

Part 2 Management and Corporate Governance

7. Structure of Securities holding and management

7.1 Securities of Company

(1) The Company has paid up capital of 383.125 million Baht and fully paid up, divided into 76,625,000 ordinary shares each of baht 5 per share.

(2) Other Share

- None

7.2 Shareholders

(1) Major shareholder list

(A) Top ten shareholders as at the last closing book date July 15, 2016.

Shareholder Name	Number of Share (Share)	% of holding
1.Stanley Electric group	24,767,576	32.33
- Stanley Electric Holding Asia-Pacific PTE	24,433,076	31.89
- Asian Stanley International Co.,Ltd.	334,500	0.44
2. Lee-issaranukul Family	22,620,496	29.52
- Mrs.Porndee Lee-issaranukul	7,695,876	10.04
- Mr.Apichart Lee-issaranukul	4,500,036	5.87
- Mr.Thanong Lee-issaranukul	3,208,920	4.19
- Mrs.Pimjai Lee-issaranukul	2,170,670	2.83
- Mrs.Pornthip Sethiwan	2,162,670	2.82
- The Sittipol (1919)	2,556,074	3.34
- Sopa-Kanok International Co.,Ltd.	326,250	0.43
3. Aberdeen Small Cap Fund	1,975,600	2.58
4. Nortrust Nominee Ltd-CL AC	1,973,100	2.58
5. Thai NVDR Co.,Ltd.	1,924,210	2.51
6. BNP Paribas Securities Service , London Branch	1,805,000	2.36
7.Aberdeen Long Term Equity Fund	1,783,900	2.33
8. Aberdeen Growth Fund	1,580,700	2.06
9.AIA Company Limited , AIA-D-Plus	1,540,000	2.01
10.Mr.Kenneth Rudy Kamon	1,303,800	1.70

The currently shareholders list , the investor can see in company website (www.thaistanley.com) before the Annual General Meeting.

(B) Major Shareholders to participate in its operations by sending member to be a committee

Shareholder Name	Number of Share (Share)	% of holding
1.Stanley Electric group *	24,767,576	32.33
- Stanley Electric Holding Asia-Pacific PTE	24,433,076	31.89
- Asian Stanley International Co.,Ltd.	334,500	0.44
2. Lee-issaranukul Family	22,620,496	29.52
- Mrs.Porndee Lee-issaranukul	7,695,876	10.04
- Mr.Apichart Lee-issaranukul	4,500,036	5.87
- Mr.Thanong Lee-issaranukul	3,208,920	4.19
- Mrs.Pimjai Lee-issaranukul	2,170,670	2.83
- Mrs.Pornthip Sethiwan	2,162,670	2.82
- The Sittipol (1919)	2,556,074	3.34
- Sopa-Kanok International Co.,Ltd.	326,250	0.43

* Stanley Electric , Japan holding 100% in Stanley Electric Holding Asia-Pacific PTE , Singapore and holding 67.50% in Asian Stanley International Co.,Ltd.

** Lee-issaranukul Family is the major shareholder and executive management in Sittipol 1919 (holding 81%) and Sopa Kanok International (Holding 80%)

7.3 Other Securities

-None

7.4 Dividend payment policy

The dividend payment policy of the company is that the rate of dividend payment of the Company is not less than 30 per cent of the net profits deduction of tax. (The Company Only)

Fiscal Year	2011	2012	2013	2014	2015
Earning Per Share (Baht)	9.48	21.18	19.41	15.11	17.01
Dividend Per Share (Baht)	3.00	6.75	6.00	4.80	5.00
Dividend Ratio (%)	36.61	33.72	32.51	34.53	32.68

8. Management Structure

8.1 Board of Director and Meeting

Name	Position	Board of Director Meeting	
		Number of Meeting	Number of Attend the Meeting
Mr. Apichart Lee-issaranukul*	Executive Chairman	5	5
Mr. Koichi Nagano *	President	5	5
Mr. Thanong Lee-issaranukul *	Director	5	5
Mr. Tadao Suzumura * ***	Director	5	4
Mrs. Pimjai Lee-issaranukul	Director	5	5
Mrs. Pornthip Sethiwan	Director	5	5
Mr. Krisada Visavareeranon	Independent Director and Chairman Audit Committee	5	5
Mr. Chokechai Tanpoonsinthana	Independent Director and Audit Committee	5	5
Mr. Suchart Phisitvanich	Independent Director and Audit Committee	5	5
Mr. Picharn Sukparangsee	Independent Director	5	5
Mr. Katsutoshi Iino **	Director	5	4 (by TV Conference)
Mr. Toru Tanabe **	Director	5	3 (by TV Conference)
Mr. Katsumi Sumiya ***	Director	5	1

Remark * Authorized directors , condition is Mr. Apichart Lee-issaranukul or Mr. Thanong Lee-issaranukul sign with Mr. Koichi Nagano or Mr. Tadao Suzumura and company seal

** Director worked at Japan. *** Director resigned and appointed during the year

Board of directors meeting must be held at least once every 3 months and all directors are required to attend. There might be additional meeting if necessary. The director having interests has no right to vote for that agenda. The procedure of the meeting has been described in the rules of board of directors meeting.

Meeting schedule and key agenda have been set for the whole year in advance in order to make sure the adequacy of time and the availability of the board members. The invitation letter is sent out at least 14 days in advance both in Thai and in English. TV conference is also set up for the board member who is on overseas business trip to join the meeting from abroad.

In the board of directors meeting, chairman of the board of directors and executive chairman shall set the agendas together and screen the agendas proposed by directors. As there has not been any one being appointed to replace the former chairman of the board; hence, executive chairman and corporate secretary together shall set the meeting agendas. Every time in the meeting, each director is required to report sale/holding of securities to the meeting.

For the normal business transactions, executives will report to the board meeting on the quarterly basis.

Total numbers of Board of Directors meetings held in 2016 are 5 times. At every meeting, adequate details in the form of supplementary documents will be sent out to the board members to study in advance. According to attendance record, 10 out of 12 members that working in Thailand had attended meeting every time (100%) 10 person or 83% , attended meeting 4 time (80%) are 1 person (25%) , attend the meeting 3 times (40%) are 1 person (8%) that who stay in oversea had attended the meeting via TV Conference .

8.2 The Executive Board

The executive directors meeting will be held 4 times a month and there might be additional meeting if necessary. Management or involved person might be invited to give information directly to the meeting . On March 31,2017 the executive board name list are 6 persons as follows

Name	Position
1. Mr. Apichart Lee-issaranukul	Executive Chairman and Executive General Manager Administration Division
2. Mr. Koichi Nagano	President
3. Mr. Tadao Suzumura	Director and Executive General Manager Lighting Equipment Division
4. Mr. Hideki Matsui	Executive General Manager - Marketing Division
5. Mr. Koji Kobayashi	Executive General Manager - R&D Center
6. Mr. Etsuya Kawashima	Executive General Manager - Die & Mold Division

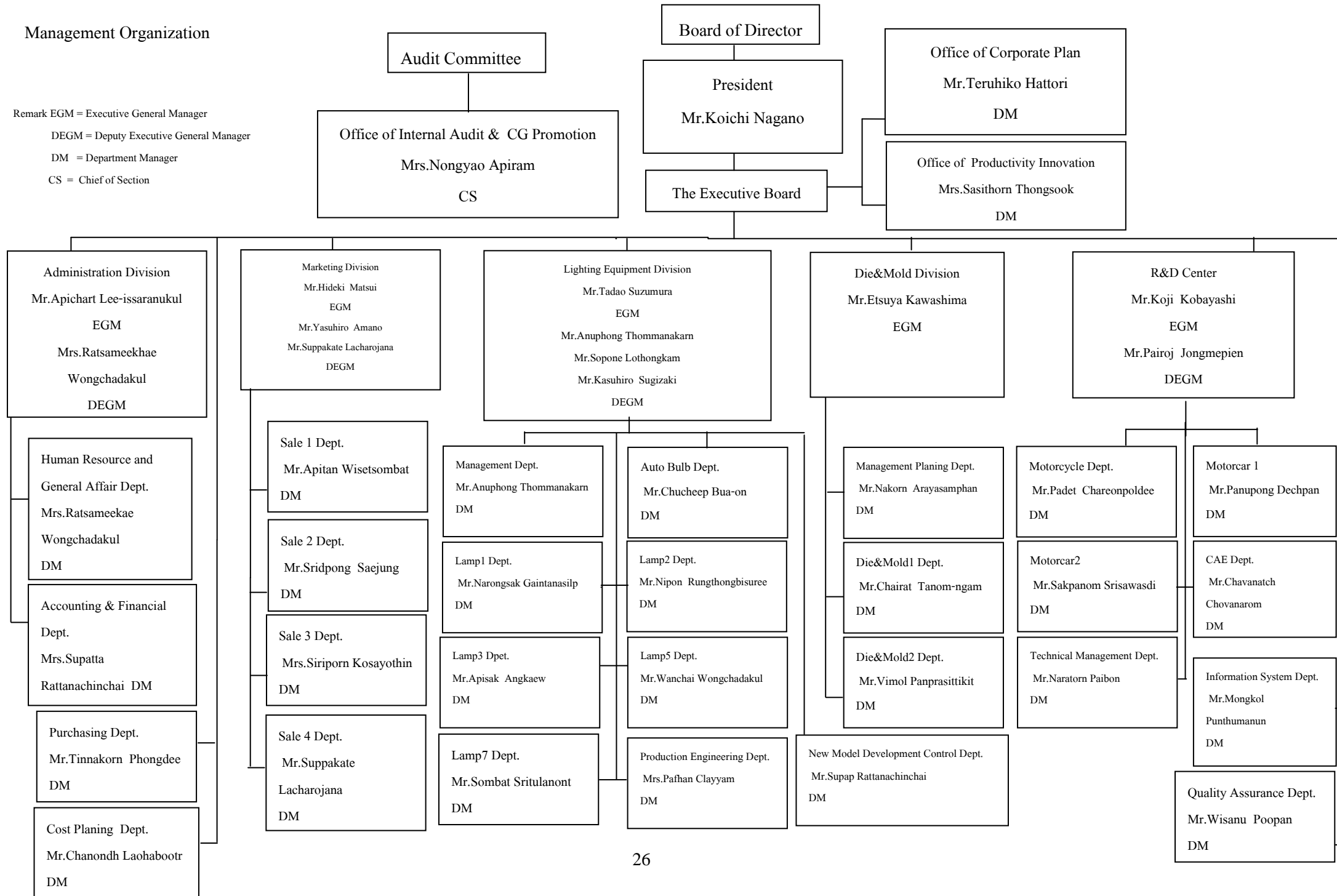
Management Organization

Remark EGM = Executive General Manager

DEGM = Deputy Executive General Manager

DM = Department Manager

CS = Chief of Section



8.3 Company Secretary

The Board of Directors has appointed Mrs. Sudjai Srifuengfung. Held the position of company secretary Since July 4, 2008 by the properties of the incumbent secretary of the Company is as attached document 1

