

## **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 18, 2017.

Shareholder Name	Number of Share (Share)	% of holding
1. Stanley Electric group	26,294,150	34.32
- Stanley Electric Holding Asia-Pacific PTE	25,959,650	33.88
- Asian Stanley International Co.,Ltd.	334,500	0.44
2. Lee-issaranukul Family	22,618,196	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	2,168,370	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. Thai NVDR Co.,Ltd.	2,684,110	3.50
4. Nortrust Nominee Ltd-CL AC	1,973,100	2.58
5. Aberdeen Small Cap Fund	1,948,700	2.54
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	1,619,600	2.11
9. Mr.Kenneth Rudy Kamon	1,303,800	1.70
10. State Street Bank and Trust Company	938,534	1.23

The currently shareholders list , the investor can see in company website ([www.thaistanley.com](http://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 *	26,294,150	34.32
- Stanley Electric Holding Asia-Pacific PTE	25,959,650	33.88
- Asian Stanley International Co.,Ltd.	334,500	0.44
2. Lee-issaranukul Family	22,618,196	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	2,168,370	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	2016	2015	2014	2013	2012
Earning Per Share (Baht) *	16.58	17.01	15.11	19.41	20.97
Dividend Per Share (Baht)	5.00	5.00	4.80	6.00	6.75
Dividend Raito (%) * *	34.15	32.68	34.53	32.51	33.72

\* from the equity method is applied

\*\* from the company only

## 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	7	7
Mr. Koichi Nagano *	President	7	7
Mr. Thanong Lee-issaranukul *	Director	7	6
Mr. Tadao Suzumura *	Director	7	7
Mrs. Pimjai Lee-issaranukul	Director	7	6
Mrs. Pornthip Sethiwan	Director	7	5
Mr.Krisada Visavareeranon	Independent Director and Chairman Audit Committee	7	7
Mr. Chokechai Tanpoonsinthana	Independent Director and Audit Committee	7	7
Mr. Suchart Phisitvanich	Independent Director and Audit Committee	7	7
Mr. Picharn Sukparangsee	Independent Director	7	6
Mr.Katsutoshi Iino **	Director	7	3 (TV Conference – 1)
Mr. Toru Tanabe **	Director	7	4 ( TV Conference - 3)

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.

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. And according to the company's regulations , in the Board of Directors' meeting, there must be at least half of the directors present at the meeting.

The resolution of the meeting of the board of directors requires the majority votes of the directors present at the meeting. One member has one vote. In the case of equal votes, the chairman of the board shall have the casting vote. 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. The Company has not yet set a policy for directors and the executives to inform about trading of shares at least one day in advance of trading to the Board of Directors.

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 2017 are 7 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%) 6 person or 50% , attended meeting 6 time (80%) are 3 persons ( 25%) , attend the meeting 5 times (71%) is 1 person (8%) , attend the meeting 4 times (57%) is 1 person (8%) and attend the meeting 3 times (42%) is 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 31,2018 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

