the spouse and minor children.

Name / Position	Age	Education	*Shares hold (%)	Family Relationship Between directors	Past 5 years experiences		
					Period	Position	Company Name
5. Mr. Tanong Srichit • Director at March 6, 2003 • Executive Director at March 6, 2007 • Authorized Director	62	<ul style="list-style-type: none"> <li>Bachelor Degree in Political Science, Chulalongkorn University</li> <li>Director Accreditation Program (DAP) 3/2003</li> <li>Director Certification Program (DCP) 72/2006</li> <li>Finance for Non - Finance Director (FND) 9/2004</li> <li>Thai Institute of Directors Association</li> </ul>	- None -	- None -	1996 - Present 1996 - Present 1996 - 2014 2015 - Present 2016 - Present	<u>Listed Companies</u> Executive Director Nomination and Remuneration Director Vice President Senior Vice President President <u>Other Companies</u> <u>(non Listed Companies)</u> <u>Competitive Business related to Company's Business</u>	Saha Pathana Inter-Holding PLC.
<b>Other positions in other companies in the previous year affected his duties significantly: None</b>							
6. Mr. Atthakorn Glankwamdee • Director at March 6, 2003 • Executive Director at March 6, 2007 • Authorized Director	69	<ul style="list-style-type: none"> <li>Ph.D. (Mechanical Engineering) University of Illinois at Urbana, U.S.A.</li> <li>Director Accreditation Program (DAP) 3/2003</li> <li>Director Certification Program (DCP) 68/2005</li> <li>Thai Institute of Directors Association</li> </ul>	0.02	- None -	1991 - Present 2016 - Present	<u>Listed Companies</u> Deputy Managing Director/ Executive Director Chairman of the Risk Management Committee <u>Other Companies</u> <u>(non Listed Companies)</u> Positions in its Affiliates: Director of 3 companies <u>Competitive Business related to Company's Business</u>	S&J International Enterprises PLC. S&J International Enterprises PLC. 12 -None-
<b>Other positions in other companies in the previous year affected his duties significantly: None</b>							

Remark : \* Including shares held by the spouse and minor children.

Name / Position		Age	Education	*Shares hold (%)	Family Relationship Between directors	Past 5 years experiences		
						Period	Position	Company Name
7. Mr. Viroj Theeravathavee	<ul style="list-style-type: none"><li>Managing Director at March 6, 2003</li><li>Executive Director at March 6, 2007</li><li>Chairman of the Corporate Social Responsibility Committee at May 6, 2014</li><li>Authorized Director</li></ul>	64	<ul style="list-style-type: none"><li>Bachelor of Engineering (Mechanical Engineering), Chulalongkorn University</li><li>Director Accreditation Program (DAP) 12/2004</li><li>Director Certification Program (DCP) 68/2005</li><li>Thai Institute of Directors Association</li></ul>	- None -	- None -		<u>Other Companies (non Listed Companies)</u> Positions in its Affiliates: Director of 1 company, Managing Director of 2 companies <u>Competitive Business related to Company's Business</u>	3   -None-
Other positions in other companies in the previous year affected his duties significantly: None								
8. Mr. Boonyarith Mahamontri	<ul style="list-style-type: none"><li>Independent Director at 6 March, 2007</li></ul>	72	<ul style="list-style-type: none"><li>Bachelor of Science (Chemicals), Chulalongkorn University</li><li>Director Accreditation Program (DAP) 3/2003</li><li>Director Certification Program (DCP) 68/2005</li><li>Thai Institute of Directors Association</li></ul>	0.01	- None -	1988 - Present	<u>Listed Companies</u> Director <u>Other Companies (non Listed Companies)</u> <u>Competitive Business related to Company's Business</u>	Saha Pathanapibul PLC. 1  -None-
Other positions in other companies in the previous year affected his duties significantly: None								

Remark : \* Including shares held by the spouse and minor children.



