

Part 2

Management and corporate governance

7. Stock and Shareholder Information

7.1 Number of Authorized Capital and Paid-up Capital

The Company has a total of 681.48 million baht with 681.48 million baht of Authorized Capital, divided into 681,479,688 ordinary shares at 1 baht par value.

7.2 Shareholders

List of Major Shareholders as of book closing date (October 16, 2019)

- Top 10 Shareholders

No.	Name	Shares Hold	Share Ratio (%)*
1	Mr. Vorathep Wongsasuthikul's Group	153,996,741	22.60%
2	Mr. Paiboon Waraprateep's Group	108,837,432	15.97%
3	Mr. Prachnon Temritikulchai's Group	35,343,779	5.19%
4	Mr. Kiet Srichomkwan	15,000,000	2.20%
5	Thai NVDR Company Limited	12,874,740	1.89%
6	Mr. Nan Kittayanuttakul	10,967,000	1.61%
7	Mr. Kansinan Pongnaruesorn	9,600,000	1.41%
8	Mr. Rudee Khankaew	5,000,000	0.73%
9	Mr. Nurak Mahattanaanon	5,000,000	0.73%
10	Mr. Wichapon Sincharoenkul's Group	3,470,500	0.51%
	Total	360,090,192	52.83%

- Major Shareholders with Important Roles in Setting Management Policies

No.	Name	Shares Hold	Share Ratio (%)
1	Mr. Vorathep Wongsasuthikul's Group	153,996,741	22.60%
2	Mr. Paiboon Waraprateep's Group	108,837,432	15.97%
3	Mr. Prachnon Temritikulchai's Group	35,343,779	5.19%
	Total	298,177,952	43.75%

7.3 Dividend Payment Policy

The company has a policy to pay dividends by no less than one-third of annual net profit after deduction of accrued losses (if any) according to business-specific financial statements. As for subsidiaries, a policy is in place for dividends to be paid by no more than 100 percent of net profit.

8. Management Structure

8.1 Board of Directors

The names of members of the Board of Directors are as follows:

Names of Members of the Board of Directors

Director Name	Board of Directors	Audit Committee	Risk Management Committee	Remuneration Committee
1. Mr. Vorathep Wongsasuthikul	Chairman		Director	Chairman
2. Mr. Paiboon Waraprateep	Director		Director	
3. Mr. Prachnon Temritikulchai ^{*1}	Director		Director	
4. Mrs. Suchada Sodthibhaphkul	Director		Chairman	
5. Mr. Yanyong Tawarorit	Director	Chairman		
6. Mr. Chayut Sueptrakul ^{*2}	Director	Director	Director	
7. Mr. Surabhon Kwunchaithunya ^{*3}	Director	Director		Director
8. Mr. Sompup Rangubtook ^{*4}	Director	Director		
9. Mr. Pattarapol Wongsasuthikul ^{*5}	Director		Director	
10. Miss Chalengkwan Wongsasuthikul	Director			
11. Mr. Prawit Waraprateep ^{*6}	Director		Director	
12. Mr. Pasithphol Temritikulchai ^{*7}	Director			

Remarks:

1. Mr. Prachnon Temritikulchai resigned from the Board of Directors and member of the Risk Management Committee since October 31, 2019.
2. Mr. Chayut Sueptrakul resigned from the Board of Directors and member of the Audit Committee and the Risk Management Committee since May 8, 2019.
3. Appointed Mr. Surabhon Kwunchaithunya as the member of the Remuneration Committee since February 22, 2019.
4. Appointed Mr. Sompup Rangubtook as the Board of Directors and the member of Risk Management Committee since May 14, 2019.
5. Appointed Mr. Pattarapol Wongsasuthikul as the member of Risk Management Committee since February 22, 2019.
6. Appointed Mr. Prawit Waraprateep as the member of Risk Management Committee since February 22, 2019.
7. Appointed Mr. Pasithphol Temritikulchai as the member of the Board of Directors since November 12, 2019

Director Name	Position	2019 Board of Directors' Meeting No. in Attendance/No. of Meetings	2019 Audit Committee Meeting No. in Attendance/No. of Meetings	2019 Risk Management Committee Meeting No. in Attendance/No. of Meetings	2019 Remuneration Management Committee Meeting No. in Attendance/No. of Meetings
1. Mr. Vorathep Wongsasuthikul	- Chairman - Executive Director - Member of the Risk Management Committee - Chairman of the Remuneration Director	5/5	-	4/4	1/1
2. Mr. Pailoon Waraprateep	- Vice Chairman - Director - Member of the Risk Management Committee	5/5	-	4/4	
3. Mr. Prachnon Temritikulchai	- Vice Chairman - Director - Member of the Risk Management Committee	3/5	-	3/4	
4. Mrs. Suchada Sodthibhaphkul	- Independent Director - Chairman of the Risk Management Committee	5/5		4/4	
5. Mr. Yanyong Tawarorit	- Independent Director - Chairman of the Audit Committee	5/5	6/6		
6. Mr. Chayut Sueptrakul	- Independent Director - Member of the Audit Committee - Member of the Risk Management	2/5	3/6	1/4	
7. Mr. Surabhon Kwunchaithunya	- Independent Director - Member of the Audit Committee - Member of the Remuneration Director	4/5	6/6		1/1
8. Mr. Sompup Rangubtook ^{*1}	- Independent Director - Member of the Audit Committee	2/5	2/6		
9. Mr. Pattarapol Wongsasuthikul	- Board of Director - Director - Chief Executive Officer	4/5		3/4	
10. Miss Chalangkwan Wongsasuthikul	- Board of Director - Director	5/5			
11. Mr. Prawit Waraprateep	- Board of Director - Director	4/5		3/4	
12. Mr. Pasithphol Temritikulchai ^{*2}	- Board of Director	1/5			