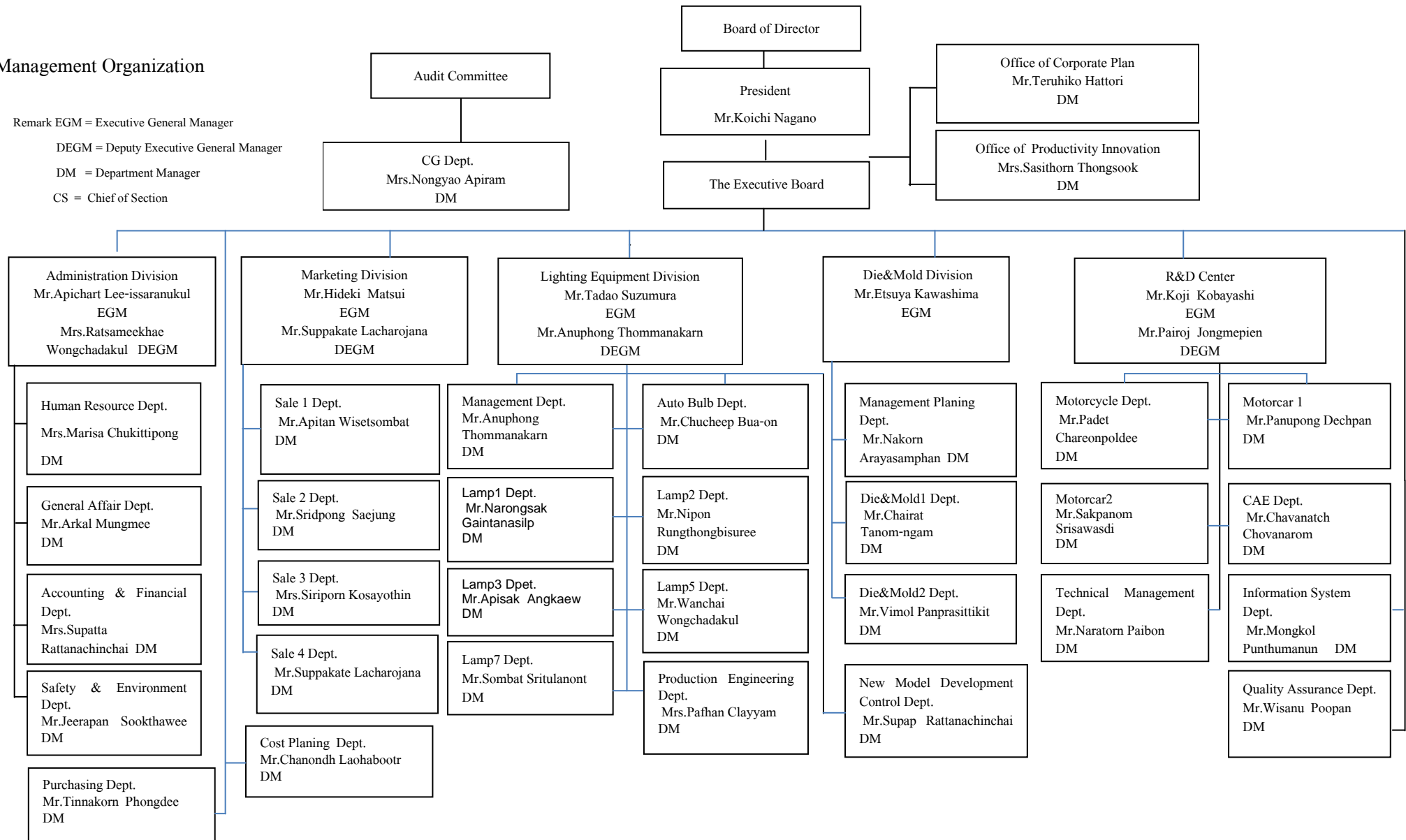
## Management Organization

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 2017 , details as follows

Name	Position	Director Fee (Baht)		
		Director	Audit Committee	Total
Mr.Apichart Lee-issaranukul	Executive Chairman	215,000	-	215,000
Mr.Koichi Nagano	President	215,000	-	215,000
Mr.Thanong Lee-issaranukul	Director	210,000	-	210,000
Mr.Tadao Suzumura	Director	215,000	-	215,000
Mrs.Pimjai Lee-issaranukul	Director	210,000	-	210,000
Mrs.Pornthip Sethiwan	Director	205,000	-	205,000
Mr.Krisada Vissavateeranon	Independent Director and Audit Committee Chairman	215,000	405,000	620,000
Mr.Chokechai Tanpoonsinthana	Independent Director and Audit Committee	215,000	285,000	500,000
Mr.Suchart Phisitvanich	Independent Director and Audit Committee	215,000	285,000	500,000
Mr.Picharn Sukparangsee	Independent Director	210,000	5,000*	215,000
Mr.Katsutoshi Iino	Director	195,000	-	195,000
Mr.Toru Tanabe	Director	200,000	-	200,000
Total		2,520,000	980,000	3,500,000

Remark Company only has Audit Committee \*\*\* Including meeting allowance with Audit Committee

#### The executive board remuneration

In year 2017 the company paid the remuneration for executive board as salary and bonus to 6 person amount 43.93 million baht

## (2) Other remuneration

-None

### 8.5 Personal

Total employees as at March 31st, 2018 were 2,997 persons . The company paid for employee's remuneration in year 2017 were 1,316.98 Million Baht as salary , bonus , provident fund and other welfare such as Public transportation and Shift expense , details as follows;

Division	Male	Female	Total
Administration	45	55	100
Marketing	20	24	44
Production	1,525	1,302	2,827
Japanese	26	-	26
Total	1,616	1,381	2,997

The number of employees increased 3.46% 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 continuously since 2006 – 2017 certification system and standard of Thai workers. (MRT. 8001-2546) complete level from the Ministry of Labor.

