

PART 2

MANAGEMENT AND CORPORATE GOVERNANCE

7 SECURITIES AND SHAREHOLDERS

7.1 Registered and Paid Capital

TTI have Registered Capital of 500 Million Baht, Paid Capital of 500 Million Baht, divided into 50 million shares with par value 10 Baht per share.

7.2 Shareholders

Top 10 Shareholders over 5 Years Period

Rank	Name	31/12/2018	%	31/12/2017	%	31/12/2016	%	31/12/2015	%	31/12/2014	%
1	Mr. Kumjorn Chuenchoochit	12,877,867	25.7	12,882,467	25.7	12,392,367	24.8	12,276,367	24.5	11,988,167	24.0
2	Ms. Supatta Boonnamsap	6,155,280	12.3	6,165,280	12.3	6,096,085	12.2	6,004,985	12.0	6,004,985	12.0
3	Mr. Tawatchai Chaiyapinunt	5,477,120	10.9	5,477,120	10.9	5,447,120	10.9	5,447,120	10.9	5,447,120	10.9
4	Thai Textile International Company Limited	4,128,315	8.3	4,128,315	8.3	4,128,315	8.3	4,128,315	8.3	4,128,315	8.3
5	Mr. Kasem Worarittichai	2,964,945	5.9	2,964,945	5.9	2,964,945	5.9	2,964,945	5.9	2,964,945	5.9
6	Mr. Phaiboon Jaroonsaichanakit	2,574,000	5.1	2,574,000	5.1	2,574,000	5.1	2,574,000	5.1	2,478,100	5.0
7	Great Chan Holding Company Limited	2,000,000	4.0	2,000,000	4.0	2,000,000	4.0	2,000,000	4.0	2,000,000	4.0
8	RPT Resources Company Limited	1,718,100	3.4	1,718,100	3.4	1,718,100	3.4	1,718,100	3.4	1,718,100	3.4
9	TT Resources Company Limited	1,582,305	3.2	1,582,305	3.2	1,582,305	3.2	1,582,305	3.2	1,582,305	3.2
10	Vongs Chang Enterprise Company Limited	1,100,000	2.2	1,100,000	2.2	1,100,000	2.2	1,100,000	2.2	1,100,000	2.2

7.3 Other Securities

None

7.4 Dividend Payment Policy

The Company's dividend payment policy is not less than 50–60% of net profit.

8 MANAGEMENT STRUCTURE

8.1 Company Directors

Company Board of Directors consists of 17 Directors, divided into 7 Executive Directors, 5 Non-Executive Directors and 4 Independent Directors.

The Board of Directors is divided into 3 sub-Committees, namely the Audit Committee, Nomination Committee, and Remuneration Committee as follow:

1. Mr. Boonnam	Boonnamsap	Chairman
2. Mr. Mongkol	Mungkornkanok	Executive Director
3. Mr. Phaiboon	Jaroonchaikanakij	Executive Director
4. Mr. Tawatchai	Chaiyapinunt	Executive Director, Nomination Committee and Remuneration Committee
5. Mr. Kumjorn	Chuenchoochit	Executive Director
6. Mr. Chuang	Kullawanwichit	Executive Director and Secretary to the Board of Directors
7. Mrs. Siriwan	Boonnamsap	Director
8. Prof. Somsak	Chaiyapinunt, Ph.D.	Director
9. Mr. Paired	Chuenchoochit	Director
10. Miss Naruemon	Worattichai	Executive Director
11. Mr. Kasem	Worattichai	Director
12. Mr. Charoen	Laohathai*	Director and Independent Director
13. Mr. Suchart	Chantanakaracha*	Director and Independent Director
14. Dr. Chin	Chinsetawong, Ph.D.*	Chairman of the Audit Committee, Independent Director, Nomination Committee and Remuneration Committee
15. Mr. Preecha	Chaiyaprasith*	Audit Committee Director, Independent Director, Nomination Committee Directors and Remuneration Committee
16. Mr. Korn	Sereerojanasiri*	Audit Committee and Independent Director
17. Asst. Prof. Kajornvut	Namsirikul, Ph.D.*	Audit Committee and Independent Director
Mr. Narong	Piriyaprasakul	Secretary of Audit Committee, Nomination Committee and Remuneration Committee

* Independent Directors

Remark For number of times of Directors' Meeting, and the attendance of each Director at each meeting, please refer to the Attendance and Remuneration Chart.

Audit Committee Directors

On 28 February 2019, the Board of Directors appointed 4 Directors to be on the Audit Committee for the duration of 2 years per term. The 4 Directors consisted of the following:

- | | | | |
|----|-----------------------|-----------------------|-----------------------------|
| 1. | Mr. Chin | Chinsettauwong, Ph.D. | Chairman of Audit Committee |
| 2. | Mr. Preecha | Chaiyaprasith | Audit Committee |
| 3. | Mr. Korn | Sereerongjanasiri | Audit Committee |
| 4. | Asst. Prof .Kajornvut | Namsirikul, Ph.D. | Audit Committee |

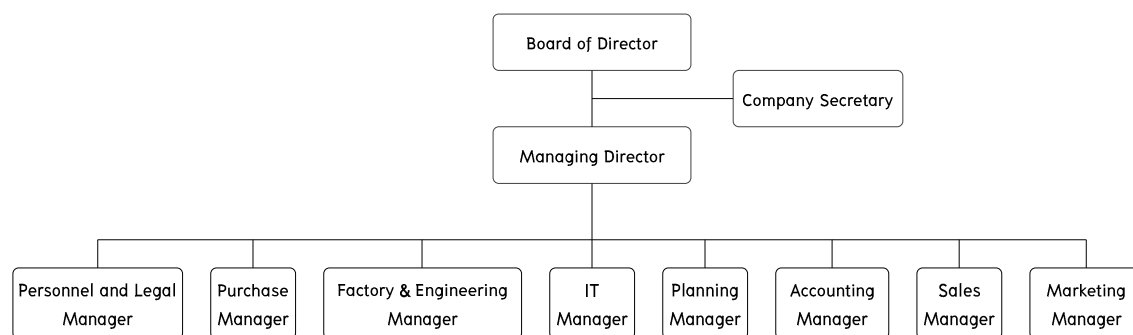
Nomination Committee and Remuneration Committee Directors

On 28 February 2019, the Board of Directors appointed 2 sub-Committees, which were the Nomination Committee and the Remuneration Committee. The term for each Director is 2 years and consisted of 2 Independent Directors and 1 Executive Director.

The Directors for both Committees are as follow:

- | | | | |
|----|---------------|-----------------------|--|
| 1. | Dr. Chin | Chinsettauwong, Ph.D. | Independent Director and Chairman of Audit Committee |
| 2. | Mr. Preecha | Chaiyaprasith | Independent Director and Audit Committee |
| 3. | Mr. Tawatchai | Chaiyapinunt | Executive Director |
| 4. | Mr. Narong | Priyapinsakul | Secretary of the Committee |

8.2 Management Structure



Managing Director	Mr. Mongkol Mungkornkanok
Personnel and Legal	Mr. Narong Priyapinsakul
Purchase	Mr. Arun Charoensangpetch
Factory & Engineering	Mr. Chalerm Techawal
Information Technology	Mrs. Anchalee Tapaopong
Planning	Mr. Surasak Nampila
Accounting	Mr. Chuang Kullawanwichit
Sales	Mr. Nataphol Jarukittikhun
Marketing	Mr. Therawat Srivilaiwit

8.3 Company Secretary

Mr. Narong Priyapinsakul

8.4 Directors and Executive officer Remuneration

The attendance of each Director at each meeting and the Directors Remuneration

			Directors Meeting Attendance / Meetings		Directors Remuneration (Baht) (Remuneration and Pension)	
Directors	Position		2018	2017	2018	2017
1. Mr. Boonnam Boonnamsap	★		4/4	4/4	160,000	160,000
2. Dr. Chin Chinsethawong, Ph.D.	◆■▲★		3/4	3/4	170,000	170,000
3. Mr. Preecha Chaipromprasith	◆■▲★		3/4	3/4	170,000	170,000
4. Mr. Korn Sereerojanasiri	●★		4/4	4/4	170,000	170,000
5. Asst. Prof. Kajornvut Namsirikul, Ph.D.	●★		4/4	4/4	170,000	170,000
6. Mr. Mongkol Mungkornkanok	/		4/4	3/4	160,000	160,000
7. Mr. Phaiboon Jaroonchaikanakij	/		4/4	4/4	135,000	135,000
8. Mr. Tawatchai Chaiyapinunt	/■▲		4/4	4/4	135,000	135,000
9. Mr. Kumjorn Chuenchoochit	/		4/4	3/4	135,000	135,000
10. Mr. Chuang Kullawanwchit	/		4/4	4/4	135,000	135,000
11. Mrs. Siriwan Boonnamsap	✕		4/4	4/4	110,000	110,000
12. Prof. Somsak Chaiyapinunt, Ph. D.	✕		4/4	4/4	110,000	110,000
13. Mr. Suchart Chantanakaracha	✕★		4/4	4/4	110,000	110,000
14. Mr. Pairod Chuenchoochit	✕		4/4	4/4	110,000	110,000
15. Miss Naruemon Worarittichai	/		4/4	4/4	110,000	110,000
16. Mr. Kasem Worarittichai	✕		4/4	4/4	110,000	110,000
17. Mr. Charoen Laohathai	✕★		4/4	4/4	110,000	110,000
			Total		2,260,000	2,260,000