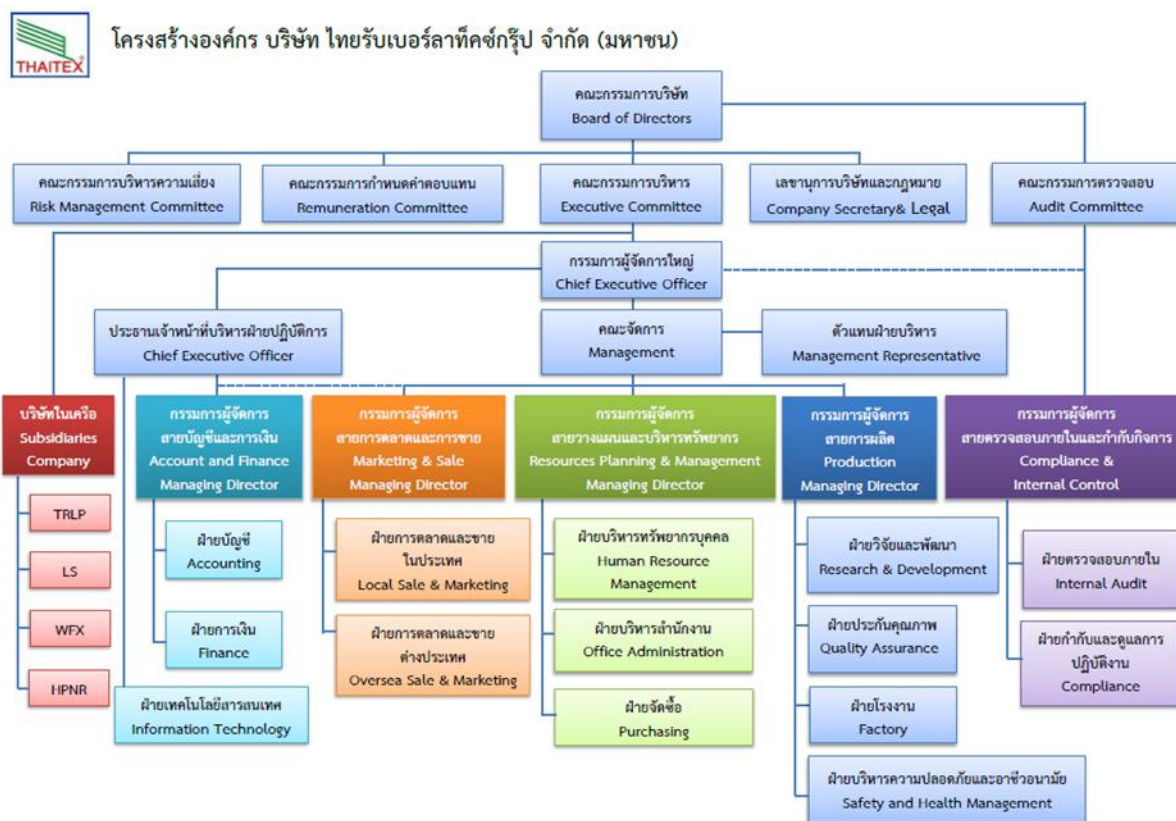
Remarks:

1. Mr. Sompup Rangubtook is Board of Director since May 14, 2019.
2. Mr. Pasithphol Temritikulchai is Board of Director since November 12, 2019.

8.2 Executives

As of December 31, 2019, the company had the following seven executives:

Executive Name	Position
1. Mr. Vorathep Wongsasuthikul	Chairman
2. Mr. Paiboon Waraprateep	Vice Chairman
3. Mr. Pattarapol Wongsasuthikul	Director / Chief Executive Officer
4. Mr. Vanchai Sriherunrusmee	Chief Executive Officer of Operations
5. Miss Chalongkwan Wongsasuthikul	Director / Managing Director Resource Planning and Management
6. Mr. Prawit Waraprateep	Director / Managing Director Compliance & Internal Control
7. Mr. Suvasitthi Dewan	Managing Director of Marketing & Sales



8.3 Company Secretary

The company has Miss Chalongkwan Wongsasuthikul, the Director and Managing Director Resource Planning and Management, as the company's secretary.

8.4 Remuneration for Directors and Executives

(1) Monetary Remuneration

- Remuneration for directors is composed of salaries and meeting attendance fees as approved by the annual general meeting of shareholders of 2019, which equals a budget of 8,000,000 baht per year. In 2019, the actual remuneration paid to directors was 5,828,500 baht.