8.4 Remuneration for the company's management

(1) Remuneration in cash

The company setting the remuneration policy for director on the appropriate consideration and comparing with the remuneration for the directors paid by the companies listed in Stock Exchange of Thailand with the same size of business or the same industry, and approved by shareholders' meeting.

The policy of remuneration for executives shall be considered from their roles and responsibilities as well as performance

(A) The Board of director remuneration for 2016 , details as follows

Name	Position	Director Fee (Baht)		
		Director	Audit Committee	Total
Mr.Apichart Lee-issaranukul	Executive Chairman	205,000		205,000
Mr.Koichi Nagano	President	205,000		205,000
Mr.Thanong Lee-issaranukul	Director	205,000		205,000
Mr.Tadao Suzumura **	Director	170,000		170,000
Mrs.Pimjai Lee-issaranukul	Director	205,000		205,000
Mrs.Pornthip Sethiwan	Director	205,000		205,000
Mr.Krisada Vissavateeranon	Independent Director and Audit Committee Chairman	205,000	405,000	610,000
Mr.Chokechai Tanpoonsinthana	Independent Director and Audit Committee	205,000	285,000	490,000
Mr.Suchart Phisitvanich	Independent Director and Audit Committee	205,000	285,000	490,000
Mr.Picharn Sukparangsee	Independent Director	215,000***		215,000
Mr.Katsutoshi Iino	Director	195,000		195,000
Mr.Toru Tanabe	Director	200,000		200,000
Mr.Katsumi Sumiya *	Director	125,000		125,000
Total		2,545,000	975,000	3,520,000

Remark Company only has Audit Committee

* Director resigned during the year ** Director appointed during the year

*** Including meeting allowance with Audit Committee

The executive board remuneration

In year 2016 the company paid the remuneration for executive board as salary and bonus to 6 person amount 44.49 million baht

(2) Other remuneration

-None

8.5 Personal

Total employees as at March 31st, 2017 were 2,897 persons . The company paid for employee's remuneration in year 2016 were 1,314.29 Million Baht as salary , bonus , provident fund and other welfare such as Public transportation , Shift expense and Medical expense , details as follows:;

Division	Male	Female	Total
Administration	49	52	101
Marketing	15	24	39
Production	1,492	1,237	2,729
Japanese	28	-	28
Total	1,584	1,313	2,897

The number of employees decreased 5% from last year, during 3 year the number of employee are in this level that not any significant changing .

Policy of personal ' s development

The company policies in employee training and development plans to all levels of employees about knowledge and skills to work , Foreign language , Mind development , and internships to study abroad, such as Japan, U.S.A and other country regularly.

That for 3 years ago, the Company does not have any conflict or dispute with employees and the company was awarded the Outstanding Labor and Welfare Labor 10 years continuously since 2007 – 2016 certification system and standard of Thai workers. (MRT. 8001-2546) complete level from the Ministry of Labor.

9. The Corporate Governance

9.1 The corporate governance policy

The board has developed the corporate governance policy with details as follows:

1. Develop Business Ethics or Ethics and Code of Conduct for the board and employees to comply with, ensure the compliance, together with review and update it.
2. Define structure, role and responsibility of the board and the executive clearly and appropriately
3. Require the board conduct performance self-evaluation
4. Create, maintain, and review the control system in respect with finance and operation, ensure the operational effectiveness and compliance with law and ethics, and manage risks by paying attention to red flag warning and unusual transaction.
5. Ensure that disclosure information is accurate, complete, in time, and in equitable manner for shareholders and stakeholders.
6. Develop reliable financial reporting procedure and inspection process, and assess the sufficiency of internal control, risk management, and effective monitoring system
7. Assure that the rights of shareholders and stakeholders are protected and treated in an equitable manner.
8. Resolve the conflict of interest with discretion and transparency
9. Develop environmental and social care system

9.2 Director

(1) Director Structure , The company has had director 3 groups as follows

The Board of Directors

Board of Directors consists of competent, capable, skilled, and experienced people who are qualified for the position.

Board of Directors as of 31 March 2017 consists of 12 members as follows:

1. Executive Directors: involving in managing day to day operations or have authority to sign and bind the company, total 4 peoples or 33.33% of total members.

2. Non-Executive Directors including independent directors totaling 8 people accounting for 66.67% of the total Directors. Four independent directors are accounted for one-third of the Board's total numbers which is in accordance with the provision of Securities and Exchange Act (No. 4) B.E. 2008.

All directors are qualified in terms of knowledge and experience required for company business operation and focus on performing their role. Independent directors meet the qualification as required by Securities and Exchange Commission.

Authority of the Board of Directors

From the company's regulations, the authority of the Board of Directors are to take responsible for the company's business management, making decision and to supervise the business within the scope and law, as well as the company's objective and regulations, except the following topics that have to get approval from shareholders' meeting.

1. Anything that has been stated by law has to get the shareholders' conclusion.
2. Conduction of any related items that meet the criteria of getting permission from shareholders' meeting.

The Executive Board of Directors

Consist of 3 directors and 3 executives , The role and responsibility is to develop policy and direction and inspect the implementation

Authority of the Executive board

To specify the company's business management policy and direction, as well as to audit the company's business result.

Audit Committee

Consisting of 3 independent directors; one of those has enough knowledge and adequate experience to review the reliability and accuracy of financial statement. Role and responsibility is clearly stated in the audit committee charter, amended for additional roles on 10 February 2017 to be in accordance with the notice from Stock Exchange of Thailand subject: Qualification and scope of work for audit committee B.E.2551.

Authorities of audit committee are as follow

1. To verify and assure that the Company's financial report is accurate and sufficiently disclosed
- 2 .To verify and assure that the Company shall have an appropriate and effective internal control and internal audit systems. To consider the independence of the internal audit agency, as well as provide an approval for an appointments, transfer, termination of the chief of the internal audit agency or any other agencies responsible for the internal audit.
3. To Review that the Company has acted compliance with the company's anti-corruption policy.
4. To verify and assure that the Company has acted in compliance with the law on Securities and Exchange, requirements of the Stock Exchange of Thailand, and other laws in relation to the Company's business
5. To consider, select, propose to appoint an independent person(s) to perform the duty as the Company's auditor. To propose remuneration for that person(s) and to participate in a meeting with the auditors without the management involvement at least once a year.
6. To consider connected transactions and any transaction that may have a conflict of interests by referring to the requirements of laws and the Stock Exchange of Thailand, to assure that such transactions are reasonable and resulted in maximum benefits to the Company.
7. To prepare a report of the Committee as disclosed in the Company's Annual Report which must be signed by the Chairman of the Audit Committee and must consist of the information as follows (at least);
 - An opinion(s) about an accuracy, completion and reliability of the Company's financial report.
 - An opinion(s) about the adequacy of the Company's internal control systems.
 - An opinion(s) about an action in compliance with law of Securities and Stock Exchange, provisions of the Stock Exchange of Thailand or any related laws regarding the Company's business.
 - An opinion(s) about an appropriateness of the auditors.
 - An opinion(s) about any financial transaction that may have a conflict of interests.
 - A total number of the Committee's meetings and each member's meeting participation.
 - An overall opinion(s) or an observation(s) obtained by the Committee from the operation as required in this charter.

- Other essential information or transactions as deemed to be acknowledged by shareholders and investors under the scope and responsibilities assigned to them by the Board of Directors.

8. Any other operation as assigned by the Board of Directors with an approval by the Committee.

(2) The Audit Committee who adequate expertise and experience to audit creditability of the financial reports

Mr.Chokechai Tanpoonsinthana

2003 - Present Independent Director and Audit Committee Chairman

Advance Information Technology PCL.

2013 - Present Independent Director and Audit Committee Witcorp Co.,Ltd.

2004 - 2008 Independent Director and Audit Committee United Securities PCL.

2008 - 2011 Audit Committee Chairman United Securities PCL.

2007 - 2011 Independent Director, Audit Committee Nomination and Remuneration Committee Thai Agro Energy PCL.

Audit committee performs its duty by having the support from internal audit as an operation unit and report to audit committee. Also, the committee can asks for advices from independent advisor its expense is absorbed by the company.