Name / Position	Age	Education	*Shares hold (%)	Family Relationship Between directors	Past 5 years experiences		
					Period	Position	Company Name
9. Mr. Nophorn Bhongsvej	70	<ul style="list-style-type: none"><li>B.A. Oregon State University (ECON.)</li><li>M.S. Oregon State University (ECON.)</li><li>Director Accreditation Program (DAP) 38/2005</li><li>Director Certification Program (DCP) 71/2006</li><li>Audit Committee Program (ACP) 12/2006</li></ul>	- None -	- None -	<u>Listed Companies</u> Independent Director/ Chairman of the Audit Committee Audit Committee/ Independent Director/ Chairman of Corporate Governance Committee Independent Director/ Chairman of the Audit Committee <u>Other Companies</u> <u>(non Listed Companies)</u> <u>Competitive Business related to Company's Business</u>	Saha Pathana Inter-Holding PLC.  I.C.C. International PLC.  Kantana Group PLC.  1  -None-	
Other positions in other companies in the previous year affected his duties significantly: None							

Remark : \* Including shares held by the spouse and minor children.

Name / Position		Age	Education	*Shares hold (%)	Family Relationship Between directors	Past 5 years experiences		
						Period	Position	Company Name
10. Pol. Gen. Somchai Prabhasabhakdi	<ul style="list-style-type: none"> <li>Independent Director at March 30, 2005</li> <li>Director of the Audit Committee at March 30, 2005</li> </ul>	75	<ul style="list-style-type: none"> <li>Master of Public Administration (M.P.A.), National Institution of Development Administration</li> <li>F.B.I. Academy, USA (Class 93)</li> <li>Chief of the Army Guard Staff (Class 53)</li> <li>National Defence College (Class 6)</li> <li>Director Accreditation Program (DAP) 25/2004</li> <li>Director Certification Program (DCP) 51/2004</li> <li>Audit Committee Program(ACP) 2/2004</li> <li>Role of The Chairman Program (RCP) 12/2005</li> <li>Thai Institute of Directors Association</li> </ul>	- None -	- None -	2004 - 2015 2015 - Present	<u>Listed Companies</u> Independent Director/ Director of the Audit Committee Director of the Audit Committee/ Independent Director/ Chairman of the Corporate Governance Committee <u>Other Companies</u> <u>(non Listed Companies)</u> <u>Competitive Business related to Company's Business</u>	I.C.C. International PLC. S&J International Enterprises PLC.  -None- -None-
Other positions in other companies in the previous year affected his duties significantly: None								

Remark : \* Including shares held by the spouse and minor children.

Name / Position		Age	Education	*Shares hold (%)	Family Relationship Between directors	Period	Position	Company Name
Past 5 years experiences								
11. Mr. Amorn Asvanunt <ul style="list-style-type: none"><li>Independent Director at March 6, 2003</li><li>Director of the Audit Committee at March 6, 2003</li></ul>	69	<ul style="list-style-type: none"><li>MBA, Bowling Green State University, Ohio, USA</li><li>Bachelor of Accountancy, Chulalongkorn University</li><li>Director Accreditation Program (DAP) 4/2003</li><li>Thai Institute of Directors Association</li></ul>	0.10	- None -	<u>Listed Companies</u>	2005 - 2014	Independent Director/ Director of the Risk Management Committee	Thai Military Bank PLC.
					Independent Director/	1999 - Present	Director of the Audit Committee	I.C.C. International PLC.
					Chairman of the Risk Management Committee	2006 - Present	Independent Director/	I.C.C. International PLC.
					Chairman of the Audit Committee	2002 - 2017	Independent Director/ Director of the Audit Committee	People's Garment PLC.
					Independent Director/ Director of the Audit Committee	2002 - Present	Independent Director/ Director of the Risk Management Committee/	Far East DDB PLC.
					Chairman of the Nomination and Remuneration Committee	2005 - Present	Independent Director	Krungthep Sophon PLC.
					Independent Director	2015 - 2017	Independent Director/	MFC Asset Management PLC.
					Chairman of the Audit Committee	2017 - Present	Chairman of the Audit Committee	S&J International Enterprises PLC.
					<u>Other Companies</u>			1
					<u>(non Listed Companies)</u>			
<u>Competitive Business related to</u>								
<u>Company's Business</u>				-None-				
Other positions in other companies in the previous year affected his duties significantly: None								

Remark : \* Including shares held by the spouse and minor children.