Name	Position	Director's Remuneration in 2019
1. Mr. Vorathep Wongsasuthikul	- Chairman - Executive Director - Member of the Risk Management Committee - Chairman of the Remuneration Director	1,205,000
2. Mr. Paiboon Waraprateep	- Vice Chairman - Vice Executive Director - Member of the Risk Management Committee	1,170,000
3. Mr. Prachnon Temritikulchai	- Vice Chairman - Vice Executive Director - Member of the Risk Management Committee	1,068,500
4. Mrs. Suchada Sodthibhaphkul	- Independent Director - Chairman of the Risk Management Committee	342,000
5. Mr. Yanyong Tawarorit	- Independent Director - Chairman of the Audit Committee	398,000
6. Mr. Chayut Sueptrakul	- Independent Director - Member of the Audit Committee - Member of the Risk Management	155,000
7. Mr. Surabhon Kwunchaithunya	- Independent Director - Member of the Audit Committee - Member of the Remuneration Director	380,000
8. Mr. Sompup Rangubtook	- Independent Director - Member of the Audit Committee	180,000
9. Mr. Pattarapol Wongsasuthikul	- Board of Director - Director - Chief Executive Officer	310,000
10. Miss Chalangkwan Wongsasuthikul	- Board of Director - Director - Managing Director Resource Planning and Management	290,000
11. Mr. Prawit Waraprateep	- Board of Director - Director - Managing Director Compliance & Internal Control	310,000
12. Mr. Pasithphol Temritikulchai	- Board of Director	20,000
Total		5,828,500

Remarks:

* Mr. Pasithphol Temritikulchai is appointed as Board of Director since November 12, 2019

- Remuneration for executives is composed of salaries, bonuses and transportation fees. In 2019, the total amount of remuneration for executives for the company and subsidiaries amounted to 33 million baht.

(2) Other Remuneration

- Other directors' remuneration

-None-

- Other executives' remuneration includes the provident fund. The company established a provident fund in which the company provides 3 and 5 percent reimbursements based on employee work age (as stipulated by the company's regulations) of the employees' salaries. In 2019, the company and subsidiaries paid provident reimbursements to four executives, a total of 963,696 baht.

8.5 Personnel

The company has a total of 114 employees and executives. The main line of work is the factory department with 674 employees. Total remunerations for personnel in 2019 amounted to 194 million baht, covering salary, daily wages, overtime fees, bonus and others.

Human Resources Management Policy

The company has policy concerning human resources management for the mutual benefit of employees and the company as follows:

1. Activities are carried out firmly in line with the business philosophies, vision, mission and values of the company.
2. Priority is given to employees who are recognized as valuable resources contributing to the growth and sustainability of the company.
3. Knowledgeable and competent personnel with potential and good outlooks are sought to become a part of the company's business.
4. The knowledge, abilities and skills of employees are constantly promoted for improvements in line with the required duties, responsibilities and necessities of the company. Furthermore, conscience, attitudes and values in being a part of "THAITEK" are continuously fostered.
5. Employee satisfaction is promoted with consideration to administrative feasibility and reasonable and fair payment of benefits and remunerations.
6. Good relations are promoted between co-workers and between employees and the company in order to ensure lasting contentment in employees and the company.

Labor Relations Policy

Under the human resources management policy, the company has set in place a labor relations policy covering the following cases:

1. Strictly adhere to the laws and regulations of the government and the company.
2. Respect the rights of employees under various laws and regulations in order to ensure peace and order in the company's business as well as the peace and order of society.
3. Promote activities that facilitate good co-worker and employee-company relations built on good understanding, generosity and reason.
4. Promote social responsibility in employees and the company in regards to environmental conservation and regular participation in social activities, religious activities and community activities.

The company considers the company's employees to be highly valued, essential resources for the success of the company. Thus, the company continuously focuses on the development of the company's personnel in order to provide employees with knowledge, skills and abilities that are suitable for their assigned work duties and responsibilities for the achievement of maximum effectiveness. Employees are developed in terms of knowledge and abilities in work and work processes, while good conscience and morals in their treatment of colleagues, the company and trade partners are fostered.

In 2019, the company engaged in activities to develop and increase work knowledge, skills and abilities by providing training inside the company and regularly sending employees for outside training, as necessary, based on the suitability of personnel in each agency and at every level and line of work.

1. Performance development

The company arranges the development of personnel in both main lines and the support line, especially the main line, which has organized training course on operational knowledge, both theory and practice, by experts to improve skills and ability to perform each task in order to enhance specific skills. In addition, there is a regular review of key performance indicators to be consistent with the company's policies.

2. Empowering employees' potential development

The idea is everyone has the potential to be able to be used without limit if they have been supported and got opportunity from the company to demonstrate the potential through quality activities, such as 5S activities and suggestion activities.

3. Maintenance of personnel with potential in the company

The company has taken care of talented and highly capable employees and provided opportunities for growing in professional fields by setting clear criteria and requiring

implementation every year. In addition, there is individual development, especially for supervisors and above and also improving performance by using key performance indicators (KPIs) to measure competency and work behavior of employees, which is a tool for maintaining, treating and developing the capability of the employees. The employees who have the core competency that the company desires are as follows:

- Learning and self-developing continually to improve the company as learning organization
- Focusing on ethics to promote the operation in accordance with the principles of good corporate governance
- Satisfying customers by providing good customer service
- Focusing on results for setting goals in order to evaluate success and formulating plans to achieve goal

4. Succession Plan

The company focuses on internal recruiting rather than external recruitment, especially the position in the main line through the promotion process according to the criteria determined by the performance and potential. The company has prepared for person who is a successor in the development of knowledge, ability and skills required by the job position.