The audit committee meeting must be held at least once every 3 months and there might be additional meeting if necessary. Executive or involved person might be invited to give information directly to the meeting. Meeting with auditor without executive attending must be held at least once a year.

Total numbers of audit committee meetings held during fiscal year 2016 are 9 times. Details of meetings are as follows:

- 5 meetings are among auditors, executives, and internal audit
- 4 meetings are only with auditors, no executive attended.

Name	Position	Board of Director Meeting	
		Number of Meeting	Number of Attend the Meeting
Mr.Krisada Visavareeranon	Chairman Audit Committee	9	9
Mr. Chokechai Tanpoonsinthana	Audit Committee	9	9
Mr. Suchart Phisitvanich	Audit Committee	9	9

9.3 Nomination and appointment of directors and Top management

(1) Independent Director

The Company's setting definition of Independent Directors to be on a level of the Capital Market Supervisory Board's definitions No. TorChor. 14/2552 No.16 details as follows:

1. Hold not more than 1% of the voting shares in the company, its subsidiaries, associates, or related companies, major shareholder or person with controlling power over the company, whilst the number of shares held by any related person of such an independent director must also be counted.

2. Have not been or are not involved in the management, employees, wage earners, advisors on the payroll of the company, its subsidiaries, associates, or equivalent companies, major shareholder or person with controlling power over the company except when such qualifications have ended for more than two years, provided that such restriction or prohibition shall not apply to an independent director who has been a government authority, which is the major shareholder of the company or the person having controlling power over the company.

3. Are not related by blood or registration as parents, spouses, siblings, or children, spouses of any of the children to members of the management, major shareholders, those exercising control, or those about to be nominated as members of the management or those exercising control over the company or subsidiaries.

4. Do not have and have not any business relationship with the company, subsidiaries, associated companies, major shareholders or those exercising control over the company in the manner in which independent discretion might be affected, and not be and have not been a substantial shareholder of or a person having power to control the person that has business relationship with the

company subsidiaries, associated companies, major shareholders or those exercising control over the company unless such an independent director has not been a person referred to above for at least two years.

Business referred to in the first paragraph above shall meant to include any ordinary course of business or trade for business engagement purpose , any lease taking or lease out of any property , any transaction relating to asset or service , any financial support or acceptance of financial support by way of either borrowing , lending , guaranteeing or collateral providing or any other manner similar thereto that could result to an obligation required to be performed by the applicant or the party thereto in an amount of three percent or more of the net tangible asset value of the applicant or twenty million baht or more, whichever is lesser. In light of this , the method for calculating the value of connected transaction pursuant to the Capital Market Supervising Committee's Notification, Re: Regulations in respect of an Entering into a Connected Transaction shall be applied mutatis mutandis for the purpose of calculation of such amount of debt of the applicant, provided that the amount of the debt incurred during the past one year prior to the date on which such a business relationship with such a business relationships with such person exists;

5. Is not and has not been an auditor of the company, subsidiary, associated company, major shareholder or those with controlling power over the company and not be and have not been a substantial shareholder of , a person having power to control over , or a partner of any auditing firm or office in which the auditor of the auditor of the company , subsidiary , associated company , major shareholder or those with controlling power over the company unless such an independent director has not been a person referred to above for at least two years.

6. Is not and has not been a professional advisor , including legal or financial advisor who obtains fee more than 2 million baht a year from the company , subsidiary , associated company , major shareholder or those with controlling power over the company and is not and have not been a substantial shareholder of , a person having controlling power over , or a partner of any of such professional service provider firm or office , unless such an independent director has not been a person referred to above for at least two years.

7. Is not a director appointed as a representative of a director of the company , a representative of a major shareholder of the company , or a representative of a shareholder of the company which is a related person of the major shareholder of the company.

8. Does not engage in any business with similar nature as that of the company and is competitive with the business of the company , subsidiary or is not a substantial partner in a partnership , a director participating in any management role , an employee or officer , an advisor obtaining regular salary from , or a shareholder holding more than one per cent of the voting shares of accompany engaging in any business with similar nature to the company or subsidiary.

9. Does not have any characteristics which will inept the ability to provide independent comment or opinion on the operation of the company.

Process of recruiting independent directors

The appointment independent director not yet approve by nomination committee because of in considering process to setting but the board of director considered the qualification due to their knowledge and capability will benefit to the company.

Business relationship of independent directors - Have , 1. The company paid for law service to Bangkok Global Law Offices that Mr.Picharn Sukparangsree be director in amount 1.48 million baht , this transaction was not over than the company 's definition .

(2) The Nomination of Directors and top management

The election of directors through at the shareholders meeting , as follows

1. Provide that shareholders vote for the election of directors by shareholders or other person who is not a shareholder. Each shareholder shall have one vote for each share

2. Each shareholder shall exercise all votes applicable under (1) for the appointment of one or more Director, provided that the votes of any shareholder shall not be divisible and shareholder voted one by one for one director.

3. Persons who obtain the highest vote and the next highest vote appoints (in descending order) shall be appointed as directors in order to fill the number of position of director required to be appointed at that time. In the case where more than one person obtains equal votes , and the number of directors

with such vote exceeds the remaining number of directors positions to be appointed, the chairman shall have a casting vote in respect of those with equal votes.

4. In the case there is vacancy among the Directors which has occurred other than a retirement by rotation, the Board of Directors shall elect a person who is qualified and not being prohibited by the Public Company Law to fill the vacancy in the next Board of Directors' meeting except in the event that the period of time the Director is entitled to remain in office is less than 2 months.

The person who is elected shall remain in office only for such period of time as the Director he replaces was entitled to remain in office.

The resolution of the meeting of the Board of Directors as specified in the first paragraph shall consist of votes of not less than three-fourth of the remaining Directors.

The selection not approve by Nomination Committee because of not yet setting but the Board of Director considered the qualification due to their knowledge , experience and expertise material to the Company's business , be a visionary leader able to express opinions independently of management or any group of stakeholders , work morally and ethically with an unblemished work record and be able to dedicate enough time to working as the Company's director and the number of listed companies that each director to be director not more than 5 companies and not be a director or executive of any entity that has a conflict of interest with the company that belong to The Board's Charter in item Selection and Appointment.

9.4 The operations of the subsidiaries and associates company control.

(1) To corporate governance in subsidiaries and associates company .

The company appoint representatives to the company's executives are directors of subsidiaries, associates and the company holds. The policies acknowledge involvement in the management of these companies . Counseling and assistance as appropriate and approved by the Board of Directors. Not intended to interfere with or dominate these affairs.

(2) An agreement with other shareholders in the management of subsidiaries and associated companies.

- None

9.5 Internal information controlling

The Company published the Code of Conduct to Directors and Employees to take the way of implement a good appropriate which covers the use of inside information that non-profit for themselves and others. Based on inside information of the company and set the time to employees and directors not to trade the company's assets within 1 month before the financial statements are disclosed or general corporate information to publish and within 24 hours after disclosure of financial statement and general corporate information .The Directors and Executives will report to the Secretary trading company and report to the Board Meeting every time and in addition.

The company announced the information system security policy. To control the company's information that cover on customer information. Information System Department , is response to control all information , equipment and license computer programs and all department manager to review , checking and evaluation at least 1 time per year and report to the risk management committee and the executive board meeting and the office of internal audit will annual audit too.

The Company increased its information security by prohibiting the visitors to the Company from photographing within the Company's premise without approval. Furthermore, no audio recorders, communication devices, and cameras shall be allowed in tight security areas such as Research and Development Department, New Product Development Department, and Production Engineering Department

9.6 Auditor's remuneration

A. Audit fee

The last year company paid for the audit fee 2.05 million bath.

B. Other service fee

Reviewing compliance with conditions of BOI promotion certificate amount 0.12 million baht.

Other practice from the corporate governance

The board of director has developed the company vision and code of conduct for the board members and employees as a best practice in order to maintain the dignity and values of the company and to prevent potential loss due to the misbehavior of internal people. It is published in the form of booklet providing to the board members, executives employees to be aware and adhere to. The content of company vision and code of conduct are put into orientation course for new board member, executive, and employee. The details are also disclosed on the company's website (www.thaistanley.com) as well.

The board of director has complied with the corporate governance policy; the summary of those sections are as follows:

1. Rights of Shareholders

The company is committed to ensuring that the basic right of the shareholders is protected and treated in an equal manner as regulated by law. The company gives the right to shareholders to independently buy, sell, or transfer the securities that they are holding. The shareholders are eligible to receive dividend, participate in the shareholder meeting, freely express opinion in the meeting, and can take part in making key decision such as board election, key business transaction approval, and key company letters amendment. In addition, the company promotes the right of shareholders and facilitates as follows:

1.1 The right to receive important and necessary information to make sure that the disclosed information is accurate, complete, transparent, and in timely to shareholders and stakeholders as required by related regulations. Such information will also be posted on the website as another information channel for shareholders, including other key information such as investment structure, shareholders, management policy, members of the board of directors and so on, as well as other financial information and the information disseminated to the public so that the shareholders and the stakeholders will receive the same information.

Individual shareholder shall be provided with necessary and adequate information about the Shareholders' meeting which includes the date, time, venue, and agenda, together with supplementary details for each agenda in advance. The company posts such information on the company's website 1 month before distributing the documents.

1.2 The right to participate in the shareholder meeting and the right to vote

The Invitation Letter

The company shall send the invitation letter to the shareholders at least 14 days in advance of the shareholder meeting. The letter shall include complete and adequate details of the meeting, agenda, together with supplementary documents which will be both Thai and English language for foreign shareholders.

Details about the right to participate and vote, what documents needed to bring along will be advised. In case of being unable to attend in person, that shareholder can appoint any independent director or any person to be a proxy for him by presenting any proxy form which the company attached together with the invitation letter. The proxy form can be downloaded from the company's website.