★ = Chairman

● = Audit Committee

✕ = Director

▲ = Remuneration Committee

◆ = Chairman of the Audit Committee

/ = Managing Director

■ = Nomination Committee

★ = Independent Director

Salary for 15 Executive Officers 24,098,840.49 Baht

Remuneration for Managing director (Mr. Mongkol Mungkornkanok) 2,050,000.00 Baht

Non-financial Remuneration None

8.5 Meeting Attendance for Subcommittee Directors

Subcommittee Directors		Independent Director status	Meeting Attendance time
Audit committee			
1. Dr. Chin	Chinsettawong, Ph.D. (Chairman of Audit committee)	✓	3/4
2. Mr. Preecha	Chaipromprasith	✓	3/4
3. Mr. Korn	Sereerojanasiri	✓	4/4
4. Asst. Prof. Kajornvut	Namsirikul, Ph.D.	✓	4/4
Nomination Committee			
1. Dr. Chin	Chinsettawong, Ph.D. (Chairman of Nomination committee)	✓	2/2
2. Mr. Preecha	Chaipromprasith	✓	2/2
3. Mr. Tawatchai	Chaiyapinunt	-	2/2
Remuneration Committee			
1. Dr. Chin	Chinsettawong, Ph.D. (Chairman of Remuneration committee)	✓	2/2
2. Mr. Preecha	Chaipromprasith	✓	2/2
3. Mr. Tawatchai	Chaiyapinunt	-	2/2

8.6 Personnel

The Company's personnel for each major department in 2018 was as follow

Month	Spinning	Weaving	Garment	Total
January	104	796	576	1,476
February	103	794	569	1,466
March	103	785	551	1,439
April	102	774	514	1,390
May	101	770	491	1,362
June	100	777	492	1,369
July	100	776	491	1,367
August	100	767	483	1,350
September	101	777	485	1,363
October	100	776	492	1,368
November	99	772	484	1,355
December	99	761	460	1,320

Compensation for 2018 is as follow

1. Spinning Employee Wages	27,619,713.32	Baht	Bonus	0.00	Baht
2. Weaving Employee Wages	213,826,178.13	Baht	Bonus	0.00	Baht
3. Garment Employee Wages	79,822,932.67	Baht	Bonus	0.00	Baht

For Personnel Development Program, The Company has regular seminars within The Company such as 5S, ISO 9001, and ISO 14001 programs. The Company also sends employees to workshops and seminars outside The Company on a regular basis.

No.	Course Program	Participants	Duration
1	Basic Knowledge of ISO 9001:2015	800	1 day
2	Basic Knowledge of ISO 14001:2015	800	1 day
3	Training in Area of Responsibility	155	30 days
4	Quality and Environmental Management	155	3 hours
5	Fire Drill Training	767	6 hours
6	Interpretation of ISO 14001:2015	5	2 days
7	Leading the way in Sustainability and Innovation to increase efficiency in dyeing	4	1 days
8	Person in Charge of Oil Storage	1	2 days
9	Directors of Safety Committee	4	2 days
10	Integrated Management System Internal Audit Techniques For ISO 9001:2015/ISO 14001:2015	32	2 days
11	Basic 5 S	155	3 hours

9 CORPORATE GOVERNANCE

9.1 Corporate Policies

The Company is aware of the importance of Good Corporate Governance and have followed the guidance that The Stock Exchange of Thailand, and The Securities and Exchange Commission of Thailand had set. In addition, a handbook on the business ethics and etiquette was made for the Directors, Managers, and employees to follow as company policy.

The Board of Directors have set The Company policies as follow:

1. Set the business scope and responsibilities to be effective and adhere to the rules and regulations with transparency and traceability.
2. The Board of Directors, Managers, and all employees will perform their duties to the best of their abilities with honesty and trustworthiness for the benefits of all parties, by upholding good corporate governance and following the handbook of business ethics and etiquette.
3. Define areas of responsibility and the authority of involved personnel in each department to ensure the benefits are protected.
4. Will not perform any actions that will violate or restrict the rights of the Shareholders of The Company, and will provide convenience to the Shareholders to exercise their rights other than voting at the Annual Shareholders Meeting.
5. Treat all Shareholders equally. Provide access to The Company information and contact information accordingly.
6. The Board of Directors, Managers, and all employees will uphold the business ethics and etiquette by treating all with benefits equally, as well as, taking care, controlling, and protecting against any decisions or actions that may be in conflict with the benefits.
7. Fully disclose important news and information of The Company in a timely manner accordingly to the rules and regulations.
8. Set policies, strategies, and plans necessary for the operation of The Company and systems to evaluate the effectiveness of the management.
9. Evaluate and set ethics and etiquette guidelines of The Company business for the Board of Directors, management, and all employees to follow, in addition to the rules and regulations of The Company.
10. Set annual internal self evaluation to determine the performance of the Directors.
11. The Board of Directors set communication channels for Shareholders, investors, and governing sectors, as well as disclose information to Shareholders and those with mutual benefits.

The Board of Directors realizes support is needed for the Directors, management, and employees to perform their duties and responsibilities to be in accordance to good corporate governance policies set forth by the Board of Directors, so good corporate governance policy and business ethics and etiquette handbooks were distributed through the following channels:

- Employee Handbook
- Good Corporate Governance Policy Handbook
- Business Ethics and Etiquette Handbook
- Company website (www.tti.co.th)
- Information Board of The Company

In addition, Good Corporate Governance policy and Business Ethics and Etiquette seminars were held during orientation of new employees.

9.2 Sub Board of Directors

(1) Board of Directors Structure

From the Board of Directors of 17 people, a Sub Board of Directors was set up as follow:

- A. Executive Directors consisted of the following 7:
 - 1. Mr. Boonnam Boonnamsap
 - 2. Mr. Mongkol Mungkornkanok
 - 3. Mr. Chuang Kulwanwichit
 - 4. Mr. Phaiboon Jaroonsaichanakij
 - 5. Mr. Tawatchai Chaiyapinunt
 - 6. Mr. Kumjorn Chuenchoochit
 - 7. Miss. Naruemon Worarittichai
- B. Audit Committee consists of 4 people. (Details on Page 11)
- C. Nomination Committee consists of 3 people. (Details on Page 11)
- D. Remuneration Committee consists of 3 people and Management Structure (Details on Page 11)

Duties and Responsibilities of each Committee Directors are as follow:

- **Board of Directors** duties and responsibilities consisted of managing according to the purpose, regulations, and resolution of the Shareholders meeting, including
 - 1. Approval of vision, strategy, goal, and risks.
 - 2. Observing the management operation according to The Company Policy.
 - 3. Control and manage risks.
 - 4. Set written policies and business ethic and etiquette for The Company to operate under.
 - 5. Evaluate possible issues of conflict thoroughly.
 - 6. Set policies on risk management for The Company and Subsidiary.
- **Executive Directors** duties and responsibilities consisted of the following:
 - 1. Authority to order, plan, and operate The Company business according to the policies set by the Board of Directors.
 - 2. Set strategies for The Company under the purpose and policies of The Company.
 - 3. Propose investment plans to the Board of Directors and or at the Shareholders Meeting for consideration.
 - 4. Approve appointments of advisers necessary for the operation of The Company under the budget given.
 - 5. Authorized to determine the benefits to the employees according to traditions and rules and regulations.
 - 6. Authorized to approve purchase, hiring, rent, and lease any assets, including investing and settlement of payments necessary for the operation of The Company, within the budget, according to the details of the Authorization Chart set up by the Board of Directors.
 - 7. Authorized to approve make loan agreement, and overdrawn funds from banks, corporations, and or financial institutions for the benefit of the operation of The Company.