## 9. The Corporate Governance

The Board of Directors attaches great importance to corporate governance. The company has a transparent business operation , honesty , fair competition environmental and social considerations

The Board has set policy for directors, executives and employees such as Corporate Governance Policy , Code of Conduct that to published and distributed to directors, executives and employees for acknowledgment and implementation. The Board has reviewed these policy annually.

### 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

The Board of Directors will report the results of the Company's policies and targets that conform with Stanley Group Policy , which is defined as a long-term and medium-term plan . Each year, there will be set the strategic and numerical targets, such as quality, cost, safety goals , both positive and negative factors are considered by the stakeholders will pay attention. There will be an annual policy briefing given to executives and information to employees as in document report.



## 9.2 Director

The structure of directors and qualifications of the Board is set out in the Board Charter as follows:

The Board of Directors consists of not less than 5 directors, and not less than half of the number of directors.

All directors must reside in the Kingdom.

1. Executive Director: who is involved in routine management or authorized person.

2. Non-executive directors, including independent directors. At least one in three of the directors must be independent directors and not less than 3 persons

(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 2018 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**

The framework of the Board's duties and responsibilities includes organisational strategies, corporate governance, human resources management, financial reporting, information disclosure and communications as follows:

1. Organizational strategies Review and advise on key strategies and policies, financial objectives and other plans, including the Company's budget. Monitor the implementation of the Company's plans and policies.

2. Corporate governance , establish a policy of corporate governance and regularly evaluate the outcome in practice. Ensure that all stakeholders are properly protected and treated. Create a proper understanding on various matters among different classes of stakeholders and ask for their cooperation in enhancing the stability of the Company's business.

Determine the necessary procedures and mechanisms to ensure that all the Company's activities comply with the law and are carried out on a sound moral basis.

Make available the code of conduct or code of ethics, monitor the directors' and employees' compliance with these codes, and occasionally review and update them.

Prepare, maintain and review the financial control, operating control, corporate governance and risk management, and be alert to warning signs and irregularities on any transactions.

Establish an independent internal control unit with a precise definition of roles, duties and responsibilities.

Ensure that the existing structural and procedural requirements of the Board concerning corporate governance and the code of ethics are effective enough and may be adjusted if necessary.

Monitor and resolve any conflict of interests which may arise relating to management, the Board and shareholders, any illegal use of the Company's assets, and any irregularities on connected transactions.

3. Human resources management, to appoint the executive committee and evaluate their performance once a year. Appoint the Company secretary, whose main duties relate to Board meetings and shareholder meetings. The Company secretary's duties include providing legal advice to the Board.

4. Financial reporting Ensure that the financial reporting and audit system is reliable and that efficient mechanisms are made available to evaluate the adequacy of internal control, risk management and performance monitoring systems.

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 Company setting for directors can serve as director in no more than 5 listed companies, there are no exceptions that for the efficiency of their duties.

### **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

2000-Present Independent Director and Audit Committee Thai Stanley Electric PCL.

2003-Present Independent Director and Audit Committee Chairman  
Advance Information Technology PCL.

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

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 2017 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

The nomination and appointment of directors of the Company not through the Nomination Committee because The Company is in the process of setting up the Nomination Committee. However, in nominate directors the board will consider the qualifications. This is in accordance with the Company's Articles of Association , - Selection and appointment process , as follows:

1. Have the qualifications required by law (i.e. the Public Limited Companies Act and the Stock and Exchange Act)
2. Have knowledge, experience and expertise material to the Company's business
3. Be a visionary leader able to express opinions independently of management or any group of stakeholders
4. Work morally and ethically with an unblemished work record
5. 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.
6. Not be a director or executive of any entity that has a conflict of interests with the Company

The Company has no restrictions on the qualifications of its directors in terms of gender and age, to ensure the diversity of the board structure.

The appointment to be director will be proceed belong to the Public Limited Companies Act.

#### (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 and The Company has no restrictions on the qualifications of independent directors in terms of gender and age, and not yet fix term end of the independent director.