Name / Position		Age	Education	*Shares hold (%)	Family Relationship Between directors	Period	Position	Company Name
								Past 5 years experiences
12.	Admiral Apiwat Srivardhana <ul style="list-style-type: none"><li>Independent Director at April 22, 2013</li></ul>	65	<ul style="list-style-type: none"><li>Bachelor of Science, Royal Thai Naval Academy</li><li>National Defence College (NDC)</li><li>Director Accreditation Program (DAP) 109/2014</li><li>Director Certification Program (DCP) 197/2014</li><li>Role of the Chairman Program (RCP) 36/2015</li></ul> Thai Institute of Directors Association	- None -	- None -	2014 - Present	Chairman of the Board <u>Listed Companies</u> <u>Other Companies</u> <u>(non Listed Companies)</u> <u>Competitive Business related to Company's Business</u>	Port Authority of Thailand  -None- -None-  -None-
Other positions in other companies in the previous year affected his duties significantly: None								
13.	Mr. Suthep Dansiriviroj <ul style="list-style-type: none"><li>Director at November 7, 2013</li><li>Executive Director at May 14, 2012</li><li>Chairman of the Risk Management Committee at May 6, 2014</li><li>Authorized Director</li></ul>	69	<ul style="list-style-type: none"><li>B.A accountancy, Thammasat University</li><li>Risk Management Committee Program (RMP) 5/2014</li><li>Director Accreditation Program (DAP) 32/2005</li><li>Director Certification Program (DCP) 60/2005</li></ul> Thai Institute of Directors Association	- None -	- None -	2008 - 2013  1996 - 2004  2005 - 2014  2014 - Present	<u>Listed Companies</u> Independent Director/ Chairman of the Audit Committee Senior Executive Vice President Director/ Executive Director/ Director of the Nomination and Remuneration Committee Director <u>Other Companies</u> <u>(non Listed Companies)</u> Positions in its Affiliates: Director of 1 company <u>Competitive Business related to Company's Business</u>	M Pictures Entertainment PLC.  Bank of Asia PLC.  Inter Far East Engineering PLC.  S&J International Enterprises PLC. 3  -None-
Other positions in other companies in the previous year affected his duties significantly: None								

Remark : \* Including shares held by the spouse and minor children.

Name / Position		Age	Education	*Shares hold (%)	Family Relationship Between directors	Period	Position	Past 5 years experiences
14. Mrs. Pannee Chantavoraluk <ul style="list-style-type: none"><li>Company Secretary at March 28, 2008</li></ul>		61	<ul style="list-style-type: none"><li>B.A accountancy, Thammasat University</li><li>Company Secretary Program (CSP) 11/2005</li></ul> Thai Institute of Directors Association	0.01	- None -	2000 - Present  2016 - Present	<u>Listed Companies</u>	S&J International Enterprises PLC.
							Internal Audit Manager/ Secretary to the Audit Committee	
							Director of the Risk Management Committee	S&J International Enterprises PLC.
							<u>Other Companies</u>	4
							<u>(non Listed Companies)</u>	
							<u>Competitive Business related to Company's Business</u>	-None-
Other positions in other companies in the previous year affected his duties significantly: None								

Remark : \* Including shares held by the spouse and minor children.





Supported by



## Certificate of Membership

The CAC Council hereby certifies that

**SAHACOGEN (CHONBURI) PUBLIC COMPANY LIMITED**

has met the commitments to the CAC declaration on anti-corruption  
by putting in place good business principles  
and control against bribery,  
is now a full member of the CAC

Bangkok, 14<sup>th</sup> October 2016

*(Dr. Bandit Nijathaworn)*  
Councilor and Secretary

*(Dr. Panas Simasathien)*  
Chairman

# “สหโคเจน รวมพลัง ไม่ทุจริต ไม่คอร์รัปชัน”

## SAHACOGEN FIGHTS AGAINST CORRUPTION





บริษัท สหโคเจน (ชลบุรี) จำกัด (มหาชน) SAHACOGEN (CHONBURI) PUBLIC COMPANY LIMITED

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