Facility

The company will arrange commuting transportation as facilitation for shareholders.

Staffs to welcome and provide service to participating shareholders will be standby 2 hours in advance.

For institutional shareholders facilitate to checking number of shareholding and a name list of the various funds in advance.

For voting process, poll cards will be collected in case of disagree vote in order to use for processing the data of each agenda. Investigation can be done upon request from shareholders.

The following persons are required to attend the shareholders' meeting:

- Every member of executive directors and audit committee
- Auditors to provide information in case of having inquiries from shareholders or lawyers
- Lawyers from the third party company will act as a middleman for voting inspection
- Interpreters to ensure the content be understood for shareholders and committee
- Employee representatives such as the chairman of welfare committee and elected members from welfare committee
- Community representatives from Ban-Klang Municipality

Voting one share one vote , Shareholder has votes equal to the number of shares held. Can not cumulative voting (Cumulative Voting) that from The Articles of Association setting.

1.3 The right to freely express opinion in the meeting

Every shareholder has an equal right to express opinion or make an inquiry with an adequate time providing for each agenda before resolution. In the shareholders' meeting, all members of the boards and executives are required to attend the meeting to answer any inquiries to the meeting.

1.4 The right to consider remuneration for board members

In the agenda of remuneration for board members, the criteria and details of remuneration for each member will be notified.

1.5 The right to appoint and nominate the board members and then have shareholders to vote individually

1.6 The board allows shareholders to propose agenda for the annual shareholder meeting. To ensure the fair and equitable treatment to shareholders, the company sets the criteria and Procedure for shareholders to propose agenda to the board to consider it to be the agenda in the annual shareholders' meeting. The details of right, criteria, and procedure are posted on the company website. The company shall notify such dissemination through SET news for shareholders to know in advance.

In year 2016 the company invited the shareholders to proposed the agendas in advance for the 2016 Annual General Meeting since January 8 to April 8, 2016 that there was no any proposal from the shareholders.

2. Equitable Treatment of Shareholders

The company pays attention to an equitable treatment to every shareholder whether or not , they are major or minor shareholder, institutional investor, or foreign investor. The implementation includes:

2.1 Every shareholder has right to vote depending on number of shares they are holding; one vote per share .The company have only common stock.

2.2 The board has developed prevention measure of using internal information as follows: None of director, executive, or employee can use internal information for the sake of personal benefits.

Employees working in department involving with internal information, executive, and director are prohibited from trading the company securities for 1 month before the disclosure of financial statement or information to public and within 24 hours after the disclosure hereof. This rule is described in the code of conduct for the board and employees. The rule also specify that director, executive, and accounting manager is obliged to declare the number of shares they own to the board of directors every time during the board of directors meeting.

2.3 For the shareholders' meeting; the proxy forms approved by Ministry of Commerce together with the meeting invitation letter, documents, and instruction about proxy assignment will be sent to shareholders so that they can appropriately prepare themselves for the meeting.

2.4 The company agrees to give the right to vote for shareholder who is late in attending the meeting; however, only for the agendas on discussion and have not been reached the resolution yet. That share will be counted for quorum starting from the agenda that he attends as well as votes onwards, unless otherwise instructed by the meeting.

2.5 Besides Thailand Securities Depository Co., Ltd., the share registrar of the company, who will be responsible for sending out the notice for attending shareholders' meeting for 14 days in advance of the meeting, the notice will also be posted on the company website for 30 days in advance of the meeting and published on the daily newspaper in Thai for at least 3 consecutive days and at least 7 days before the meeting date.

2.6 The Minutes of Shareholders' Meeting will be posted on the company website within 14 days after meeting , so that the shareholders who did not attend the meeting being able to know the same information.

3. Role of Stakeholders

The company is aware of the rights of each group of stakeholders such as customers, suppliers, employees, shareholders, government sectors, and other related parties as well as community as specified by law and make sure that their rights are properly protected and treated.

3.1 Customers , Most of the company products are sold to automaker; therefore, the company's customers mean the purchasers of the products and the end-users as well. Customer policy is as follows:

Management : Consider customer satisfaction as the first priority by improving every function; quality control, costing, delivery, development, security, and relationship through Planning – Doing – Checking process cycle.

Quality : Aim to develop international standard on quality assurance system; delivering the products with the confidence in gaining satisfaction and trust from customers.

The company sets up the Quality Assurance to be responsible for assurance product quality , giving advices on products, providing consultations, and receiving complaints, to make sure the customers will satisfy with the quality of products and services.

In the competition , The Company has policies and practices to fair competition and on normal business.

3.2 Suppliers , Supplier is one of business partners. The company have policy that strictly complies with agreement or contract made with the suppliers by adhering to operating business with integrity to self and to other parties in accordance with law and related rules and regulations. The supplier selection is according to purchasing policy that consider cover to company documents , performance , environmental , employee practical and human rights.

Meeting with business partner is also held with the purpose to keep partner updated about the company movement and to hear opinions; for example, for bank or creditor; the company will invite them to the meeting together with securities analyst so as to be informed about the company quarterly performance, or for the case of suppliers; supplier meeting is held every year through purchasing department in order to inform about annual purchasing policy and confer QCD award to the suppliers who delivered the good products and being punctual.

For construction contractor, a separate meeting will be held by occupational health and safety officer and invite the staff who is responsible in the field of repairing, construction, or expansion of the company properties to the meeting in order to ensure that safety measure is extended to the involved parties.

The company initiated the project of developing raw material suppliers to be quality suppliers by delivering goods on time, being competitive which leads to quality raw material with reasonable price. The project has been carried on until present, divided into 2 activities as follows:

1. Supplier SNAP , The company extends productivity improvement activity to suppliers and sends SNAP (Stanley New Approach for higher Productivities) team together with purchasing officer to the supplier company in order to educate and conduct productivity improvement activity in an periodical manner during 6 month period.

2. Supplier Improvement Project , The company will choose the suppliers to help them to identify problems and give advices on manufacturing efficiency.

The company also provides customer support and encourage vendors to be certified to international standards as quality assessment to provide a quality of supply chain.

3.3 Employees , The company realizes that the company is growing because of the cooperation of every employee so the employees are valuable resource of the company. The company policy are cover employee sustain in respect with safety, welfare, privilege for employees and the company have certified for Thai Labor Standard, TLS800-2003 (since June 2008 until present) from Ministry of Labor and Social Welfare.

3.4 Shareholders

The company policy is to protect shareholders' rights in an equitable manner as required by law. The policy is set that dividend paid to shareholders will not be less than 30% of net profit (Financial Statement - The company only), and allow shareholders to visit the company after finishing Shareholders' Meeting or the next available time

3.5 Society and Community

The company recognizes the importance of society and local communities that the company have become a part of society , so from founding to the present the company has met with representatives of local communities, Banklang Municipality and participation in support of local activities regularly

The company has been doing social activities under the name of Stanley Thailand Foundation. And reported the foundation activities on Annual Report

In addition, the company has developed the policy about the right of stakeholders and put in corporate governance policy and code of conduct for directors and employees of the company. Stakeholders can communicate or complain with the company via the company website. The company has set the specific process and section for these matter and the company always focuses on social and community activities and strictly complies with laws and regulations.

4. Disclosure and Transparency

The company and the executive committee focuses on managing and operating business under the principle of good governance and being aware of information disclosure with accuracy and in timely fashion as specified by regulatory agencies. Therefore, the company sets the policy and practice regarding information disclosure as follows:

4.1 Information Policy

- Disseminating information about the company must be aligned to disclosure policy and under the scope of laws, provisions, and related regulations.
- Disseminating information about the company must be clear, accurate, complete, transparent, and reliable. The information must be explained clearly, easy to understand, and promptly to stakeholders.
- The information must be fair to all parties by treating all parties in an equitable and consistent manner under the scope of operation practice, also avoid causing conflict of interest.
- Ensure that such dissemination will not cause negative impact on relationship between the customers and the company or violate the privacy of customers, shareholders, or other stakeholders.
- Performing duty about disseminating confidential information must be complied with the company rules and regulations specified in the code of conduct for the board and employees.

4.2 Communication

Chairman of the Board of Directors, Executive Chairman, and Vice Executive Chairman have authority to notify key information of the company and can delegate to management to give information about its own function through responsible department or person in charge of investor relation.

Company information is available for customers, shareholders, investors, or interested persons or requesting for more information via the company website (<http://www.thaistanley.com>).

In addition, the company has appointed Investor Relations officer; in charge of providing general news and respond to inquiries, coordinating with staff or involved person to provide news and answer to inquiries, monitoring financial and information reporting system notified to various regulatory agencies. To contact Investor Relations, please call 02 581 5462 ext.1164 or info@thaistanley.com.

4.3 Communication Standard and Channel

Company performance and general information will be periodically communicated to shareholders, investors and public through media of Stock Exchange of Thailand and company website.

Meeting with securities analysts is held in a quarterly basis. Information that is revealed to analysts in the meeting will be posted on the company website. The company has no policy to meet analyst, fund manager, investor, or any person interested in investing with company individually.

News and information about the company is available on the company website (<http://www.thaistanley.com>) which includes:

- Vision, Management Policy, Governance Policy
- Disclosure policy consists of information policy, communication channels to the company, authorized spokesman, type of communication and information disclosure to public
- Financial information such as financial statement, key financial information, financial ratio, rate of dividend and so on.
- Company information such as type of business, board of directors, executive directors, and shareholder structure.
- Shareholders' Meeting information such as Minutes of Meeting, pictures from the meeting, VDOs presented in the shareholders' meeting.