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 0.78 million baht , this transaction was not over than the company 's definition .

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.

Succession plan - The company is in the process of preparing for the succession plan.

#### **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 has not yet set a policy for directors and top executives to inform about the trading of shares at least 1 day prior to trading to the Board of Directors.

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.
- Reviewing Stock Destroy amount 0.05 million baht.
- Reviewing auditing for Vietnam Stanley Electric Co.,Ltd. Amount 0.20 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](http://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 2017 the company invited the shareholders to proposed the agendas in advance for the Annual General Meeting since January 20 to April 20, 2017 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](mailto: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 2017 our director attend to training as follows:

Mrs.Pimjai Lee-issaranukul

- Business Revolution and Innovation Network Batch (BRAIN 1) – The Federation of Thai Industries
- ACMA Business Forum 2017

### 5.2 Self-evaluation of the Board of Directors.

In 2017, 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 2018, based on May 2018 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. The Company does not have an individual assessment, Subcommittee and president.



## **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 issued Corporate Social Responsibility Report that disclosed by GRI (Global Reporting Indicator) in the annual report. To be sent to the shareholder and publish it on the company's website.

[www.thaistanley.com](http://www.thaistanley.com)

In 2017 The company operation of social responsibility in 3 items are as follows.

#### **1.Economic Impacts of the Company's Operation throughout Supply Chain**

The Company's type of business is automotive products, which is the industry that has continually been promoted and supported by the government sector. Although domestic economy has sometimes caused a slowdown in the industrial growth, the Company's business continues to grow.

Thailand's automotive lighting equipment industry has three major manufacturers with nearly equal market shares. The Company has adopted a management policy to focus first and foremost on meeting customer satisfaction to retain customers and maintain market share.

At present, Thailand's domestic car sales are directly affected by economic impacts, which also affects the Company's production.

The Company has set annual operational goals based principally on customer orders and estimates of gross domestic product growth. An operational evaluation is conducted on a monthly basis and a weekly monitoring result is presented at the weekly strategy meeting.

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.

### 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.

## 2.Social Performance

The Company's social performance can be divided into 3 groups as follows:

### 1.Labor Management and Employee Development

#### Labor Management

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

**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.

#### **Welfare and Quality of Life Development**

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 2017, the Company has initiated Cash Less project, which encourages employees to pay for their food through mobile banking application of Siam Commercial Bank. The project aims to reduce the use of paper money and save time, increase health quality by not touching banknotes and coins, and promote the use of technology to be in line with Thailand 4.0

In August 2017, the Company won Princess Maha Chakri Sirindhorn's Thailand Labor Management Excellence Award 2017 from the Ministry of Labor. In September 2017, the Company also received the Outstanding Workplace Award for Labor Relations & Welfares from the Ministry of Labor for the 12th consecutive year.

#### Employee Development

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 2017, a total of 1,522 employees participated in 47 in-house training courses organized by the Company, with an average of 12 hours of training per employee and a total of 202 employees participated in external training courses. These courses such as the power of team working to company development , the life mapping for work successful , Troubleshooting and Decision Makingl. Moreover, 12 employees were sent to Japan for overseas training.

In February 2018, the Company has initiated the Thai Stanley Power Up project to reform its employee development starting with LE's Reform Model. This is a four-year project, which aims to study and analyze problems, risks, and impacts from employees in all aspects to develop training courses that are appropriate and applicable to the matter at hand, utilizing tools and systems to measure training effectiveness in line with the Company's policy and goals of employees at each level.

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.

## 2.Safety, Occupational Health, and Work Environment

The Company has set the safety commitment as follows:

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 2017, The Company achieved the occupational health and safety campaign, reflecting zero serious accident, illness, death, strike, and fire case. The 7,000,000-working hour rate was achieved in the same year, decreased by 50% from the previous year.

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. The company provides training courses to employees at this center regularly every month. It also provides opportunities for outside group such as government to visit and learning at this center as well.

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 August 2017, the company was honored with the Outstanding Occupational Health and Safety Award for the fourteen consecutive year.

### 3.Supporting Local Communities and Society

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 to use of local food products is a set of snacks at the

shareholders' meeting. The rice from the farmer group in Surin is processed into Difuku as a new year gift to customers .

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.