9. Corporate Governance

The company systematically organizes operational and management structures and processes in regards to corporate governance with separation of duties and responsibilities based on knowledge, abilities and experience in business and products in each work unit of the company and its subsidiaries in order to boost competitive capacity and achieve growth with long-term added value for shareholders and consideration of all stakeholders.

9.1 Corporate Governance Policy

9.1.1 The company invests in a total of 6 companies as follows:

- | | |
|---|------------------------|
| 1. Thai Rubber Latex Group Company Limited (Shanghai) | 100.00 % share-holding |
| 2. Thai Rubber Land and Plantation Company Limited | 99.99 % share-holding |
| 3. Thai Rubber HPNR Company Limited | 99.99 % share-holding |
| 4. World Flex Public Company Limited | 99.99 % share-holding |
| 5. Latex Systems Public Company Limited | 56.16 % share-holding |
| 6. Myanmar Thai Rubber Joint Corporation Limited | 64.00 % share-holding |

9.1.2 Joint Company of the company in in a total of 1 company as follows:

- | | | |
|---|-------|---|
| 1. Wang Somboon Rubber Plantation Company Limited | 48.43 | % |
|---|-------|---|
- share-holding

The company has sent knowledgeable, skilled and experienced people to oversee the management of each subsidiary, and subsidiaries are required to hold meetings to report progress to the company at least once a year as follows:

1. Executive directors are to hold joint meetings with the parent company and subsidiaries at least once monthly.
2. Executive directors and managers of factories, sales, marketing and finance are to hold a joint video conference every Monday morning.
3. Executive directors in the parent company tracks progress by regularly visiting each factory as deemed fit.

9.2 Sub-committees

The company has set in place a management structure composed of five sub-committees as follows:

- | | |
|----------------------------------|------------|
| 1. Board of Directors | 12 members |
| 2. Board of Executives Committee | 6 members |
| 3. Audit Committee | 3 members |
| 4. Remuneration Committee | 2 member |
| 5. Risk Management Committee | 6 members |

The Board of Directors has appointed highly knowledgeable and experienced as Chief Executive Officer and Directors. These people are as follows:

1. Mr. Pattarapol Wongsasuthikul Chief Executive Officer/Acting Managing Director of Production
2. Mr. Prawit Waraprateep Managing Director of Compliance & Internal Control
3. Miss Chalongsuan Wongsasuthikul Managing Director of Resource Planning and Management

Furthermore, the company has appointed two additional high-ranking executives to relieve the burdens of the Chief Executive Officer. They are named as follows:

1. Mr. Vanchai Sriherunrasmee, Chief Executive Officer of Operations responsible for support work and operations.
2. Mr. Suvasitthi Dewan, Managing Director of Marketing & Sale responsible for marketing and sales.

(1) Board of Directors

The Public Company Limited Act, B.E. 2535 (A.D. 1992), Section 6 regarding the company directors, Section 67-Section 97, indicates the number of the members of the Board of Directors, qualifications, election, meeting, dismissal from office, and the power and duties of the Board of Directors under Section 77 to ensure that the company management meets the objectives, articles of associations and resolutions of the shareholders' meeting, and Section 85 indicates the duties in relation to the company management that the Board of Directors must perform their duties according to the law, objectives and articles of associations of the company as well as the shareholders' meeting resolutions with integrity, honesty, and precaution to maintain the company's benefits.

In addition to the power and duties in management, prohibited practices as well as the liability for damage incurred to the company have also been determined.

The 12 member of Board of Directors are as follows:

1. Mr. Vorathep Wongsasuthikul Chairman
2. Mr. Paiboon Waraprateep Vice Chairman
3. Mr. Prachnon Temritikulchai Vice Chairman (resigned on October 31, 2019)
4. Mr. Yanyong Tawarorit Independent Director and Chairman of the Audit Committee
5. Mrs. Suchada Sodthibhaphkul Independent Director
6. Mr. Chayut Sueptrakul Independent Director (resigned on May 8, 2019)
7. Mr. Sompup Rangubtook Independent Director (appointed on May 14, 2019)
8. Mr. Surabhon Kwunchaithunya Independent Director
9. Mr. Pattarapol Wongsasuthikul Chief Executive Officer

- | | |
|-------------------------------------|---|
| 10. Mr. Prawit Waraprateep | Director |
| 11. Miss Chalongkwan Wongsasuthikul | Director and Secretary |
| 12. Mr. Pasithphol Temritikulchai | Director (appointed on November 12, 2019, replacement of Mr. Prachnon Temritikulchai) |

Scope of the Board of Directors' power and duties

1. Determine the policies and directions of the company's operation in accordance with the law, objectives, articles of associations of the company as well as the shareholders' meeting resolutions
2. Control and take care of the management to ensure the efficient and effective compliance with the determined policies to maintain the benefits of the company, shareholders, policyholders, and other stakeholders
3. Coordinate between the shareholders and the management and prevent conflicts of interest between the company and the management
4. Supervise the investment, business expansion, provision, sale or transfer of assets which have material effects on the company
5. Take part in the Board of Directors' meetings, appoint and dismiss the executive management, select and propose the persons for election of the members of the Board of Directors by the shareholders
6. Propose the auditors for the consideration of nomination by the shareholders and disclose accurate information under the legal provisions
7. Have any power indicated in the memorandum of association, articles of association and legal provisions