8. Authorized to approve purchase of assets, or payment of assets from the operation of The Company, according to the contract and or agreement with business partner, as per the details of the Authorization Chart set up by the Board of Directors.
- **Audit Committee** duties and responsibilities consisted of the following:
 1. Review that The Company discloses correct and adequate financial statement information.
 2. Review appropriate Internal Control and Internal Audit procedures, evaluate internal audit department Independence, as well as, approval to appoint, transfer, and or cease employment of Internal Audit heads or other departments that are responsible for the Internal Audits.
 3. Review that The Company is operating under the rules and regulations set forth by the Stock Exchange of Thailand and laws governing business operation.
 4. Review, select, and or recommend individuals who are independent to audit The Company's financial statement and recommend remuneration for the individuals. In addition, attend Audit Committee meeting without involvement of the management team at least 1 time a year.
 5. Review related transactions and or conflict of interest transactions to be in line with the rules and regulations set forth by The Stock Exchange of Thailand, so those transactions are appropriate with highest benefit for The Company.
 6. Write the Audit Committee Report, signed by the Audit Committee Chairman, which is to be disclosed in the Annual Report of The Company.
 7. Perform duties assigned by the Board of Directors, with agreement from the Audit Committee.
 - **Nomination Committee** has the duty and responsibility to set criteria and qualification for individuals to be on the Board of Directors and Management Team, by proposing the individual to be on the Management Team to the Board of Directors for consideration, and the individual to be on the Board of Directors to the Shareholders Meeting for consideration.
 - **Remuneration Committee** has the duty and responsibility to evaluate the amount and form to pay the Directors and Management Team and propose to the Board of Directors for consideration. The Management Team remuneration will be approved by the Board of Directors, while Directors remuneration will be approved by the Shareholders Meeting.

(2) Audit Committee Directors

Qualified Audit Committee to review The Company's Financial Statement is Assistant Professor Kajornvut Namsirikul, Ph.D.

9.3 Nomination and Appointment of Directors and Management

In the Nomination for a Director, all Directors have the right to suggest a qualified individual to the Shareholders Meeting for approval, unless the Director position was vacant before the term is up, then the Board of Directors have the right to appoint an individual to replace the vacant position. The Shareholders still have the right to recommend qualified individuals for consideration at the Shareholders Meeting as well.

(1) Board of Directors

A. Election

As per The Company's rules under Directors, Section 4, Point 16, the Shareholders Meeting will determine the number of Directors on the Board of Directors, to be no less than 5 people and no more than 17 people. The elected persons should not prohibit according to the rules and regulations of The Company, and should be trustworthy to manage a Public Company according to the rules and regulations set by The Securities and Exchange Commission. More than half of the total Directors must have residence in the Kingdom of Thailand. The number of Independent Directors and Audit Committee must be according to the rules and regulations of the Stock Exchange of Thailand.

B. Directors Qualification

1. Must be a mature ordinary person.
2. Must not be bankrupt, or incapable of management
3. Never convicted by the highest court for corruption.
4. Never unemployed from government agency or corporation due to corruption.
5. Not a person lacking trust to manage a Public Company according to the rule and regulation set by The Securities and Exchange and exchange commission.

C. Directors Election Method

As per The Company's rules under Directors, Section 4, Point 18, the Shareholders Meeting will determine the Directors with the following methods:

1. One Shareholder has 1 vote per 1 share.
2. The Shareholder must give their suffrage to 1 candidate or many candidates to be Directors, but cannot distribute their suffrage to several candidates.
3. The candidate with the highest votes will be selected according to the number of Directors needed for that term. If case there is a tie in a number of votes for the candidates, the Chairman of the Board will have one vote to determine the candidate for the Board.

D. Directorship Terms

1. Normal Term Expiration

As per The Company's rules under Directors, Section 4, Point 20, at the Annual Shareholders Meeting, one third of the Director's term will expire. If the number of Directors cannot be evenly separated into one thirds, then the number of Directors, whose terms will expire, will be as close as possible to one thirds.

In the first and second year after The Company registration, the Directors who terms expired will be determined by a draw on who will be replaced. For the following years after, the Directors with the longest term will be selected for replacement.

The Directors whose term expired can be selected to return to the Board.

2. Extraordinary Term Expiration

As per The Company's rules under Director, Section 4, Point 21, other than the normal term expiration, the Directors term may expire upon:

- 1) Death

- 2) Resignation
- 3) Lack of Qualification according to Point 17.
- 4) Resolution of the Shareholders Meeting in accordance to Point 25.
- 5) By court's ruling.

The Company did not set consecutive number of terms. The Shareholders reserve the right to appoint an individual to the Director position.

(2) Audit Committee

A. Structure and Appointment

There must be a minimum of 3 Directors in the Audit Committee, comprising of a Chairman and a set of Committee Members. All must be The Company's Director and must be qualified according to SEC rules and regulations as follow:

1. Appointed by the Board of Directors or at the Shareholders Meeting.
2. Be an Independent Director
3. Must not be The Company Directors empowered to make business decisions for parent company, subsidiary, affiliates, partnership, other subsidiary of the parents company, or any juristic person with conflict of interest.
4. Responsible to the duties according to rule and regulations set by The Stock of Exchange of Thailand and The Company's policy.
5. Must possess knowledge and experience sufficient to perform audit functions with one member being an expert of financial reviewing.

In case there are changes in the rules and regulations of SEC and SET, the qualifications will be changes.

B. Term of Appointment

The Audit Committee tenor is 2 years, counting from the date of appoint by the Board of Directors.

1. Normal Term Expiration

Once the term expire, the Board of Directors or at the Shareholders Meeting, will appoint a new committee members within 2 months of expiration of the previous committee. The previous committee members could be re-appointed.

2. Extraordinary Term Expiration

Other than normal term expiration mentioned above, the Audit Committee will expire when

- 1) No longer a Board Director.
- 2) Resignation
- 3) Death
- 4) Removed from Committee by the Board of Directors.
- 5) Lack of qualification according to the SEC and SET rules and regulations.

If the position became vacant due to reasons under Extraordinary Terms Expiration, with more than 2 months until normal term expiration, The Company Board of Directors or the Shareholders Meeting will appoint an individual with qualifications to fill the vacant position at the next meeting. However, the replacement can only hold the position up until the expiration of that term.

The Audit Committee members can re-appointed to consecutive terms without any limitations depending on the Board of Directors decision

(3) Executive Committee

A. Structure and Appointment

The Board of Directors will appoint 7 members to the Executive Committee, which comprise of Chief Executive Officer to be the Chairman of the Executive Committee and 5 other committee members. The appointments will be based on knowledge and experience necessary to manage The Company business.

B. Terms of Appointment

1. Normal Term Expiration

Executive Committee Members term will expire once they are no longer on the Board of Directors.

2. Extraordinary Term Expiration

The Extraordinary Term Expiration includes:

- 1) Resignation
- 2) Death
- 3) Removed by the Board of Directors
- 4) Lack of qualification according to the SEC and SET rules and regulations.

If the position became vacant due to reasons under Extraordinary Terms Expiration, with more than 2 months until normal term expiration, The Company Board of Directors will appoint an individual with qualifications to fill the vacant position at the next meeting. However, the replacement can only hold the position up until the expiration of that term.

(4) Independent Directors

The Company will have 6 Independent Directors (no less than 1 / 3 of all Directors) with the following qualifications and selection as follow:

A. Independent Directors Qualifications

1. Hold no more than 1 share with voting rights of The Company, the Subsidiary Company, or a major shareholder or authorized to manage The Company. This includes the shares held by individuals related to the Independent Director.
2. Must not be a Director that participated in the management, employees, advisor with regular monthly salary, or authorized to manage The Company, the Subsidiary, major shareholder, or of those with the authority to manage The Company.
3. Not a blood relative or binding by law such as father, mother, married partner, brother, sister, and children, including in-laws of children of the Directors, major shareholders authorized to manage The Company, and individuals proposed to be a Director or with authority to manage The Company or The Subsidiary Company.
4. Must not have a business relationship with The Company, The Subsidiary Company, a major shareholder, or those authorized to manage The Company in a way that could prevent the judgment to be made independently, including never or not that shareholder with significance, or authority to influence those with

business relationships with The Company, The Subsidiary Company, the major shareholder of The Company, and those with authority to control The Company.