- Annual Report and other reports submitted to Stock Exchange of Thailand and Securities and Exchange Commission
- Web board
- Investor Relations activities such as quarterly meeting with securities analysts

5. Board Responsibilities

5.1 Directors and Executives Development

The board of directors set the policy to provide an orientation course for new director in order to educate them about role and responsibility, business operation so as to efficiently support the company. In case of new directors, the company will take orientation course on the date of appointment; the content provided in the class such as the company's regulations, vision, governance policy, code of conduct for directors and employees, as well as rules and regulations of the Stock Exchange of Thailand and SEC about roles of director and code of conduct for the listed companies. The directors had visited the factory for better understanding about the company operation.

The existing members of the Board are also educated by attending the training courses arranged by each function. Any change of information or rules will also be informed to the board in the board of directors meeting. In 2016 our 2 directors attend to training from Thai Institute of Director (IOD)

1. Mr.Thanong Lee-issaranukul - Director Accreditation Program
2. Mr.Suchart Phisitvanich - Financial Statement for Director

5.2 Self-evaluation of the Board of Directors.

In 2014, the board has done self- performance evaluation, in overall, covering all roles and responsibilities of the committees, since 2007 until end of accounting period as of 31 March 2017, based on May 2017 evaluation, the result is Very good and the result, notices, and suggestions shall be taken into account to improve the performance of the board in the future.

10. Social Responsibility

10.1 Policy Overview

The Company's policy is to achieve business goals effectively , be the entrepreneurship to the society by one of the company's vision is to be a priority and uphold the values that support complementary Stanley sincerely. The Company considers that the underpinning and is involved in all aspects of the employees, shareholders, customers, suppliers, sellers, local community and society.

Each year the company targets including the implementation of environmental and social. The top management will monitor and evaluate the various monthly continuously.

10.2 Operation and report

In social responsibility of the company , each division is involved in environmental and social issues to focus and perform with caution and evaluate the impact by the operational and top management, such as product design to using materials that are environmentally friendly , produced with carefully in security and impact of other pollutants.

The company disclose Social Responsibility report from eight principles of sustainability and social responsibility guidelines of the Company that issued by the Stock Exchange of Thailand. The issues revealed through consideration of the management that show on this annual report page and company website www.thaistanley.com

In 2016 The company operation of social responsibility is as follows.

1. Fair Business Operations

The Company always adheres to fair business conducts in an honest, transparent, and unbiased manner, while promoting the concept to employees at all levels. The company has developed its Code of Conduct for the Board of Directors and other staff members serving as a guideline to perform their duties with honesty and transparency, while taking into account the accuracy of operations, respect of related laws and regulations, and righteousness of working behaviors.

The Company has published and distributed the Code of Conduct guidebook for the Board of Directors and staff members, while disseminating all details in the company's internal media. Certainly, the Code of Conduct developed for the Board of Directors and staff members will be used as a compulsory orientation program for newly recruited employees on a yearly basis.

Furthermore, the aforementioned Code of Conduct has been promoted to all employees working for other Stanley groups to reflect the unity of business management and operations.

Fair Business Competition

The Company has always recognized the importance of fair competition rules that will never regulate market monopoly or cause biased competition to other business rivals.

The Company provides training for employees who are directly involved with this matter i.e. marketing , purchasing etc. whereas other general employees are informed via internal communication and the Office of Internal Audit are examined concerning these aspects on a yearly basis.

Respect of Other Businesses' Property Rights

The Company always takes into account the importance of customer confidentiality. As each product possesses its copyright to be owned by a certain customer, the company will assign a responsible person to take care of the product in every process, starting from the design and manufacturing to the delivery to the customer.

The company has issued its information security policy to facilitate the control and maintenance of corporate data including customer confidentiality. There is an Information System department established to manage and supervise the access to information and control the equipment and programs applied into the company's copyrighted computer-based programs and systems authorized by information technology business providers. Obviously, the information technology department is required to review its policy and other requirements at least once a year, which will be proposed to the Risk Management Committee and the Board of Directors on a yearly basis.

In addition, the company has upgraded its confidentiality measures to rely more on physical controls, requesting for good collaboration from all visitors. Under the company's premises, no photography is allowed unless it is officially approved by the company. Meanwhile, recording of sound or image will never be accepted, particularly in restricted areas, for instance, the research and development department, the new product development department, and the production engineering department.

Social Responsibility Promotion towards Strategic Partners and Business Chains

The Company has efficiently collaborated with strategic partners, both customers and suppliers, via various CSR activities. Currently, those strategic partners have determined to pay closer attention to

social responsibility activities such as environmental development and ISO14001 certification. The company will always be prepared to participate in CSR activities, while keeping its employees informed about the progress of such activities.

Responsible Political Involvement

The Company has policy to forbid political involvement , but will not limit its employees in exercising their political rights by law. As employees are required to be present for political election, they will be allowed to temporarily leave their tasks to exercise their rights without having to deduct their working hours and salary payment.

The company has never been prosecuted for any illegal conduct or regulatory violation regarding the importance of these requirements.

2. Anti-Corruption

The Company has set its anti-corruption policy considered the company's Code of Conduct stating that "The Board of Directors, executives, staff members, and other related parties are strictly prohibited to get involved in any form of corruption including offering, promising, soliciting, demanding, and giving or accepting bribes as well as request others to accept those corrupted practices on their behalf, related to the company's business operations".

For the review and evaluation of this requirement, each department manager is directly responsible for assessing risks in various areas prior to informing the Risk Management Committee at least once a year. Similarly, the Office of Internal Audit will be required to annually evaluate all corruption-related issues before proposing them to the Audit Committee and the Board of Directors, respectively.

For the penalty of misdemeanor, the company will consider the termination of employment contract without compensation payment. However, over the past years, there was no risk of corruption found.

The company has also announced its intention to join the Collective Action Coalition campaign developed by the Thai private sector aiming to promote the earnestness and sincerity of the company's anti-bribery and corruption policy, while preparing to file required documents into the consideration process of relevant agencies.

3. Respect of Human Rights

The Company has issued its labor management manual, considered an ultimate document of the labor management system according to the Thai Labor Standards explained below:

- Citizen Rights and Political Rights

Discrimination: The Company has expressed its intention not to support any discrimination action on employment, payment of wages and other financial supports, social welfares, training and development opportunities, promotion, employment termination, and retirement, which are due to the difference of nationality, race, religion, language, age, gender, marital status, sexual orientation, disability, HIV infection, preference of a political party, or personal concept and idea. The company will never hinder, interfere, or conduct any action deemed to have affected the employees' rights and their routine practices without causing any damage to the organization.

Child Labor: The Company will never approve, support, or get involved in employing a child labor whose age is under 15 years old. Also, the company has never encouraged the use of child labor in any business activity that may cause an impact on occupational health and safety.

Pregnancy: The Company will never allow any pregnant employee to work in inappropriate working conditions that will be harmful to her health and physical body. According to the relevant laws, pregnant ladies must be stationed in an appropriate working environment that will not affect their health and pregnancy. Similarly, there will be no termination of employment offered to pregnant employees, particularly during the pregnancy period. No diminution of position or benefits is always guaranteed due to pregnancy.

The company has cautiously evaluated this issue with its suppliers to promote the abolition of human rights in the Thai society.

Freedom of Business Association and Negotiation: The Company provides its employees with the right to join various committees in the company and fully possess the right of negotiation, selection, or election of corporate representatives. The company will never hinder or interfere with the exercise of employees' rights. At present, the company possesses authorized representatives elected to represent the Welfare Committee and the Occupational Health and Safety Committee. The election will be held in every two years.

Since the establishment, The Company has never been involved in any labor dispute and there is no labor union existing in the company.

- Economic, Social, and Cultural Rights

The Company takes into account the development of the quality of life of its employees to suit current economic conditions. To ensure the happiness of the work-life balance, the company has considered the increase of salaries for all employees on a yearly basis, while providing every personnel with appropriate organization-based welfares such as travel allowance, uniform, and laundry service. Employees will also be offered special presents for special occasions like birthday and the New Year festival. The company approves food expenses for diligent employees working overtime and outside the company. Furthermore, the company also remains alert in offering medical expenses to employees and their family members. These benefits will be considered and approved on a yearly basis.

The company organizes fun-filled activities to promote employees' good health, for example, sporting events and recreation activities. To foster greater awareness of Thai cultures for all employees, the company has launched its culture-based activities. Remarkable examples are the Buddha image bathing, Buddhist lent candle parade, dry-food almsgiving, and merit-making ceremony for special occasions.

In September 2016, the company was honored with the Outstanding Workplace Award for Labor Relations and Welfares by the Ministry of Labor for eleven consecutive years.

Employee engagement activities and award presentation

In October 2016, His Majesty King Bhumibol Adulyadej, the world's longest-reigning monarch passed away, plunging executives and employees into the most grief. In November the company held a religious ceremony in remembrance of His Majesty King Bhumibol Adulyadej and in March 2017 was honorably granted the most memorable opportunity to co-host the Buddhist merit-making ceremony to pay tribute to His Majesty. The Board of Directors, executives, and representatives of the Welfare Committee were present at the royal funeral ceremony held at Dusit Maha Prasat Throne Hall. In May 2017, the company encouraged the employees to make 10,000 flowers for the royal ceremony of His Majesty King Bhumibol Adulyadej that delivered to the Pathum Thani

4. Treatment of Labors

The Company has set its management standards to reflect the company's genuine social responsibility in the labor management aspect. The company is strictly committed to pursuing labor laws and other relevant requirements to generate greater development of employees' quality of life as well as working environment. Additionally, the company has been urged to regularly review its management policies as Thai labor standards are applied to all departments, covering suppliers and subcontractors.