Except for the following issues for which the Board of Directors must seek an approval from the shareholders prior to operation

1. The issues which are indicated by the law that the shareholders' resolutions must be obtained.
2. The making of connected transactions of which values are equal to or higher than 20 million Baht or 3% of NTA, whichever is higher
3. The purchase or sale of material assets of which values are 50% of the total assets of the listed company or more
4. The provision of financial assistance to related persons of which values are equal to or higher than 100 million Baht or 3% of NTA, whichever is lower

Remark: NTA (Net Tangible Assets)

= Total assets – total liabilities – intangible assets – minority shareholders' equity (if any)

(2) Board of Executives Committee

The Board of Directors appoints as Executive Committee consisting of at least 5 directors. In 2019, the 6 members of the Executive Committee include:

1. Mr. Vorathep Wongsasuthikul
2. Mr. Paiboon Waraprateep
3. Mr. Prachnon Temritikulchai (resigned on October 31, 2019)
4. Mr. Pattarapol Wongsasuthikul
5. Mr. Prawit Waraprateep
6. Miss Chalengkwan Wongsasuthikul

The company has made the regulations of work and operational power as the framework for management according to the following power and duties:

Scope of the Management Committee's power and duties

1. Consider the determination of goals, policies, planning, and allocation of annual budgets as proposed by the management before proposing it to the Board of Directors for approval. This includes the consideration of approval of change or addition of annual budget while there is no Board of Directors' meeting and proposes it to the Board of Directors for acknowledgement in the next meeting.
2. Have the chief of each department who is responsible for business and activities report the results of their operations to the Management Committee on monthly basis.
3. Approve the expenditure according to the company's plans
4. Approve the expenditure for investment as indicated in the annual budget or as approved by the Board of Directors in the annual budget or as approved by the Board of Directors in principle
5. Approve the investment principles for business expansion as well as joint venture with other business operators and propose it to the Board of Directors for approval in the next meeting
6. Approve the appointment of authorized signatories for cheques or money order documents of the company
7. Be the consultants for the management regarding the policies on production, marketing, finance, personnel, and other operations
8. Approve the appointment, transfer and dismissal of employees
9. Perform any action as assigned by the Board of Directors

(3) Audit Committee

The company directors have selected the Audit Committee consisting of 3 independent directors and at least 1 director who is an accounting and financial expert as follows:

- | | | |
|----|-----------------------------|--|
| 1. | Mr. Yanyong Tawarorit | Chairman of the Audit Committee |
| 2. | Mr. Chayut Sueptrakul | Audit Committee (resigned on May 8, 2019) |
| 3. | Mr. Sompup Rangubtook | Audit Committee (Appoint to replace Mr. Chayut Sueptrakul) |
| 4. | Mr. Surabhon Kwunchaithunya | Audit Committee |

Jarucha Rompothong, the Internal Audit Manager, acts as the secretary. The Audit Committee has made the Audit Committee Charter which has been proposed to the Board of Directors for approval and enforced it on the related persons as assigned by the Board of Directors.

Scope of the Audit Committee's power and duties

1. Review that the company has correct, complete and reliable financial reports and disclose sufficient information
2. Review that the company has appropriate and effective internal control system, risk management system and internal audit system
3. Review that the company effectively and appropriately performs the policy on good corporate governance and business ethics
4. Review that the company complies with the law on securities and the Stock Exchange of Thailand, provisions of the Stock Exchange of Thailand and other laws related to the company's business
5. Consider appointing and dismissing the company's auditor and propose the auditor's remuneration
6. Consider whether the connected transactions have been conducted in compliance with the laws and provisions of the Stock Exchange of Thailand to ensure that they are reasonable and beneficial for the company
7. Supervise the operations of the Internal Audit Department at the policy level and the internal audit operations by approving the Charter, independency and the scope and the audit plans of the Internal Audit Department
8. Consider the appointment, transfer, dismissal of the chief of the Internal Audit Department as well as evaluating the performance of the chief of the Internal Audit Department and approving the remuneration of the chief of the Internal Audit Department considered by the executive management of the company
9. Consider and review the results of audit and recommendations of the auditor and the Internal Audit Department as well as following up to ensure that the

management take appropriate action in response to such recommendations efficiently and in timely manner

10. The Audit Committee can invite the management or the employees of the company to report or present their information, attend the meeting or submit the documents as deemed appropriate and necessary.
11. If necessary, the Audit Committee may seek advice from the external consultants or professional experts regarding the audit operation of which costs will be borne by the company
12. Review and revise the Audit Committee Charter at least once a year or as necessary to update and adjust it to suit the organizational environment and propose it to the Board of Directors for approval
13. Prepare the reports of the Audit Committee which consist of the information, opinions of the Audit Committee on each issue which should be disclosed in the company's annual reports. The reports must be signed by the President of the Audit Committee.
14. Any other actions assigned by the Board of Directors under the approval of the Audit Committee. The management must prepare the reports or present the related information and documents to support the operations of the Audit Committee in order for them to achieve the assigned duties.