The business relationship under this point include normal business transactions to rent or loan property, assets or services, give or receive financial assistance, guarantee, or monetary guarantee, and other similar transactions which will cause The Company or The Guarantor additional debt of 3% of the asset of The Company, or THB 20 million onwards, depending on which one is less. The calculation of the debt will be according to the rules and regulations of the related business transactions of SEC.

5. Must not be an auditor of The Company, The Subsidiary Company, the major shareholders or those with authority to manage The Company, and must not be a managing partner or shareholder of the auditing company, which audits The Company, The Subsidiary Company, the major shareholders or those with authority to manage the approve transactions.
6. Must not be an advisor or financial advisor with remuneration of over THB 2 million annually from The Company, The Subsidiary Company, major shareholders or those with authority to manage The Company, and not a shareholder with significance to control the expertise.
7. Must not be a Director appointed to represent the Directors of The Company, major shareholders of The Company, or relatives to the major shareholders of The Company.
8. Must not be in the similar business with The Company, and The Subsidiary Company, or be a partner or Executive director, the employees, with regular salary, or have shares over 1 % in a company with similar business as The Company and The Subsidiary Company.
9. No other characteristics that will hinder independent opinion concerning the management of The Company.

After installation of the Independent Directors with compliance to the rules and regulations above, the Board of Directors will allow the Independent Directors to make a collective decision on how to manage The Company and The Subsidiary Company.

B. Nomination for Independent Directors

The Nomination Committee will select and propose the individuals with enough experience and knowledge of the industry of The Company, that meet the criteria above, to the Board of Directors, who will evaluate and propose to the Shareholders Meeting for approval

(5) Appointment of Managing Directors

The Board of Directors will appoint the Managing Directors.

(6) Appointment of Management term

The Nomination Committee has the authority to propose individuals that are an employee of The Company in the management position, with the approval of the Board of Directors.

9.4 Control and Management of The Subsidiary

The Company has control mechanisms to control and be responsible for The Subsidiary Company for the benefit of The Company as follow:

- (1) The Company has sent individuals to be the representative of The Company as Directors, and Management of The Subsidiary Company as per ratio of shares held. The Board of Directors Meeting will determine the individual to be sent as the representative of The Company.
- (2) The Company policy is to appoint the same auditors for The Company and The Subsidiary Company to control the disclosure of financial information, Company performance, related Transactions between The Subsidiary and related persons to be correct and same as The Company.

9.5 Control of Inside Information Usage

The Company has policies set up to prevent the Directors and or the Management to gain benefit from the inside information of The Company as follow:

The Directors must perform their duties in accordance to the laws, purpose, and regulations of The Company, as well as the resolutions of the Shareholders Meeting. Any important information disclosure that will affect The Company's operation must be approved by the Executive Director; however, any information that will affect the investors, must be approved at the Board of Directors Meeting.

The Company Board of Directors will oversee and issue the punishments if a Director or Upper Management used inside information for their own benefits. The Managing Director will evaluate the punishments according to the procedures set at the Board of Directors Meeting if an employee is caught with the crime.

In addition, The Company have a policy that members of the Board of Directors and the Management are prohibited from selling and or buying of shares 1 month before the financial statements and other information that may affect the prices of the shares were released to the public, and also 24 hours after the release of the information.

The Secretary of the Board is appointed to be the person to handle the selling and buying transaction of shares for all Board of Directors, and must report the transactions to the Chairman of the Board every time there is a transaction.

Internal Control Policy

The Board of Directors give importance to adequate internal control system to cover all areas including the control environment, risk management, communication and follow up activities, including company operation to be in accordance with the laws for check and balance to protect and take care of Shareholders investment and The Company's assets.

The Company Board of Directors assigned the Audit Committee to evaluate the internal control system and report back directly to the Board of Directors.

The Audit Committee assigned Mr. Narong Piriyaponsakul to be responsible for preparing reports for production, human resources and related transaction between The Company and The Subsidiary Company, and presenting to the Audit Committee Meeting to be used as information for each quarterly meeting.

9.6 Annual Remuneration for Auditors

The resolution at the Annual Shareholders Meeting 1/2018 on Monday, 30 April 2018, appointed Mr. Pradit Rodloytuk, Certified Public Accountant No. 218, and Mr. Nongram Laohaareedilok, Certified Public Accountant No. 4334, of AST Masters Company Limited, with either one of them to audit and certify The Company's financial statement. Both individuals can perform their duties with independence without any relations to The Company and The Subsidiary Company. The history of both auditors and their remuneration are as follow:

Auditors History

Mr. Pradit Rodloytuk	Auditor	2006–2010	and	2013–2018
Ms. Nongram Laahaareedilok	"	2007–2018		

Auditor Remuneration

Remuneration	2018		2017	
	Company	Subsidiary	Company	Subsidiary
Annual Auditing	430,000	300,000	430,000	300,000
Financial Statement Reviewing (3 Quarters)	250,000	220,000	250,000	220,000
Consolidated Financial Statement Reviewing (3 Quarters)	70,000	–	70,000	–
Consolidated Financial Statement Auditing	50,000	–	50,000	–
Total	800,000	520,000	800,000	520,000

9.7 Other Good Corporate Governance Practice

Other than Following the laws and good governance in The Company operation, The Company also followed the suggestions of the Organization for Economic Co-operation and Development.

The Company also followed the Stock Exchange of Thailand by separating into 5 sections:

- (1) Shareholders rights
- (2) Equal treatment of all Shareholders
- (3) Mutual benefit roles
- (4) Information disclosure and transparency
- (5) Board of Directors responsibilities

Section 1 Shareholders rights

The Board of Director support to have the Shareholders use their rights by providing sufficient information in a timely manner, and encourage the Shareholders to exercise their rights and attend the Shareholders Meeting, without infringing on the rights of the Shareholders.

The Board of Director set up a policy to provide convenience and support to all Shareholders to attend the Shareholders Meeting as follow:

Encouragement Policy for Shareholders to attend the Shareholders Meeting

1. Set the Annual Shareholders Meeting within 4 months after the end of the fiscal year (within 30 April of every year). If there is an urgent need, an Extraordinary Shareholders Meeting could be called upon.
2. Arrange and send invitation letters to the Annual Shareholders Meeting in both Thai and English, which include details and procedures of the meeting, the location, date and time, map indicating the place of the meeting, and important necessary information for the Shareholders to consider for each agenda, including the opinions of the Board of Directors, previous year meeting minute, the annual report, and proxy letter A and B according to the Ministry of Commerce. The invitation letter is to be sent out at least 7 days before the Shareholders Meeting, and

advertised in the Thai newspapers for 3 consecutive days, including having the information on The Company website.

3. Provide convenience to all Shareholders equally by providing sufficient staffs to help with registration and check all necessary documents for the meeting. The Company uses the bar code system for registration and vote counting for convenience and efficiency, as well as provides revenue stamps for the proxy letters. The location of the Shareholders Meeting is a hotel in central Bangkok for travel convenience of the Shareholders.
4. The Company will not prohibit any Shareholders to attend the Shareholders Meeting. The Shareholders can attend the Shareholders Meeting at any time while the meeting is still ongoing.
5. Before every Shareholders Meeting, the Chairman will explain the procedures of the meeting, including how to vote, and how the votes will be counted for each agenda. For each vote counting, The Company will count the votes for each agenda and conclude the results clearly at the meeting.
6. The Company will have a person to count the votes at the Shareholders Meeting, and will record the results in the Shareholders Meeting minutes.
7. The Chairman will allocate enough time for the Shareholders Meeting, and proceed with the meeting with transparency by allowing the Shareholders to exercise their rights to ask, give opinions, and vote on important issues of The Company such as the appointing or withdrawing a Director, suggesting an Independent Director, approval of Auditors, dividend payouts, increase or decrease of capital, and changing of rules and regulations.
8. The Chairman, Directors, and Executive Directors, are responsible to attend the Shareholders Meeting to answer questions to the Shareholders.
9. If the Chairman have not declared the Shareholders Meeting closed, the Shareholders have the right to join the Shareholders Meeting and vote on the agenda that is currently being discussed.
10. The Chairman will inform the Shareholders on which Directors have a mutual benefit on the certain agenda, and will ask the Director with mutual benefits to leave the Shareholders Meeting until the agenda is concluded.
11. The Company will disclose the voting results of each agenda from the Shareholders Meeting on The Company website the next day.
12. The Company will send the Shareholders Meeting minutes to the Stock Exchange of Thailand within 14 days after the Shareholders Meeting, and inform the Public Company Registrar within the time indicated by the law (within 1 month after the Shareholders Meeting), as well as on The Company website.