The Company collaborated with Pathum Tani Provincial Office to organize the “Pathum Tani Public-Private Collaboration to Purchase Rice from Farmers” project to purchase rice from farmers in Surin, Yasothon, and Roi Et for use within the Company. Local farmers were also welcomed to sell their rice and products the market fair organized monthly by the Company.

In 2016, the Company invested 22.25% in Pracharath Rak Samakkee Pathum Thani (Social Enterprise) Company Limited, that established from government’s policy that the objective is to support for more strong local economy , people have more income. The company support place inside for selling products from the manufacturer in the group on a monthly basis.

#### Corporate Social Responsibility Activities 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 2017 can be described below:

##### 1. Education Activity

1.1 The foundation had presented annual scholarships to 1,123 students from 16 schools in Pathum Thani province and 6 schools in Nakhon Ratchasima province.

For individualized scholarships (Outshining Fund ), the foundation was consistently responsible for all education-related costs starting from the high school to Bachelor’s Degree levels. In 2017, three outstanding students were selected to take part in the individualized scholarship program, where 3 students was already graduated with a Bachelor’s Degree. Currently, there are 22 students selected to join the program.

1.2The 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).

1.3 The foundation donated educational equipment as books for library and 300 bicycles to 30 schools in Lat Lum Kaew, Thayaburi, Lam Luk Ka, and Nong Sua communities.

##### 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.

### 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 Lame Association in Nonthaburi province.

And also donation to Flood Victim in various sectors such as necessities bag and mosquito nets, etc.

In June 2017, the Stanley Foundation gave four AEDs (Automated External Defibrillators) to government agencies and hospitals in Pathumthani to promote health safety and support local communities.

Environment Performance and Energy Conservation

Environmental Management

The Company has received an ISO14001 certification since 2002 and has set up the Environment Committee (ER) to support and implement activities in accordance with the Japan Stanley Environment Policy.

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 2017, The Company achieved its environmental conservation targets as follows:

1.Reduction of water consumption by 1% from 2016. Utilization of indicators on water consumption per product and per employee.

Operation : The company introduced its Water Recycle program to be applied into the surface treatment process in Lamp factory , 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



## 2.Reduction of landfill wastes by 1% from 2016.

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 2016.

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.

The company to operate on the environment continuously. All areas monitored by The Executive Board . Increasing green space in the company by planting trees in the company area on a regular basis on the last working day of the year , World Environment Day activity and Earth Day activity.

In 2017, 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

The Company has set up the Environment Committee (ER) to support environment policy and encourage every department to implement environmental activities.

The Company 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.

In 2017, the Company set 2 energy conservation targets as follows:

1. Reduce electricity consumption by 4% from base year 2013 by controlling the power consumption of the factory by using electricity meters through computer programs. The company uses the main power source from electricity. And use up to 95 million units per year. To know each part clearly. The company installed Power Meter Monitoring (Dr.ECO program) to analyze energy consumption, see the point of loss and what to fix. There is a regular meeting between the energy conservation team and related parties on a monthly basis.

2. Reduce CO<sub>2</sub> emissions by 4% from base year 2014 with the following indicators: Carbon dioxide emissions per million baht in all units within the company. The use of Yellow Card tracking, training, awareness building, and promote the use of renewable energy (Solar Rooftop)

Targeted results It can reduce CO<sub>2</sub> emissions by 6.59%

To encourage participatory energy conservation by organizing turn off all electricity activities on weekends (Sundays) one day a month., Campaign to reduce energy consumption through various media such as voice calls, Monday Meeting and organized the Energy Committee Patrol activities of the Energy Holiday Patrol period, etc.

The top executives have placed importance on regular follow-up on energy conservation activities conducted on a quarterly basis and assessments of energy conservation capacity and energy management. The results of the primary assessments indicated the need for improvement.

The company has 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.

## 11. Internal Control and Risk Management

The Company establishes CG department to conduct internal audits and risk management and report directly to Audit Committee on a quarterly basis.