(4) Remuneration Committee

The Board of Directors has appointed the Remuneration Committee who is two of the company director as follows:

1. Mr. Vorathep Wongsasuthikul Chairman of the Remuneration Committee
2. Mr. Surabhon Kwunchaithunya Member of the Remuneration Committee

The company's secretary acts as the secretary of the Remuneration Committee.

Scope of the Remuneration Committee's power and duties

1. Determine the policies, criteria and methods for nomination of the directors and the executive management to be proposed to the Board of Directors for approval
2. Determine the policy on remuneration and other benefits including other remuneration and benefits for the directors and the executive management. The policy must contain clear and transparent criteria for being proposed to the Board of Directors for approval. Also, the policy must be submitted to the competent authorities upon request.

3. Determine the guidelines for evaluation of performances of the directors and the executive management in consideration of annual adjustment of remuneration on the basis of related duties, responsibilities and risks and consider adding value of the shareholders' equity as part of evaluation
4. Perform other actions as assigned by the company directors

(5) Risk Management Committee

The Board of Directors have appointed the Risk Management Committee by selecting 3 member of the Board of Directors and 3 Executive Directors, making a total of the following 6 members:

1. Mr. Vorathep Wongsasuthikul
2. Mr. Paiboon Waraprateep
3. Mrs. Suchada Sodthibhaphkul
4. Mr. Prawit Waraprateep (appointed on February 22, 2019)
5. Mr. Pattarapol Wongsasuthikul (appointed on February 22, 2019)
6. Mr. Vanchai Sriherunrusmee

Chief Executive Officer of Operations acts as the secretary of the Risk Management Committee. The main missions of the Risk Management Committee are determination of the scope of work system used to control the material risks which can affect the company's operations and preparation of the preventive strategies which can be implemented appropriately and proposed it to the Management Committee as well as improving and supporting essential tools used for better risk control.

Scope of the Risk Management Committee's power and duties

The Risk Management Committee work independently and directly report to the Management Committee. Their power and duties are as follows:

1. Determine the policies and plans on risk management of the business group to be proposed to the Management Committee for consideration of the overall risk management. The policies and plans must cover all kinds of material risks such as credit risks, market risks, liquidity risks, foreign exchange risks, price risks, and any risks which may affect the reputation of the business group.
2. Determine strategies in accord with the risk management policies. Be able to assess, monitor and take care of the amount of risks of the business group at an appropriate level
3. Control, monitor, examine, assess the risk management results, and ensure that the companies under the business group comply with the determined the risk management policies

4. Review the appropriateness of the policies and the risk management system including the efficiency of the system and its compliance with the determined policies

9.3 Nomination and appointment of directors and executive management

The company has 2 methods of nomination and appointment of directors and executive management as follows:

Method 1: The number of the members of the Board of Directors depends on the shareholders' resolution and suitability for management; however, there must be at least 5 directors according to the law on public company limited.

Method 2: The Board of Directors will act as the Nominating Committee to nominate experienced, knowledgeable and skillful persons who have the backgrounds and qualifications as indicated by the law on public company limited to replace the retired or resigned directors or to add or to reduce the number of directors as deemed appropriate for the expanded or downsized business. The nomination will be presented to the shareholders' meeting for further consideration.

9.4 Governance of the operations of the subsidiaries and associated company

The company governs the operations of the subsidiaries and associated company systematically as follows:

- 1) The company has appointed the knowledgeable and skillful persons to be the company directors and executive officers in each subsidiary to determine the policies and manage it. The authorized persons have to report and attend the meetings with the Management Committee of the holding company at least once a month. The executive officers at other levels will have the meetings together occasionally.
- 2) Regarding the results of operations, the subsidiaries must submit the financial report on monthly basis to make the consolidated financial statements with the holding company for monitoring and analyzing the monthly results of operations of the subsidiaries.
- 3) In each month, after the financial statements have been added to the consolidated financial statement of the holding company, they must be sent to the Internal Audit Department for analysis and examination of each transaction or issue before reporting them to the Audit Committee who will examine whether the financial status contains the connected transactions prior to proposing them to the Board of Directors' meetings.
- 4) The directors in the subsidiaries who have been appointed for management and control of the subsidiaries do not have the power to reduce the capital,

increase the capital, cease or expand the business without an approval of the Board of Directors of the holding company.

- 5) The company and the other shareholders in the management of the subsidiaries and the associated company who do not have any written agreement must attend the shareholders' or Board of Directors' meeting only.

9.5 Control of the use of internal data

The company prohibits the management or the division which are aware of the internal data to disclose it to the third parties or irrelevant persons.