Section 2 Equal Treatment of Shareholders

1. The Company gives importance to the Shareholders by giving the Shareholders the opportunity to add agendas to the Annual Shareholders Meeting, and recommend individuals to be voted on the Board of Directors, at least 3 months before the Annual Shareholders Meeting. The procedures to exercise the rights will be announced on the Stock Exchange of Thailand and on The Company website.
2. The Shareholders can assign a proxy to the Shareholders Meeting, and the proxy will have equal rights as other Shareholders.
3. The Company will present an Independent Director in the proxy letter for any Shareholders who could not find a proxy to still exercise their rights by giving their voting rights to the Independent Director.

4. The Shareholders Meeting will follow the order of the agenda as indicated in the Shareholders Meeting invitation letter, with a policy to not add new agendas without informing the Shareholders beforehand so the Shareholders can have enough time to study the information before deciding on their vote.
5. The Chairman of the Board, Directors, Executive Directors have the responsibility to attend the Shareholders Meeting to answer any questions from the Shareholders, and record the discussion in the Shareholders Meeting minutes for the Shareholders to recheck.
6. Arrange 1 barcode voting ballots for each agenda for each Shareholder to vote for convenience and easy accurate rechecking. The Company will hold the voting ballots for 2 years from the voting date for rechecking if required.
7. Disclose current information of The Company on The Company website, in Thai and in English, for the Shareholders to receive important change information, after presenting to the Stock Exchange of Thailand. Open communication options on The Company website for the Shareholders to ask and receive answers.
8. The Directors and Executive Directors with mutual benefits must report their mutual benefits to the Board of Directors Meeting every time.

Conflict of Interests

The Company makes it a policy to not let the Directors, Management, or employees to use their position for their own benefit. The Board of Directors set the policy to have the individual avoid involvement to avoid conflict of interest with The Company. If the transaction is unavoidable, prices and conditions will be the same as dealing with an outsider, and the Director or employee must not be involved in the approval process, as announced by the Stock Exchange of Thailand. All transactions must strictly follow the rules and regulations set by the Stock Exchange of Thailand and information fully disclosed.

Section 3 Role of Stakeholders

The Company give importance to every party with mutual benefits, including insiders such as Shareholders, employees, and management of The Company, or outsiders such as customers, suppliers, debtors, competitors, government officials, and other departments that are involved, as well as, the community that The Company is located at, and the environment around The Company as follow:

Shareholders: The Company sees the Shareholders as those with mutual benefits and an important factor to being a Public Company Limited; therefore, have set as an important rule to treat the Shareholders as follow: 1) Shareholders Rights, and 2) Equal Treatment of Shareholders, as mentioned earlier.

Employees: The Company gives importance to every Company employee; therefore, other than following the labor laws, benefits to the employees, human rights, safety, working environment and the environment were taken into consideration.

1. Safety, Working Environment, and Environment of Working Area Policy

The Company consider every employee as an important asset; therefore, safety, working environment, the environment, and work responsibilities are set up as follow:

- 1) Safeness is the responsibility of every employee and they must work together to create a safe working environment for themselves and others.
- 2) The safeness at work is the responsibility of the employees at all level of hierarchy.

- 3) The Company will improve the work environment and working procedures to be safe, and incorporate safety equipments as necessary.
- 4) The Company will follow the rules and regulations, announcements, and or safety standards as announced by the government.
- 5) The Company set the Directors for Safety, Work Environment, and Environment Committee to organize the safety plan.
- 6) The Company have a follow up schedule to evaluate the safety procedures and control for effectiveness.

In 2018, 6 employees out of approximately 1,320 employees had accidents which required more than 3 days of sick leave.

2. Employee Remuneration and Benefits Policy

- 1) The Company have fair equal hiring of employees, and every employee have the opportunity to promote The Company equally.
- 2) The Company give opportunities to the employees to show their capabilities by providing incentives in daily wages, monthly salary, contract work, monthly and yearly targets, bonuses, and overtime payments.
- 3) The Company evaluates the compensations equally for all employees, based on the companies with similar size, work position, experience, education level, and quality of the employee. Other than the employee's abilities, the compensation will also be based on The Company's performance.
- 4) The Company provides benefits according to the employee needs such as housing, transportation, annual health checkup, work uniform, and monetary support.

3. Provident Fund

The Company has set up a Provident Fund since 2011.

4. Human Resource Development

The Company sees the development of the employees as a means to be competitive and survival; therefore, have set up development programs for the employees in accordance to the Labor Development Law of year 2002. In year 2018, the basic development program was implemented.

5. Employee Complaint Channels

The Company has channels for the employees to voice their complaints through the Personnel and legal. In addition, if the employee would like to file the complaint to The Company Director, without disclosing themselves, they can do so via the complaint box, and only the Director with the key to the complaint box can open the box.

6. Human Rights Compliance

The Company is aware of the Human Rights Compliance and set to have employees of the following 3 nationalities (Myanmar, Laos, and Cambodia) to have equal rights to the Thai nationality in compensations such as wages, overtime payment, holiday wages, overtime payment on holidays, incentives for the month, for the year, and bonus. In addition, the rights for male and female employees are the same for compensations and benefits. There are no use of female employees doing work that are prohibited, and absolutely no child labor.

Customers: The Company aim to produce and sell products to customers according to the ISO 9001:2015 and ISO 14001:2015 standards with product inspection and on time delivery as per the agreement with all customers equally. A team is setup to contact and handle the customer's needs with the following procedures:

1. A system to protect the customer's goods that are under the care of The Company.
2. Keep sufficient assets as per the laws of the government to build confidence to the customer.
3. Will not ask for money, gifts, awards, or any compensation from the customer or any individuals; other than normal ceremonial gifts.
4. Uphold the honesty of business practices.
5. Perform under the standard business practices generally accepted.
6. Work in accordance to the law and official rules, and will not assist, encourage, or support activities or transactions that are against the law.
7. Keep and protect customer's product information, which are proprietary to the customer.

Competitor: Competition is normal. The Company will compete within the rules and regulations of the competition, without resorting to foul play, without seeking inside information of the competitor, and without destroying the reputation.

Suppliers: The Company gives importance to the purchase and payment to the Suppliers according to the law. The Company choose trustworthy suppliers, who are responsible to society and the environment, to ensure that the customers will receive product and services that meet the standards by the following criteria:

1. Must strictly follow the contract made with the supplier. If there is a situation that impacts either party to not be able to comply to the contract, The Company will promptly contact the supplier to work on a solution to solve the problem.
2. Prevent and control any conflict that may occur to disrupt The Company business, and will not seek unlawful advantage from the supplier.
3. Use and support the use of original licensed intellectual products, and encourage the management and employees to use intellectual products effectively.

Debtors: For any projects, the Board of Directors have a financial plan, and will avoid foreign exchange risks, by borrowing mainly from financial institutions, and small amounts from inter-related businesses, and using machinery assets as guarantee. In the past few years, The Company have not faulted on the payments; however, if an unexpected situation occurred and The Company is unable to make the payment on time, The Company is confident that the payment history can be used to negotiate with the financial institutions. In addition, the land of The Company is without legal negative pledge, which should give the financial institutions the confidence to extend the payment period in case of an unexpected situation.

Intellectual Property or Copyrights: The Board of Directors have a policy to follow the laws concerning intellectual property or Copyrights by checking that the work or information does not infringe on the intellectual property or copyrights of others.

Corruption and Bribes: The Board of Directors have a policy for the Directors, management, and employees of all levels to uphold good governance, and go against corruption and bribes by forbidding the employees to ask or receive benefits to do or not do their duties, or cause The Company to lose the rightful benefits. The employees are to avoid unlawful offering or giving benefits to other outsiders to do or not do their duties.

Community and Social Relations: The Company gives importance to the surrounding community by having a community relation on environment and community conservation to prevent and solve any environmental issues, or complaints that may occur from communities nearby The Company. In addition, The Company supports the community by donating money and things for religious events, students events, and elderly events, and providing a location within The Company area for disabled people to sell their products.

Community and Social Development: As The Company give importance to the surrounding community, The Company have impact preventive policies and social development programs in place based on the Corporate Social Responsibility, Department of Industrial Works (CSR-DIW) program. The CSR-DIW program emphasized the importance of being responsible for the surrounding community and has a sustainable development along with the community to enhance competitiveness of the business both locally and internationally.