The company has raised the issue of work respect according to the requirements of human rights and the protection of working conditions aiming to facilitate the labors at large.

The STARS Plan has been applied into the human resource management system to ensure effective development of manpower, which can be specified in six major categories.

1. Qualification

The company has set a hierarchy to demonstrate the level of employee performances used to determine fair and reasonable remuneration.

2. Position

The company has defined roles and responsibilities of each employee in the organization clearly.

Promotion will be evaluated according to the criteria set by the Promotion Committee.

3. Rotation

The company approves a change of affiliation by considering types of work to achieve greater development of competency, leading to the promotion to the ultimate level.

4. Evaluation

The company defines performance measurement criteria used in determining salaries, bonuses, promotions, and positions. Besides, this unveils weakness and strength of employees aiming for further development. The company's evaluation criteria are developed based on fair, reasonable, and acceptable principles.

5. Wage Payment

The company has set the structure of wages consisting of basic salary, specialist value, position value, and other financial aids paying for working overtime, working on holidays, working on shifts,

food expenses, diligence allowance, and travel expenses. The company will consider the salary increase on a yearly basis, regarding the payroll index according to the government's approved minimum wage, inflation, and up-to-date industrial condition.

6. Skill Development

The company has reiterated its intention to enhance the ability of employees. The company develops a policy of skill development by means of sequential and on-the-job training programs. Strategic training and self-development programs are also introduced, where employees will be eligible to train with internal and external specialists, including experts from the Stanley Group in foreign countries.

In 2016, the company organized 44 in-house training sessions with 1,575 employees participated in the event, the average of 12 hours of training per person including 274 external training courses. Knowledge-based programs vary in culture of engagement, collaboration and team working, innovation development, and human capacity development based on the 70: 20: 10 learning model. Moreover, 26 employees were previously sent to Japan for overseas training.

The company has been certified with the Thai Labor Standard (TLS 8001 - 2010) of the complete version by the Ministry of Labor, which is audited on a yearly basis.

Occupational Health and Safety at Workplace

Thai Stanley Electric is concerned hugely about the employees' health and well-being. The company has decided to establish policies on occupational health and safety at the workplace in line with regular duties of employees since 2011. Also, the company has been certified with OHSAS18001 in the same year.

The Safety policies include:

1. The company is committed to ensuring that safety is the first priority in every employee's performance.
2. The company will always comply with all applicable laws, regulations, and standards related to occupational health and safety at the workplace.
3. The company will always support the improvement of appropriate working environment and continue to promote secure practices, ranging from using appropriate protective equipment to maintaining good health of all employees.

4. The company will encourage various safety-based activities that will stimulate greater awareness of safety among employees both inside and outside the workplace.

5. The company has requested all supervisors to be good role models, leaders, trainers, and motivators to encourage employees to produce excellent working performances in a secure way.

6. The company has urged all employees to consider their own safety, including security of colleagues and the company's assets at all times.

7. The company has promoted its occupational health and safety campaign to reflect the cleanliness, comfort, cleanliness, hygiene, and habit-forming in the workplace to prevent accidents and diseases due to operations.

8. The Company has motivated all employees to take part in the company's occupational health and safety program, where all employees will possess the right to offer productive comments and feedbacks on the improvement of working conditions and the development of operational safety.

9. The company has offered its firm support to the development of human resources and investment budgets allocated for the management of occupational health and safety at the workplace, ensuring the highest safety for all parties involved.

10. The company has promoted its Completely Check Completely Find Out (CCCF) program to achieve the goal of zero accident both inside and outside the workplace.

11. The Company regularly reviews its performances complying with the well-developed policies.

In 2016, The Company achieved the occupational health and safety campaign, reflecting zero serious accident, illness, death, strike, and fire case. The 8,000,000-working hour rate was achieved in the same year, decreased by 50% from the previous year.

The accident rate was developed to meet the target and the company has successfully increased its working hours to 12,000,000.

The company has announced the launch of its Safety Dojo Training Center to enhance greater safety awareness for both employees and outsiders aiming to support the zero accident campaign.

For other activities related to occupational health and safety at the workplace, the company also provides ongoing training, including security training, for all employees. The program includes the day

and night evacuation drill, emergency preparedness, exhibition of occupational health and safety, energy conservation, Monday meeting, and several other knowledge-based activities.

In July 2016, the company was honored with the Outstanding Occupational Health and Safety Award for the thirteenth consecutive year.

5. Consumer Responsibility

The Company always recognizes the importance of product research and development highlighted by its high-quality lamp of innovative design evolved to ensure great benefits for users, both riders and road users, reflecting the genuine quality and exceptional design based on the eco-friendly concept.

The company has established its Quality Assurance department to efficiently monitor product quality before and after the distribution, while acting as a central agency to be responsible for complaints from customers and users.

The company got the 2016 Quality Award from customers as Honda Access Asia & Oceania Co.,Ltd. and Siam Kubota Corporation Co.,Ltd.

For the manufacturing of light bulbs, the company has collaborated with the Sittipol Group to organize the Dealer Meeting Day for authorized dealers from every corner of the country to meet and exchange their business insights, as part of the strategy to strengthen the light bulb market.

6. Conservation of Environment and Energy

Environmental Conservation

The Company has strategically determined its philosophical concept for the conservation of environment as follows:

“We are strictly committed to preserving the environment and making good use of natural resources through all corporate activities to preserve the fertile nature in the most sustainable way”.

To comply with the aforementioned concept, environmental policies are described below:

1. The company will consistently introduce corporate activities related to environmental conservation and prevention of pollution to minimize the impact on the environment, while remaining

firm in improving every working process varying in design, development, production, and waste management complying with relevant environmental laws and regulations.

2. The company will conduct effective communication programs based on basic philosophy, environmental policies and activities for all employees and related parties aiming to maximize knowledge and understanding on environmental conservation.

3. The company is always prepared to disclose its environmental policies and environmental activities to public.

In 2016, Thai Stanley Electric achieved its environmental conservation targets as follows:

1. Reduction of water consumption by 1% from 2015.

Operation : The company introduced its Water Recycle program to be applied into the development of light bulbs, sanitary wares, and lawn watering system. The program was promoted via the company's public announcement system, Monday meeting, and other knowledge-based activities.

Result: The result was highly satisfactory. It could reduce the use of water supply by 35,000 cubic meters per year.

2. Reduction of wastes by 1% from 2015.

Operation : The company conducted waste classification and introduced a new waste elimination method based on the reuse and recycle concepts. The company also launched an environment monitoring activity participated by the Environment Committee on a quarterly basis to boost greater environmental awareness among employees and other related parties.

Result: The result was achieved as planned. Wastes were classified prior to the recycling process. Additionally, employees appeared to focus more on the company's "5S" health and hygiene campaign.

3. Reduction of paper use by 1% from 2015.

Operation :The company had modified its consistency assessment method through the use of the Excel program, where the waste handling system has been implemented by the Information System department. The paper reduction campaign had been required to be pursued by all departments.

Result: The result was achieved according to plans. Executives and staff members had monitored the program developed in all areas.

In 2016, the measurement of pollution within the company, including noise, water, heat, and air were conducted by external agencies. All pollutions were maintained at acceptable rates complying with the required environmental standards.

Energy Conservation

Thai Stanley Electric has determined efficient energy conservation policies explained below:

1. Be committed to effective energy management and conservation, while strictly pursuing energy conservation laws and regulations.

2. Consider energy conservation to be the responsibility of top management and employees at all levels to cooperate in implementing the prescribed energy conservation measures, including the monitoring of outcomes to be reported to the Energy Conservation Committee on a regular basis. This reflects the company's passionate desire to continuously improve energy efficiency.

3. Allocate sufficient resources for energy conservation and management to ensure that the idea is in line with the company's objectives and goals.

4. Develop effective production process including activities related to energy consumption aiming for the achievement of energy conservation and management, considered part of the company's operations.

5. Improve energy efficiency to be in line with the nature and amount of energy used, where modern technology and good practices are applied in an appropriate and continuous manner.

6. Seek alternative energy to generate sustainable energy and environmental sustainability. It is highly appropriate to disclose the company's energy conservation activities to relevant stakeholders and the general public.

7.Reduce the use of CO₂ from 2015 by 1% =1.7529 kgCO₂/Pc . (In year 2015 = 1.7706 kgCO₂/Pc)

In 2016, the company had approved three environmental conservation policies described as follows:

1. Reduction of power consumption by 1% from 2015. The power and LPG consumption rates per 100 products were allocated for the production of lamps and light bulbs, indicated by working hours.

2. Limitation of power utilization via the computerized program. The company had installed the Power Meter Monitoring system to make efficient evaluation of power consumption and management.

3. Encouragement of collaborative power conservation.

Operation : The company had developed a strict policy on power conservation, requiring the company to power down its electricity on Sunday (once a month). Power conservation campaigns were introduced regularly via various internal media. Meanwhile, the company held its Energy Committee Patrol and Energy Holiday Patrol activities on a quarterly basis.

The company remains firm in pursuing its “Environmental and Energy Culture” stated below:

1. Don't pour oil or chemical waste into the drainage.
2. Turn-off machine and equipment after used.
3. Please consider and neatly check before printing.
4. Sorting waste before discard.
5. Reduce loss from air leak.
6. Thai Stanley commitment to reduce energy consumption.

To stimulate employees to have greater awareness on efficient use of resources, the company has reiterated its intention to promote its energy conservation campaigns via various internal communication media. Impressively, the results can be achieved as planned.