9.6 Remuneration of the auditor

The company and the subsidiaries have selected the auditor from KPMG Phoomchai Auditing Co., Ltd. to audit the financial statements of the year 2019. The audit fee is as follows:

(1) Audit fee

Unit: Baht

No.	Paying company	Name of auditor	Audit fee
1	Thai Rubber Latex Group PCL.	Mr. Vairoj Jindamaneepitak Mr. Yoottapong Soontalinka Mr. Bunyarit Thanormcharoen	3,000,000
2	World Flex PCL.	Mr. Vairoj Jindamaneepitak Mr. Yoottapong Soontalinka Mr. Bunyarit Thanormcharoen	900,000
3	Thai Rubber Land and Plantation Co., Ltd.	Mr. Vairoj Jindamaneepitak Mr. Yoottapong Soontalinka Mr. Bunyarit Thanormcharoen	690,000
4	Thai Rubber HPNR Co., Ltd.	Mr. Vairoj Jindamaneepitak Mr. Yoottapong Soontalinka Mr. Bunyarit Thanormcharoen	190,000
5	Wang Sombun Rubber Plantation Co., Ltd.	Mr. Vairoj Jindamaneepitak Mr. Yoottapong Soontalinka Mr. Bunyarit Thanormcharoen	100,000
6	Latex Systems PCL.	Mr. Vairoj Jindamaneepitak Mr. Yoottapong Soontalinka Mr. Bunyarit Thanormcharoen	1,800,000
7	Thai Rubber Latex Group Company Limited. (Shanghai)	ZhouQin (10,000 RBM) 4.46	44,600
Total remuneration from the audit fee			6,724,600

(2) Non-Audit fee

9.7 Compliance with other principles of Good Corporate Governance

-None-

10. Corporate Social Responsibilities (CSR)

Thai Rubber Latex Group Public Company Limited has business principles balancing between economic growth and society and the environment development for sustainable and strong growth regarding to the interests of all groups of stakeholders. The company, therefore, integrates social responsibility conducting business clearly in order to balance the economy, society and environment with Corporate Social Responsibility Policy (CSR) under the principles of good corporate governance to lead to a successful and sustainable business operation and becoming the company procuring concentrated latex. Therefore, the company attaches importance to the development of production processes that reduce pollution to achieve the success of the business, not just seeking business value added but also determined to create value for the community, society and environment as well. Moreover, the company also participated in meeting with other companies on CSR to find common ways to conduct business.

The company has established a vision, goal, strategy for assessing business risk and reflecting the operation known as CSR-in-process, which is corporate social responsibility that the company runs business with responsibility, such as preventing or eliminating pollution in the production process, not to affect community, providing products and services with quality and standards, compensation for damage to customers caused by mistakes. These responsibilities are considered to be activities during normal working hours of business.

Throughout the period of its business operation, Thai Rubber Latex Group Public Company Limited and the subsidiaries have intended to express responsibilities, supports, assistance for the local community where the company has entered or established its office for business operations. The company supports the public health, environmental and educational activities, assists the victims of crisis, participates in religious activities, and creates profession to the local residents. As a private organization, the company wishes to see the nearby communities full of happiness by allowing them to create happiness with the company through the following projects:

10.1 Youth and educational development

The project titled “Thai Rubber reduces hardship. The society is happy. The environment is fresh.” has been initiated by the company’s idea that schools should be

able to generate their own income which can be used for improvements of their lives and education as well as increasing the green space in the community. Each school was asked to find the area of up to 20 rai which can be either the school area or community area for rubber planting. The company would have taken care of the planting and treatment of the rubber trees for at least 6 years or until the rubber tapping is possible. All expenses incurred by this project were borne by the company. In addition, the company has cooperated with the community in taking care of the plantation and purchased all products. The income obtained from the sale would belong to the schools and they could manage it by themselves.

Objectives

1. To promote the sustainable good living of the local residents
2. To help the schools be able to generate their own income for development without awaiting the government's subsidies
3. To promote learning of complete rubber planting and caring to teachers, students and local residents
4. To expand the green area to the local communities, which may help curve the global warming
5. To promote the living quality of students, teachers and communities in the long run

Project period

- At least 6 years, commencing from 2009 or until the rubber trees are ready for being tapped

Participants

- Thai Rubber Latex Group Public Company Limited and the subsidiaries
- Participating schools by teachers and students
- Local communities where the schools are located
- The government authorities where the communities are located

Project places

- | | | |
|-------------------------|-----------|--|
| 1. Ban Mareua School | Location: | Village No. 1, Ban Maelua Village,
Tha Khaoplueak Sub-district, Mae Chan
District, Chiang Rai Province
Area of rubber planting 10 rai |
| 2. Ban Maephaeng School | Location: | Village No. 5, Banden-Tha Khaoplueak Road,
Mae Chan District, Chiang Rai Province |

- | | |
|--|--|
| 3. Ban Tubkumanthong School Location: | Area of rubber planting 20 rai
Village No. 8, Ban Tubkumanthong
Khaoplueak Sub-district, Mae Chan
District, Chiang Rai Province |
| 4. Mae Lak Neon thong School Location: | Area of rubber planting 20 rai
Village No. 6, Tha Khaoplueak Sub-
district, Mae Chan District, Chiang Rai
Province
Area of rubber planting 6 rai |

Results of the operations

- | | |
|------------------------------|--|
| 1. Ban Mareua School | started operation from 2009 to present |
| 2. Ban Maephaeng School | started operation from 2009 to present |
| 3. Ban Tubkumanthong School | started operation from 2009 to present |
| 4. Mae Lak Neon Thong School | started operation from 2009 to present |

10.2 Promotion and development of the disabled's quality of life in 2019 under Section 35

The company realizes the importance of social responsibilities of all sectors, and the company always takes these responsibilities into consideration along with the business operations. While having to contribute the funds to the government agencies as required by the law, the company has come up with an idea to create the project "Promotion and development of the disabled's quality of life in 2019 under Section 35" to provide direct assistance to the disabled people so that they can spend the funds gained from the company to generate more income and take care of their families without reliance on the society.