The Company has supported the following activities and programs to develop the community:

1. Education programs
2. Cultural programs
3. Career programs, especially programs for disabled people
4. Social responsibility programs
5. Religious programs

Environment: The Company business involved yarn spinning, yarn dyeing, yarn sizing, fabric weaving, that uses steam from coal burning, which may cause air pollution, while yarn dyeing and yarn sizing, may cause water pollution to occur. The Company has pollution preventive measures for air and water as follow:

For air pollution from coal burning for steam: the coal is transported in a closed container from the manufacturer to the factory. The coal is then kept in a closed building at The Company to prevent coal dusts to be released in the air outside. For air pollution occurred during coal burning, The Company have installed the Cyclone & Ventury Scrubber system to treat the air before releasing into the atmosphere, which is constantly monitored 24 hours a day. Checking the air released into the atmosphere, the pollution level is normal and does not harm the atmosphere.

For water pollution from yarn dyeing and yarn sizing: the waste water from the processes is approximately 1,065 cubic meters per day; which can be handled by The Company's waste water treatment plant with the capacity of 1,500 cubic meters per day without any issues. The waste water treatment result is connected

online to the Department of Industrial Works (COD–ONLINE), which has been installed since 2012, and since then the waste water released have always met the standards set by the Department of Industrial Works.

For solid industrial wastes such as burnt coal, and wastes from water treatment: The Company have hired government approved waste removers to take away the solid industrial wastes for disposal as per the law required.

Business Policy under Environmental Standards: The Company business must be responsible for the environment as follow:

- Follow the laws and international standards to protect the environment.
- Production process development must comply with the environmental standards.
- Instill and encourage the employees to be responsible for the environment.

In 2018, The Company have set up seminars and educated the employees concerning the environment based on ISO 14001:2015 standards, and emphasized on environmental policies and environmental standard responsibilities.

The Company has a quarterly report checking the environment for dust, water, sound, and air pollution, which for 2018, the reported values are all within the standards.

The Company has set up a Community Relations team to address the community concerning the environment and handle any complaints from the community.

Energy Resource Management: To achieve the highest energy resource efficiency, The Company has set the following policies:

- Set energy resource plan and re–using the water for other processes
- Set a plan to save energy for coal, water, and electricity
- Set a plan to reduce and reuse paper usage
- Set activities to encourage energy resource and environment protection
- Set media relations to encourage energy resource and environment protection

Policy for Complaint and Witness Protection: For good corporate governance, The Board of Directors give the right to every employee and those stakeholder to communicate directly with the Independent Director and or Audit Committee through mail and electronic mail, so the Directors can check the complaints.

To file complaint concerning the financial statements, internal control failures, rights infringement of the Directors and employees, the complaints could be sent via registered mail to the following:

Chairman of the Audit Committee
Dr. Chin Chinsetthawong.Ph.D.
Thai Textile Industry Public Company Limited
385 Moo 1, Soi Bang Make Khao, Sukhumvit Road,
TumbonTaiban, Samutprakan, Samutprakan 10280

All complaints will be handled accordingly without disclosing the person filing the complaint. Information collected will be done in secrecy and the person filing the complaint will be protected to prevent any impact from the complaint. In case The Company has to disclose any information, only necessary information will be disclosed, keeping in mind the safety of the person filing the complaint.

In 2018, there were no complaints filed to the Audit Committee.

Channels to contact The Company

	E-mail	Telephone
Managing Director	mongkol@tti.co.th	-
Chairman of Audit Committee	chin@unionpaper.co.th	-
Secretary of The Company	narongp@tti.co.th	+66 (0) 2389 2298
Company and Investor Relations	rattanaporn@tti.co.th	+66 (0) 2389 2298

Section 4: Information Disclosure and Transparency

The Board of Directors give importance to information disclosure which may or may not have an impact on the stock price of The Company, or to the investor decision making, or to the benefits of the Shareholders, along with people with mutual benefits; therefore, all information is disclosed with transparency according to SEC and SET as follow:

1. Financial information consisting of financial statement 56-1 and annual report 56-2
2. Incidental information such as date of Shareholders Meeting, record date, book closing date, asset bought or sold, inter-related transactions, and changes in major shareholders structure.

Other than reporting to SET, the information is also disclosed at www.tti.co.th in both Thai and English. Any inquiries can be addressed to Investor Relations, telephone number +66 (0) 23892298.

The Company has preventive policies against the use of inside information by employees of all levels for their own benefits, or for other's benefits. Any employee that discloses inside information such as those that can have an impact on The Company's stock prices, and business secrets, without the consent of the Managing Directors will be punished according to the employee rules and regulations of The Company, and may face legal actions as well.

Section 5: Directors Responsibilities

The Board of Directors of The Company are made up of individuals with knowledge and capability, as well as understanding of the textile industry, to manage The Company effectively. There are 17 members on the Board of Directors of The Company and this quantity is suitable for managing The Company effectively. The Audit Committee, which are Independent Directors, are made up of 4 members.

The Board of Directors determine the vision, mission, target, policy, direction, long term plan, work plan, and the annual financial budget of The Company, while the Executive Directors will implement the plan. The Board of Directors will review and approve the vision and mission of the Company annually.

The Directors will uphold transparency and honesty within the laws and rules and regulations of the Company.

Board of Directors Meeting

The Board of Directors of the Company will set the Board of Directors Meeting in advance and inform the Directors in advance so everyone can attend the meeting. The Ordinary Board of Directors Meeting will occur at least every 3

months, and the Extraordinary Board of Directors Meeting will be called upon when necessary. The agendas of the Board of Directors Meeting will be set beforehand and have an agenda to follow up on the performance on a regular basis. An invitation letter, along with the agenda and other information will be sent to the Directors at least 7 days before the meeting, so the Directors will have time to study the information adequately before the meeting. The Secretary of the Company will be the Secretary of the meeting, and the Secretary of the Audit Committee.

Directors and Executive Directors Remuneration

The Company has clearly set the remuneration to be of similar level as other companies in the textile industry and the remuneration amount has already been approved at the Ordinary Shareholders Meeting.

Directors Self-Evaluation

The Board of Directors will perform a self-evaluation annually by evaluating 1) individuals, 2) entire Board, and 3) sub-committees of the Board of Directors for the Board of Directors to evaluate and consider the problems and difficulties faced during the year, so issues can be rectified and efficiency can be improved. The evaluation of the Board of Directors is based on the suggestion of the SET, and adapted to fit the business of The Company. The evaluation is broken down into 6 subjects:

- 1) Organization and Qualification of the Board of Directors
- 2) Role and Responsibilities of the Board of Directors
- 3) Board of Directors Meeting
- 4) Directors Duties
- 5) Management Relations
- 6) Directors Development and Executive Directors Development

Balance between Directors and Executive Directors

As of December 31, 2018, The Board of Directors had 17 members consisted of:

- 1) 7 Executive Directors
- 2) 4 Directors not in the management and not an Independent Director
- 3) 6 Independent Directors not in the management

From the amount of Directors above, 11 Directors, out of 17 Directors, are not involved with the management.

Shared or Separate Positions

The Board of Directors separate the Chairman of the Board to be different from the Chairman of the Management, to create a balance between management and business control.

Directors Development

The Company understands the importance of Director's knowledge and development, so the Board of Directors support the development of Directors by offering classes and seminars for the Directors to attend. The Secretary of the Board coordinates with the Directors to inform the available classes and seminars for the Directors to attend.

In 2015, the following Directors attended the following development seminars:

- 1) Assistant Professor Somsak Chaipayinunt, Ph.D. Director, attended the Director Certification Program (DCP) held by Thai Institute of Directors.
- 2) Mr. Paired Chuenchoochit, Director, attended the Director Accreditation Program (DAP) held by Thai Institute of Directors.
- 3) Mr. Kasem Worarithichai, Director, attended the Director Accreditation Program (DAP) held by Thai Institute of Directors.
- 4) Miss. Naruemon Worarithichai, Director, attended the Director Accreditation Program (DAP) held by Thai Institute of Directors.

Currently there are 10 Directors of the Company that have attended either the Director Certification Program (DCP) or the Director Accreditation Program (DAP) held by Thai Institute of Directors.

New Directors Orientation

The Board of Directors assigned the Secretary of the Board to coordinate and set an orientation for all new Directors to help them understand their duty, responsibility, policy and regulations in controlling and managing The Company, knowledge of the business, risk management, as well as visiting each department of The Company to prepare themselves to perform the duties as a Director.

Policy for Directors, Executive Directors, and Upper Management to be Directors in another Company

To coincide with the rules and regulations concerning good governance of businesses as per the recommendations of the Stock Exchange of Thailand, the Board of Directors have a policy to limit the Directors to be a Director in other Public Company to no more than 5 companies. Currently, all 17 Directors of the Company are Directors in less than 5 other Public Companies.