### 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. 3/2018 on 15th May 2018. 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 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 2018

In fiscal year 1st April 2017 – 31st March 2018 , 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 2017 – 31st March 2018 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 19 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 31<sup>st</sup> March 2018. 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 2018	The reasonable of transactions
1. Stanley Electric Co.,Ltd.	1. Major shareholder of Stanley Electric Holding Asia-Pacific PTE, holding 33.88% 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 723.46 million baht Balance 160.92 million baht  Sold amount 100.84 million baht Balance 13.38 million baht  Amount 302.57 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 2018	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 91.29 Million baht</p> <p>Amount 10.66 million baht</p> <p>Amount 9.94 million baht</p> <p>Amount 20.00 million baht</p> <p>Amount 2.50 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 402.61 million baht</p> <p>Balance 95.14 million baht</p> <p>Amount 0.16 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 2018	The reasonable of transactions
		3.Royalty Income	Amount 0.64 million 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 377.95 million baht Balance 150.58 million baht  Sold amount 18.64 million baht Balance 2.40 million baht  Amount 0.05 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 1,426.26 million baht Balance 138.61 million baht  Sold amount 10.60 million baht Balance 4.07 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 2018	The reasonable of transactions
	3.Thai Stanley holding 15% 4. Holding Thai Stanley 0.44%	3. Designed and Development Fee	Amount 0.18 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 9.75 million baht Balance 0.28 million baht  Sold amount 315.11 million baht Balance 21.46 million baht  Amount 1.26 million baht  Amount 14.10 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 328.76 million baht Balance 34.11 million baht  Sold amount 10.75 million baht Balance 16.85 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 2018	The reasonable of transactions
		3. Designed and Development Fee	Amount 0.06 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 13.46 million baht Balance 2.05 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 150.39 million baht Balance 46.15 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 0.64 million baht Balance - million baht  Sold amount 59.72 million baht Balance 4.51 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 2018	The reasonable of transactions
		3. Designed and Development Fee	Amount 0.89 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	amount 0.78 million baht Balance - 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 2017		Balance as at 31 March 2018
1. Guangzhou Stanley Electric (China)	Purchased amount	158.10 million baht	31.15 million baht
	Sold amount	0.41 million baht	- million baht
2. Stanley Electric (Asia Pacific) (Taiwan)	Purchased amount	0.38 million baht	- million baht
	Sold amount	0.86 million baht	- million baht
3. Shenzhen Stanley Electric Co.,Ltd.	Purchased amount	106.11 million baht	21.42 million baht
	Sold amount	- million baht	- million baht
4. Stanley Electric US Inc. (U.S.A)	Purchased amount	0.97 million baht	0.19 million baht
	Sold amount	0.01 million baht	- million baht
	Other income	- million baht	- million baht
5. Tianjin Stanley Electric Co.,Ltd. (China)	Purchased amount	1.12 million baht	0.09 million baht
	Sold amount	0.27 million baht	0.02 million baht
6. II Stanley Co.,Inc (America)	Purchased amount	- million baht	- million baht
	Sold amount	0.05 million baht	0.02 million baht

Company Name	Transaction Amount in 2017	Balance as at 31 March 2018
7. Shanghai Stanley Electric	Purchased amount 5.40 million baht	1.33 million baht
	Sold amount - million baht	- million baht
8. Stanley Electric Hungary	Purchased amount 0.01 million baht	0.07 million baht
	Sold amount 3.68 million baht	- million baht
9. Stanley Electric Do Brazil LTDA	Sold amount 20.42 million baht	- million baht
	Design and Development fee 0.01 million baht	- million baht
	Other Income 0.01 million baht	- million baht
10. Stanley Iwaki Works Ltd.	Purchased amount 80.39 million baht	- million baht
	Sold amount 2.17 million baht	- million baht
11. Stanley Electric (Asia Pacific) HongKong	Purchased amount 1.73 million baht	0.02 million baht
	Sold amount - million baht	- million baht
12. Wuhan Stanley Electric Co.,Ltd.	Purchased amount 1.07 million baht	- million baht
	Sold amount 12.89 million baht	2.21 million baht
13. Stanley Electric Sale of America , Inc	Purchased amount - million baht	- million baht
	Sold amount 0.03 million baht	- million baht
14. Tianjin Stanley Electric Technology Co.,Ltd.	Sold amount 12.21 million baht	17.68 million baht
	Design and Development fee 18.15 million baht	- million baht
	Other Income 0.07 million baht	- million baht

#### The approval for the related transactions

In Year 2017 , 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 2017, that have transaction may cause conflict of interest, that transaction with related parties company and normal course of business.