Environment & Energy Culture

The Top management have recognized the importance of conducting regular follows-up on energy conservation activities on a quarterly basis. The company has constructed PQC building, a multipurpose building with canteen, library, gym, and spacious areas for engineering practices initiated to support production and on-the-job training prior to entering the production plant. Moreover, the innovative building is equipped with the Diming Switch system, natural lighting system, and LED lighting system complying with the energy conservation concept.

7. Social and Communal Development

The Company is located at Ban Klang , Pathumthani , and has been established outside the industrial estate location. The company is highly cautious of impacts that may possibly cause to the surrounding communities. Never having any dispute with the community, the Company is in

collaboration with Ban Klang Municipality, representing communal people in organizing tradition-based activities, remarkable examples are the Buddha image bathing, Buddhist lent candle parade, dry-food almsgiving, and merit-making ceremony for special occasions.

For community development, the company has always relied on its unique employment model, where 80% of residents in Pathum Thani province and the nearby vicinity are employed. The company offers opportunities for students of local universities to visit factory for more knowledge and broader understanding on product manufacturing and management.

In 2016, Thai Stanley Electric organized a supportive activity to help farmers during the sluggish rice price period by joining forces with Pathum Thani Provincial Office to launch the “Rice Relief Distribution for Pathum Thani Farmers” project, considered a role model of rice purchase from farmers in Surin, Yasothon, and Roi Et provinces, totaling around 18.5 tons prompted for internal consumption. Local farmers were welcomed to take part in the weekly market activity as they could meet their customers directly.

In addition, to provide sustainable and concrete support to the Thai society, the company had generated its handful investment in Pracharath Rak Samakkee Pathum Thani (Social Enterprise) Company Limited, amounting 890,000 baht or 22.25% of the total investment complying with the government’s policy to establish at least one government-based company in every province across the country. The idea was to support a gradual economic growth for people in the community, varying in agriculture, SME and OTOP business, and tourism.

8. Corporate Social Responsibility Culture towards the Society, Environment, and Stakeholders

As automotive lighting technology unveils the increasing demand for LED lights with energy-saving and long-lasting quality, the Stanley Group is poised to announce its leadership of the LED lighting market, particularly since various innovative products have been evolved to efficiently meet various requirements. The company has continued to promote the use of this modern technology to its customers, partners and people in general.

Corporate Social Responsibility Activities Following the Establishment of Stanley Thailand Foundation

The Stanley Group has established the Stanley Thailand Foundation since 1993, aiming to promote various CSR activities mainly in Pathum Thani province. Remarkable examples of CSR activities launched in 2016 can be described below:

1. Education Activity

1.1 The foundation had presented annual scholarships to 1,523 students from 24 schools in Pathum Thani province and 6 schools in Nakhon Ratchasima province.

For individualized scholarships, the foundation was consistently responsible for all education-related costs starting from the high school to Bachelor's Degree levels. In 2016, three outstanding students were selected to take part in the individualized scholarship program, where one of them was already graduated with a Bachelor's Degree. Currently, there are 28 students selected to join the program.

1.2 The foundation offered its concrete support to the science competition named the Stanley Science Project Contest held to encourage primary and secondary students to create excellent robotic devices. The competition was hosted by the Technology Promotion Association (Thailand-Japan).

Also, the foundation had sponsored the computer training program developed to provide greater information technology knowledge for school teachers as well as the non-soil vegetation project launched by Wat Bang Kudi School in Muang Pathum Thani district, Pathum Thani province.

1.3 The foundation donated educational equipment and 300 bicycles to 30 schools in Lat Lum Kaew, Thayaburi, Lam Luk Ka, and Nong Sua communities. Furthermore, the company had presents library books for another 83 schools in Pathum Thani and Nakhon Ratchasima provinces.

1.4 The foundation supported the construction of school building, purchase of playground equipment, and allocation of electrical appliances, books, and toys to Kukwang Child Development Center in Lat Lum Kaew , Pathumthani .

2. Environment Activity

The foundation had donated garbage to communities in Pathumthani such as Banklang Municipality , Kukwang Municipality and Suan Prik Thai Subdistrict Administrative Organization.

The foundation also renovated a flower garden for Wat Chin Wararam School.

3. Charity Activity

The foundation had donated other necessities for HIV-patient of Wat Phra Bat Nam Phu in Lopburi province and lame children of the Ruamphanya Person Lane Association in Nonthaburi province.

11.Internal Control and Risk Management

11.1 The board of director comment on internal control

The three members of Audit committee has meeting with the Board of Directors meeting No. 2/2017 on 18th May 2017. The Board of Directors have evaluated for the internal control system from Office of Internal report and reviewing the progress of internal control of Working System that approved in the past year as follow :,

- Reviewed the financial report , that were reviewed and audited by the auditor.
- Reviewed the company's internal control system in accordance with the guidelines established with the Securities and Exchange Acts, Regulations of the Stock Exchange of Thailand and other relevant laws
- Reviewed the internal audit system
- Reviewed the Company's risk management 6 for its appropriateness and adequacy.
- Reviewed and opined related transactions or transactions that may have conflicts of interest, and disclosure of such transactions , reviewed risk management to concern with Internal Control system
- Considered appointing the external auditors and their remuneration for the year 2017

In fiscal year 1st April 2016 – 31st March 2017 , there were 9 audit committee meeting that with auditor but without management 4 times and meeting with the auditor , the management and Internal Audit 5 times.

The Audit Committee has reviewed the internal audit system and had considered the evaluation of internal control in accordance with the guidelines established by The Securities and Exchange Commission (SEC), it was found that there were no significant faults and there was appropriate attention and maintenance of the activities and accurate ,so the audit committee has the opinion that the company's activities in fiscal year 1st April 2016 – 31st March 2017 has been according to the

appropriate internal control system and accordance to internal control framework of COSO , the finance report is accurate , complete and reliable. Operations are concordant with adequate , transparent and reliable Corporate Governance standards and there is continuous improvement for better quality of the business operating system report and the disclosure information were care in accordance with the appropriate internal control of the company.

Ms.Varaporn Vorathitikul , PricewaterhouseCoopers ABAS Limited ,the Auditor of company was no serious concerns about the internal control.

11.2 The opinion of the Audit Committee in the event of a different opinion of the board of the activities of the company.

The audit committee not any different opinion with the Board of Directors. There was also a report of the Audit Committee. As Attachment 3-1 in the report 56-1

11.3 Chief of Office of Internal Audit

(1) The Executive Board has appointed Mrs.Nongyao Apirum was the chief of office of internal audit in year 2012 that has experience working in Accounting and Finance department for 18 years and used to attend the training course related to the audit such as Fundamentals for New Internal Audit course 1 and 2 from The Federation of Accounting Professions – Under the Royal Patronage of His Majesty the King , Audit Report Writing , Risk Based Audit , Certified Professional Internal Auditor of Thailand (CPIAT-18), The Corporate risk management - COSO-ERM , Internal controls on financial reporting from The Institute of Internal Auditor of Thailand

Chief of Internal Audit have an understanding of the operations of the company as well. It is appropriate and sufficient to perform such duties.

(2) The Audit Committee 's opinion that taking care of the Chief Audit qualification experience with adequate training and proper operation.

(3) The appointment, removal and transfer of the incumbent Chief of Office of internal audit according to the personnel management system of the company. Through the approval of the Executive Board and acknowledged and approved by the Audit Committee.

12. The related transactions

Since last 3 years, there was no event of spending the income from stock sales for any of the shared interest person.

The company has the significant trade with the related company by purchasing and sales items. The company's auditor gave the explanation in the Note 27 Page 54 - 56 of the financial statement on 31st March 2017. The purchasing items from the related company are those particular raw materials or merchandise from the same production source at the great quantity to reduce the production cost. The company received the confirmation report from the related company about the sales of raw materials as the regular trading business. The sales items are mostly exporting by set up the sales price from cost fee plus the profit. Royalty fee to a related company at the rate of 3% of sales minus the cost of importing raw materials from that related company, and specified as the regular trading business, details as follows:

1. Related party transaction by way of the shareholder or common directors.

Name of Company	Related ties	Related transaction details	Transaction Amount and Balance at 31 March 2017	The reasonable of transactions
1. Stanley Electric Co.,Ltd.	1. Major shareholder of Stanley Electric Holding Asia-Pacific PTE, holding 31.89% 2.Common Director 2 person - Mr.Katsutoshi Iino - Mr.Toru Tanabe	1. Purchasing in raw materials , goods and equipment 2. Selling goods, 3.Royalty Fee is charged at 3% of sales less materials cost imported from the related party in accordance with the agreement	Purchased 762.00 million baht Balance 170.40 million baht Sold amount 51.42 million baht Balance 4.12 million baht Amount 262.39 million baht	Specifically products or materials and material which are manufactured on a large scale at one source for cost saving benefit. Pricing are charged in the normal course of business and same practice with the outsider. Specifically products or materials and material which are manufactured on a large scale at one source for cost saving benefit.