The Board of Directors allow Executive Directors and Upper Management to be Directors in other companies as necessary without impact to their duties and responsibilities to The Company, and their appointment must be approved by the Board of Directors.

Mutual Benefits Report

The Board of Directors have set a policy to disclose mutual benefits between Directors and Executive Directors of The Company for transparency and prevent conflicts of interests as follow:

- 1) The Directors or Executive Directors, including family members that have mutual benefits or hold shares of the Company must prepare a report concerning their mutual benefits to the Company from the first day of holding the position.
- 2) The Board of Directors will review the reports concerning mutual benefits on January 1st of every year, or within 7 days after there are changes.
- 3) The Directors or Executive Directors have the responsibility to report to SEC and SET within 3 days after changes to their shares holding of the Company (Form 59-1 and 59-2)
- 4) The Board of Directors assigned the Secretary of the Board to keep the mutual benefits report.

10 CORPORATE SOCIAL RESPONSIBILITIES – CSR

The Company was established in 1970 with the purpose that the stability of the Company must coincide with social and environmental responsibilities; therefore, the Board of Directors assigned every employee to have social responsibility in their work as follow:

10.1 Overall Policy

The Board of Directors have reviewed and approved the social responsibility policy to be a guideline for the Executive Directors and employees as follow:

(1) Fair Business Practice

The return of The Company must be from fair business practices that does not take advantage of others, as well as of the society and of the environment, and avoid conflicts of interests and copyright laws.

(2) Anti-Corruption

Does not ask for or pay for any benefits other than those agreed upon in the sales contract. If there is a case of corruption, The Company and customer/supplier will investigate and solve the problem as soon as possible.

(3) Human Rights

Avoid actions that will infringe on basic human rights, and listen to opinions of all groups with mutual benefits equally.

(4) Fair Employment Policy

Treat all employees equally and fairly with benefits, safety, and cleanliness of work area, as well as give importance to the development, and knowledge sharing with the employees. Rewards will be given for capabilities, responsibilities, and performance of the employees and employees from 3 neighboring nations (Cambodia, Laos and Myanmar) must be treated equally and fairly.

(5) Consumer Responsibility

Produce, deliver, and service with quality products that meet or exceed the expectations, as well as have a team and system to receive consumer complaints and suggestions concerning the product or services received. The Company will bring all the issues for review and improve upon in an appropriate time.

(6) Environmental Responsibility

Perform according to the rules and regulations, and does not support anyone with mutual benefits to destroy nature and the environment.

(7) Social Community Development

Support developmental community activities.

(8) Social and Environmental Responsibility

Improve production and work process continuously to prevent negative impacts that may occur, in addition to careful use of resources to reduce wastes.

10.2 Work Procedure and Reporting

(1) Reporting Procedures

The Company's resolution in conducting business is to be responsible to the environment, which will help The Company to be in business in the long term. Therefore, The Company based the environmental responsibility program on the Thai Development Institute CSR report, to be the guide as per the announcement by The Capital market supervisory board.

In pinpointing the stakeholders, the Company have evaluated the impact and benefits from producing the products in terms of business, social, and environment to the stakeholders, namely employees, shareholders, customers, suppliers, competitors.

(2) Work Procedure

The Company's practice and strategy with the stakeholders are as follow:

Stakeholders	Practice and Strategy
Employees	Have developmental programs to increase knowledge and capabilities of the employees with concerns of human rights and justice.
Shareholders	Be transparent, just, and treat all shareholders equally.
Customers	Deliver quality products and services, and improve quality of products to meet the expectations of the customers.
Supplier	Follow rules and contract agreement with justice and transparency.
Competitor	Follow fair competition rules without resorting to unfair competition to hurt the competitor.
Creditors	Strictly follow the contract, agreements, and conditions with the creditors.
Community	Have procedures to protect the community around the Company and support community activities.
Environment	Encourage environment and resource conservation.

(Details concerning the responsibility to those mentioned above is in Section 3 Role of Stakeholders on page 25–30)

10.3 Business Practice with Responsibility to the Environment

(1) The Company is not investigated, and not under investigation by agencies concerning unlawful practices based on 8 important criteria.

(2) The Company practice is not involved, or accused of being involved in negatively impacting the community, environment, and not following the 8 criteria, especially in the case concerning the public, which might impact the business, reputation, or trustworthiness of The Company.

10.4 Social and Environmental Activities

The Company had the following activities to benefit the community and the environment:

- Collectively donated things to Wat PhraBatnampu, Saraburi
- Collectively donated things to Wat Suankaew Foundation and Baan Bangpakong Foster Home
- Join the community to participate in the activity, bike, warm, love.
- Have Big Cleaning Day activity, as well as eradication of mosquitoes and bugs around The Company, dormitories, and canteen.
- Have sporting events to unite employees within The Company and with The Group.

- Fixed the road shared with the community.

10.5 Corruption Prevention

(1) Policy for Corruption Prevention

The Company's policy in conducting business is "Moral and Quality" meaning, good moral will beget good quality, along with good management, and trustworthy work performance without corruption.

(2) Practice

The Board of Directors will cooperate with government agencies and corporations to fight against corruption using the following policies:

- A. Support and build value against corruption, by instilling the Directors, management, and employees to acknowledge and understand anti-corruption using media and seminars.
- B. Have adequate and appropriate internal control system to prevent The Company business to be involved in corruption.
- C. Have an internal audit system to check regularly and report to the Audit Committee and or Executive Directors. The evaluation for anti-corruption is part of the internal audit of The Company.
- D. Use the Collective Action Coalition against Corruption as guideline and adapt as the handbook for the employees to follow, and to be a good corporate governance business practice.

11 INTERNAL CONTROL AND RISK MANAGEMENT

11.1 Resolution of the Board of Directors Concerning Internal Control

The Board of Directors set the policy for internal control based on the rules and regulations the Securities Exchange Commission and the Stock Exchange of Thailand had set. After evaluating information from the management and report from the Audit Committee, the Board of Directors concludes the internal control system is appropriate and adequate according to the 5 criteria:

(1) Internal Control

An internal control report is prepared and presented to the Audit Committee every 3 months. The report is compiled from the meetings with the management and concerned officers from various areas to collect information such as internal auditing performance, work performance (human resource management and production), financial performance, and legal performance.

The Company structure clearly indicates the order of command, which is in The Company handbook, and the organization chart in each department. The Personnel department has the duty and responsibility to manage the human resources, which includes search and hiring activities, development activities, retaining employees with knowledge and abilities, communications, work performance evaluation, incentives for industrious workers, and work position handoff.

(2) Risk Management

The main risks The Company faces are raw cotton fiber price and foreign exchange rates. For raw cotton fiber price, the management will be responsible to follow up on the prices and report to the Board of Directors every quarter.

For foreign exchange rate risks, since The Company export fabrics in the quantity similar to the import of raw cotton fibers of The Company and The Subsidiary, the foreign exchange risks is not of much concern as per the following chart for 2018.

Import and Export (TTI + TRT)

Export	Import	Currency
USD	32,709,812.84	36,192,859.56
EURO	1,001,457.95	4,858.00
CHF	79,802.40	-
JPY	10,804,632.00	-

TTI is Thai Textile Industry Public Company Limited

TRT is Thai Rung Textile Company Limited

(3) Work Control

Every 3 months, the Audit Committee will meet to evaluate the performance of The Company. Report on the performance will be prepared by the auditors and internal auditors, which will be presented to the Audit Committee at least 7 days before the meeting date. Present at the meeting will be Executive Directors in charge of production and accounting and finance, to verify that the information is correct.

In 2018, business transactions done with major shareholders, Directors, management, or anyone involved with the mentioned earlier, were normal business transactions according to the sales conditions, and there were no mutual benefits gained.

(4) Information Distribution

The Company gives importance to the information and communication system, and supports the continuous development of the system to hold correct and current information, which is necessary for internal control of The Company. The information system and the communication of the information is the main important factor to make the 5 major components work more effectively. The 3 main important factors in using information technology is as follow:

A. Results Processing System

Currently The Company have implemented information systems such as Enterprise Resource Planning (ERP), an accounting system, a machine monitoring system, a finger scan system to record employee work hours, and an image documenting system to keep all documents digitally for the respective departments to use.

Manual record keeping is slow and inaccurate; therefore, monitoring electronics and computers were used to speed up information collection and for accuracy

B. Communication Systems

Communication of information is important for evaluation and fast accurate decision making, and good communication system should be usable across different platforms, and accessible from all distances.

The Company has set up information communication systems within The Company location and across branch locations using high speed air fiber and fiber optic connections. Electronic mails (E-mail) and information distributed through The Company website is protected using firewalls, and anti-virus programs.

C. Information Management

Systematic information management must be planned, set, and managed to be effective to meet the objectives of The Company. The Company manages the information with a server, and have backup plans for emergency cases to retrieve the information, which can only be accessed by individuals with information authorized access.

The information technology comes in all forms for analysis, storage, and transmitted electronically to computers, communication devices, and networks.

The collection of information within The Company is used to analyze, organize, evaluate, and control the work of management and production. E-mails are used to communicate within The Company and outside The Company for efficiency, while servers are used to handle, manage, and store the vast information within The Company.

In addition, the information is used to manage and improve the workflow, as well as, develop programs to help manage The Company resources. Information is a key factor to effectively manage and control The Company.

(5) Follow Up System

The Company will report monthly performance to the Executive Directors, and report every 3 months to Board of Directors meeting. The management and the Audit Committee must report to the Board of Directors and suggest directions to take should the performance did not meet the target.

The Company have a policy that the management must report to the Board of Directors immediately if there is corruption, or suspect there is corruption, and illegal business, which will discredit and affect the financial status of The Company. In 2018, there were not such incidents.

The Company appointed the Internal Auditors to check the performance and report directly to the Audit Committee for consideration, so the Audit Committee can suggest to the Executive Directors and report to the Board of Directors quarterly.

11.2 Audit Committee Opinion On The Internal Control System

In 2018, the Audit Committee have met with the management 4 times, and each time there was a follow up on production, human resources, accounting and finance, as well as any related transactions with mutual benefits, which for this year there were no irregular transactions.

In addition, there were meetings with the auditors without the management team and no irregular transactions were reported.

The Audit Committee concluded that the Internal Control System is adequate to manage The Company.

12 RELATED TRANSACTION

12.1 Relationships and pricing policies

(1) The relationship and pricing policies among the Company, subsidiary, related persons and companies are as follows:

	Relationships
<u>Subsidiary</u>	
Thai Rung Textile Co., Ltd.	Shareholding by the Company and directorship
	Relationships
<u>Related companies</u>	
Thai Standard Industries Co., Ltd.	Shareholding by the Company and directorship
Thai Textile Printing Public Co., Ltd.	Shareholding by the Company and directorship
Rama Textile Industry (1988) Co., Ltd.	Shareholding by the Company and directorship
Thai Unique Textile Public Co., Ltd.	Directorship
Picca Inter Co., Ltd.	Directorship
Thai Textile Development and Finishing Co., Ltd.	Directorship
Cassardi International Co., Ltd.	Directorship
Prachin Land Co., Ltd.	Directorship
United Paper Public Co., Ltd.	Directorship and Shareholding
Winner Textile Co., Ltd.	Directorship and Shareholding
Nida Trading (1997) Co., Ltd.	Shareholder of subsidiary
Thai Textile international Co., Ltd.	Directorship
R.P.T. Resources Co., Ltd.	Directorship
T.T. Resources Co., Ltd.	Directorship
R.P.T. holding Co., Ltd.	Directorship
B.M.K. holding Co., Ltd.	Directorship
<u>Related Persons</u>	The Company's and subsidiary's directors and shareholder and closed cousin of shareholder of the subsidiary

Pricing policies for the subsidiary, related persons and companies

	Pricing Policy
Sales of products and raw materials	Compare to market price
Service income	Compare to market price
Other income	Compare to market price
Rental income	At contract price
Purchase of products	Compare to market price
Service expenses	Compare to market price
Acquisition of fixed assets	Compare to market price
Miscellaneous expenses	Compare to market price
Rental expenses	At contract price
Loan from	Interest charge at rate of 4.25% – 4.50% per annum

(2) Balances of transactions with subsidiary, related persons and companies

Significant balances with subsidiary, related persons and companies as at 31 December 2018 and 2017 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade accounts receivable				
Related companies	40,028,182	64,100,724	7,357,432	28,293,619
Trade accounts payable				
Subsidiary	–	–	55,000,522	46,225,579
Related companies	24,444,674	14,917,137	24,444,674	14,917,137
Total	24,444,674	14,917,137	79,445,196	61,142,716
Acquisition of assets				
Related companies	82,975,900	–	82,975,900	–

The outstanding balance as at 31 December 2018 and the movement of short-term loan from related persons and companies for the year ended 31 December 2018 are as follows:

	In Baht			
	Consolidated financial statements			
	Balance as at	Movement		Balance as at
	1 January 2018	Increase	Decrease	31 December 2018
Related companies	317,000,000	592,500,000	(512,000,000)	397,500,000
Related persons	774,700,000	229,500,000	(560,500,000)	443,700,000
Total	1,091,700,000	822,000,000	(1,072,500,000)	841,200,000

(3) Revenues and expenses transactions with subsidiary, related persons and companies

Revenues and expenses transactions with subsidiary, related persons and companies for the years ended 31 December 2018 and 2017 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Sales of products and raw materials				
Subsidiary	–	–	14,929,377	7,696,594
Related companies	1,127,702,830	914,328,412	756,807,401	577,220,664
Total	1,127,702,830	914,328,412	771,736,778	584,917,258
Services income				
Related companies	23,929,249	15,356,528	22,236,299	14,208,746

In Baht				
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Other income				
Subsidiary	–	–	513,756	525,072
Related companies	1,415,886	1,518,611	1,415,886	1,518,611
Total	1,415,886	1,518,611	1,929,642	2,043,683
Rental income				
Related companies	1,980,000	1,740,000	1,980,000	1,740,000
Dividends income				
Subsidiary	–	–	52,387,760	26,193,880
Related companies	2,187,500	2,625,000	2,187,500	2,625,000
Total	2,187,500	2,625,000	54,575,260	28,818,880
Purchase of products				
Subsidiary	–	–	593,972,926	536,721,864
Related companies	767,598,586	461,045,273	767,598,586	461,045,273
Total	767,598,586	461,045,273	1,361,571,512	997,767,137
Service expenses				
Subsidiary	–	–	630,831	158,897
Related companies	195,298,131	164,861,214	195,298,131	164,861,214
Total	195,298,131	164,861,214	195,928,962	165,020,111
Miscellaneous expenses				
Subsidiary	–	–	228,122	689,631
Related companies	2,278,612	943,416	2,097,543	942,645
Total	2,278,612	943,416	2,325,665	1,632,276
Rental expenses				
Related companies	1,440,000	1,320,000	1,440,000	1,320,000
Interest				
Related companies	11,951,075	13,536,473	–	–
Related persons	24,771,678	30,819,195	–	–
Total	36,722,753	44,355,668	–	–
Directors and management's benefits				
Short-term employee benefits	30,036,879	31,460,459	22,940,939	23,487,739
Post-employment benefits	669,895	832,327	669,895	623,089
Total	30,706,774	32,292,786	23,610,834	24,110,828

12.2 TRADE AND OTHER RECEIVABLES

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade accounts receivable-related companies	40,028,182	64,100,724	7,357,432	28,293,619

Aging of trade accounts receivable as at 31 December 2018 and 2017 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade accounts receivable – related companies				
Within credit terms	37,631,669	62,285,275	4,960,919	26,672,938
Overdue: Less than 3 months	2,396,513	1,815,449	2,396,513	1,620,681
Total trade accounts receivable – related companies	40,028,182	64,100,724	7,357,432	28,293,619

12.3 OTHER LONG TERM INVESTMENTS

Consolidated and Separate financial statements as at 31 December 2018 and 2017

Invested company (Type of business)	Paid-up	Proportion	In Baht		
	Capital	Share holding	At cost	Dividends income	
	(Thousand Baht)	(%)		2018	2017
Investment in related companies					
Thai Standard Industries Co., Ltd.					
(Type of business : Weaving)	150,000	6.67	12,500,000	–	–
Thai Textile Printing Public Co., Ltd					
(Type of business :Printing and dyeing)	350,000	3.57	12,500,000	–	–
Rama Textile Industry (1988) Co., Ltd.					
(Type of business:Yarn dyeing and selling)	250,000	8.75	23,750,000	2,187,500	2,625,000
Total			48,750,000	2,187,500	2,625,000

12.4 TRADE AND OTHER PAYABLES

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade accounts payable – related companies (Note 7.2)	24,444,674	14,917,137	79,445,196	61,142,716