Name of Company	Related ties	Related transaction details	Transaction Amount and Balance at 31 March 2017	The reasonable of transactions
		<p>4. Designed and Development Fee is charged in case design and development product for Thai Stanley's products</p> <p>5. Technical Fee is charged for the specialist come for assistance in production technics.</p> <p>6. Training fee is charged for send Thai Stanley ' employee to training and practice.</p> <p>7. Commission is charged for an agent to connected with customers</p> <p>8.Other Income</p>	<p>Amount 57.37 Million baht</p> <p>Amount 8.38 million baht</p> <p>Amount 13.77 million baht</p> <p>Amount 20.03 million baht</p> <p>Amount 1.03 million baht</p>	<p>In the normal course of business and same practices in Stanley Group</p> <p>In the normal course of business and same practices in Stanley Group, pricing are charged same as outsider.</p> <p>In the normal course of business and same practice in Stanley Group</p> <p>In the normal course of business and same practice in Stanley Group</p>
2 .Lao Stanley Co.,Ltd.	<p>1. Thai Stanley holding 50%</p> <p>2. Common Director 2 persons</p> <p>- Mr.Apichart Lee-issaranukul</p> <p>- Mr.Koichi Nagano</p>	<p>1. Selling goods</p> <p>2.Other Income</p>	<p>Sold amount 362.29 million baht</p> <p>Balance 83.25 million baht</p> <p>Amount 1.47 million baht</p>	<p>Specifically products Pricing are charged in the normal course of business and same practice with the outsider.</p> <p>In the normal course of business and same practice in Stanley group</p>

Name of Company	Related ties	Related transaction details	Transaction Amount and Balance at 31 March 2017	The reasonable of transactions
		3.Royalty Income	Amount 0.88million baht	In the normal course of business and same practice in Stanley Group
3. Vietnam Stanley Electric Co.,Ltd.	1.Common major shareholders as Stanley Electric Co.,Ltd. Holding 50% 3. Common director 2 persons as - Mr.Apichart Lee-issaranuku -Mr.Toru Tanabe 3. Thai Stanley holding share 20%	1. Purchasing goods 2.Selling goods 3. Designed and Development Fee	Purchased amount 274.97 million baht Balance 77.42 million baht Sold amount 11.63 million baht Balance 1.97 million baht Amount 0.04 million baht	Specifically products Pricing are charged in the normal course of business and same practice with outsider. Specifically products Pricing are charged in the normal course of business and same practice with the outsider. Specifically products Pricing are charged in the normal course of business and same practice with outsider.
4.Asian Stanley International Co.,Ltd	1.Common major shareholder as Stanley Electric Holding Asia-Pacific PTE Holding 67.5% 2.Common Director 2 persons - Mr.Apichart Lee-issaranukul - Mr.Toru Tanabe	1. Purchasing raw material 2.Selling goods	Purchased amount 671.94 million baht Balance 71.98 million baht Sold amount 2.49 million baht Balance 0.09 million baht	Specifically products Pricing are charged in the normal course of business and same practice with the outsider. Pricing are charged in the normal course of business and same practice with the outsider.

Name of Company	Related ties	Related transaction details	Transaction Amount and Balance at 31 March 2017	The reasonable of transactions
	3.Thai Stanley holding 15% 4. Holding Thai Stanley 0.44%	3. Designed and Development Fee	Amount 0.11 million baht	Specifically products Pricing are charged in the normal course of business and same practice with the outsider.
5. PT.Indonesia Stanley Electric	1. Common major shareholder as Stanley Electric Co.,Ltd. Hoding 60 % 2. Common director 3 person as - Mr.Apichart Lee-issaranukul - Mr.Koichi Nagano - Mr.Toru Tanabe 3.Thai Stanley holding 10%	1. Purchasing raw material 2.Selling goods 3.Other Income 4. Designed and Development Fee	Purchased amount 10.89 million baht Balance 0.19 million baht Sold amount 332.11 million baht Balance 41.65 million baht Amount 0.26 million baht Amount 0.10 million baht	Specifically products Pricing are charged in the normal course of business and same outsider. Pricing are charged in the normal course of business and same practice with the outsider. In the normal course of business and same practice in Stanley Group Specifically products Pricing are charged in the normal course of business and same outsider.
6. Sirivit Stanley Co.Ltd.	1.Thai Stanley holding 15% 2.Common director 2 persons as -Mr.Apichart Lee-issaranukul - Mr.Koichi Nagano	1. Purchasing raw material 2. Selling raw material	Purchased amount 347.75 million baht Balance 33.96 million baht Sold amount 11.35 million baht Balance 0.13 million baht	Specifically products Pricing are charged in the normal course of business and same outsider. Pricing are charged in the normal course of business and same outsider

Name of Company	Related ties	Related transaction details	Transaction Amount and Balance at 31 March 2017	The reasonable of transactions
		3. Designed and Development Fee	Amount 0.10 million baht	Specifically products Pricing are charged in the normal course of business and same outsider.
7. Inoue Rubber (Thailand) Public Company Limited	1.Thai Stanley holding 0.02% 2.Common director 4 person as - Mr.Apichart Lee-issaranukul - Mr.Thanong Lee-issaranukul - Mrs.Pimjai Lee-issaranukul - Mrs.Pornthip Sethiwan	1. Purchasing raw material	Purchased amount 13.72 million baht Balance 2.16 million baht	Pricing are charged in the normal course of business and same practice with the outsider.
8. The Sittipol 1919 Co.,Ltd.	1.The shareholders holding 3.34% 2.Common director 2 persons as - Mr.Thanong Lee-issaranukul - Mrs.Pornthip Sethiwan	1. Selling goods,	Sold amount 164.05 million baht Balance 45.51 million baht	Pricing are charged in the normal course of business and same practice with the outsider.
9. Lumax Industries Co.,Ltd.	1.Thai Stanley holding 1.73% 2. Common major shareholder as Stanley Electric Co.,Ltd. Holding 26.31 % 3.Common Director 1 person - Mr.Toru Tanabe	1. Purchasing goods 2. Selling goods	Purchased amount 0.10 million baht Balance 1.19 million baht Sold amount 68.43 million baht Balance 37.41 million baht	Pricing are charged in the normal course of business and same practice with the outsider. Pricing are charged in the normal course of business and same practice with the outsider

Name of Company	Related ties	Related transaction details	Transaction Amount and Balance at 31 March 2017	The reasonable of transactions
		3. Designed and Development Fee	Amount 2.14 million baht	In the normal course of business and same practice in Stanley group
10. Bangkok Global Law Offices Limited	1. Common director 1 person as - Mr.Picharn Sukparangsee	1. Law service	Purchased amount 1.48 million baht Balance 0.11 million baht	Pricing are charged in the normal course of business and same practice with the outsider.

2.Transaction with the company whose Stanley Electric Co.,Ltd. Is the major shareholders of Stanley Electric Holding Asia-Pacific PTE , LTD (holding 100%) major shareholder of the company, the transaction are purchasing and selling in raw material or goods that are specific materials which are manufactured on a large scale at one source for cost saving benefit. Pricing are charged in the normal course of business and same practice with the outsiders, details as follows :

Company Name	Transaction Amount in 2016		Balance as at 31 March 2017	
1. Guangzhou Stanley Electric (China)	Purchased amount	155.35 million baht	39.38	million baht
	Sold amount	4.61 million baht	0.42	million baht
	Other Income amount	0.07 million baht	0.17	million baht
2. Stanley Electric (Asia Pacific) (Taiwan)	Purchased amount	0.18 million baht	-	million baht
	Sold amount	0.83 million baht	0.05	million baht
3. Shenzhen Stanley Electric Co.,Ltd.	Purchased amount	76.86 million baht	14.20	million baht
	Sold amount	- million baht	-	million baht
4. Stanley Electric US Inc. (U.S.A)	Purchased amount	1.05 million baht	0.02	million baht
	Sold amount	105.69 million baht	0.50	million baht
	Other income	0.09 million baht	0.14	million baht
5. Tianjin Stanley Electric Co.,Ltd. (China)	Purchased amount	0.79 million baht	0.19	million baht
	Sold amount	0.33 million baht	1.21	million baht
6. II Stanley Co.,Inc (America)	Purchased amount	- million baht	-	million baht
	Sold amount	0.02 million baht	-	million baht

Company Name	Transaction Amount in 2016		Balance as at 31 March 2017
7. Shanghai Stanley Electric	Purchased amount	4.95 million baht	0.50 million baht
	Sold amount	- million baht	- million baht
8. Stanley Electric Hungary	Purchased amount	- million baht	- million baht
	Sold amount	0.05 million baht	0.01 million baht
9. Stanley Electric Do Brazil LTDA	Purchased amount	0.14 million baht	- million baht
	Sold amount	6.64 million baht	- million baht
10. Stanley Iwaki Works Ltd.	Purchased amount	0.03 million baht	- million baht
	Sold amount	3.08 million baht	- million baht
11. Stanley Electric (Asia Pacific) HongKong	Purchased amount	0.11 million baht	0.02 million baht
	Sold amount	- million baht	- million baht
12. Wuhan Stanley Electric Co.,Ltd.	Purchased amount	1.20 million baht	- million baht
	Sold amount	12.86 million baht	2.21 million baht
13. Chongqing Hua Yu Stanley	Purchased amount	- million baht	- million baht
	Sold amount	- million baht	- million baht
14. Tianjin Stanley Electric Technology Co.,Ltd.	Purchased amount	0.93 million baht	- million baht
	Sold amount	0.81 million baht	- million baht

The approval for the related transactions

In Year 2016 , the related transactions was the normal course of business and same practice with the outsider , such as price comparison , selling price is determined based on manufacturing cost plus a certain margin. The related transaction controlling by the management director.

Policy or Trend towards Potential the related transaction

The related transaction to be continued, because of the raw material or goods are specifically and used only in Stanley Group. The selling price is determined based on manufacturing cost plus a certain margin that the normal course of business. Whatever these transaction are belong to The Purchasing and Selling products and assets policy , that announcement since year 2004 and for others transaction will consideration belong to The rule of The Stock Exchange of Thailand.

The related transaction Report from Audit Committee

The Audit Committee considered the related transaction in year 2016, that have transaction may cause conflict of interest, that transaction with related parties company and normal course of business.