Objectives

1. To express the company's social responsibilities
2. To help the disabled people to be able to earn a living and take care of their families without reliance on the society
3. To assure that the income will be directly received by the disabled persons without passing through any agents, which will benefit themselves the most
4. To help the government to provide assistance to the society

Project period

- January – December 2019

Participants

- The company and the subsidiaries
- The disabled people selected by the project
- Social Innovation Foundation

The method of providing funds (for one year)

The company will provide the funds to the disabled people who have registered as legal disabled. Social Innovation Foundation acts as the coordinator in selecting 4 disabled persons to receive the funds. Each of them receives 112,420 Baht, making a total of 449,680 Baht. The funds will be given directly to the selected disabled persons by the company.

10.3 Projects food raising and support for the underprivileged and disabled people

The company is committed to social responsibility and in all sectors that the company will provide assistance or support to the underprivileged society as appropriate as the company can operate. This is a part of creating and promoting a livable society by raising food and providing necessities and consumer goods that are needed to disadvantageded nurseries every year

Objectives

1. To support, help alleviate social burden from the public sector.
2. To support to underprivileged living happily.
3. To promote and sharing the creation of a livable society.
4. To support the corporate social responsibility policy

Goals

1. Disabled people receive happiness and consumer goods
2. Employees are involved in activities being proud of the company
3. The company has continuously implemented social responsibility activities.

Project period

- once a year (on October 18, 2019)

Procedures

The company will consider selecting a location to carry out the project each year. In 2019, the company chose an underprivileged child protection facility to feed and provide the necessities and consumer goods in order to suit the needs of each person according to needs and ages in the place, operating annually at the appropriate time

Project place

Ban Bangpakong Home for the disabled Location: Songklong Sub-district,
 Bangpakong District, Chachoengsao
 Province

Results of the project

In 2019, the company arranged the project on October 18, 2019 at Ban Bangpakong Home for the disabled in Songklong Sub-district, Bangpakong District, Chachoengsao Province, providing lunch and consumer goods for disabled people, 320 men in total who are

1. 18 years old and older
2. Not having a serious contagious disease
3. Having a disability condition that cannot help themselves in daily life
4. Lack of sponsors, homeless, having financial problems or unable to live with family

The institution provided care services as follows:

1. Providing support to the disabled including housing, food, clothing and medicine
2. Providing medical rehabilitation
3. Improving physical, mental, emotional, and social development
4. Developing and managing the organization to be more efficient and modern

Also, the institution has other services as follows: Social Service, Healthcare Physical therapy, occupational therapy and legal action when the disabled dies

10.4 Projects for encouraging youths and sports support

Thai Rubber Latex Group Public Company Limited gave support activities for employees and communities every year for good health. In the year 2019, sports activities were organized in Khun Talay Sub-district, Surat Thani Province, 30 participants in the competition receiving many awards.

11. Internal control

Summary of the opinions of the company directors on the company's internal control system internal control

The company realizes the importance of the internal control system as it acknowledges that the internal control is an essential mechanism which can drive the company to achieve the goals of its business effectively and efficiently, the use of resources and maintenance of assets, financial report, compliance with the laws, regulations and provisions as well as preventing or reducing the risks of any action which may jeopardize the company. The Board of Directors has determined the roles and duties of each committee and the management. In addition, they will monitor the operations to ensure the compliance with the assigned duties. The organizational structure and chain of command have been created to balance the power and for appropriate internal control. The business goals and key performance indicators have also been indicated for performance evaluation and comparison of the results of operations with the determined goals.

The company has also determined the policies on good corporate governance, business ethics and the code of conduct of the directors, the management and the employees of the company, the anti-corruption policy and the written complaint policy. Furthermore, the employees are encouraged to be aware of the policies and comply with them strictly. The training is provided to the employees on annual basis to ensure transparency of work and fairness to all groups of stakeholders. The monitoring processes and penalties have been arranged, and the written power manual and operation manual are reviewed and prepared to be used as the guidelines for operations of the employees of all levels and for the business liquidity based on the scope of their duties and responsibilities and appropriate internal control system.

The Board of Directors has determined that the Audit Committee supervises the internal control system, the risk management system, and the corporate governance system of the company to ensure appropriateness and efficiency. Also, the Audit Committee will examine whether the company complies with the related laws and regulations, prevent conflicts of interest, monitor the making of connected transactions and the maintenance and utilization of assets to prevent corruption or misconduct. The company has the mechanism for examining and balancing by having the internal audit who works independently and reports directly to the Audit Committee to inspect and assess the effectiveness and appropriateness of the internal control system, risk management system and corporate governance system in the operation of each unit in the company and the subsidiaries. The internal control system applies the COSO (The Committee of Sponsoring Organizations of the Tread Way Commission) standards, the framework of Enterprise Risk

Management, and the principles of good corporate governance indicated by the Stock Exchange of Thailand and Thai Institute of Directors (IOD) and Organization for Economic Co-operation and Development (OECD) in the internal control system for more complete risk management and good corporate governance to ensure the most effective and efficient operations of the company.

In addition, the company evaluates the appropriateness of the internal control system on annual basis according to the guidelines of the Office of the Securities and Exchange Commission under the framework of the internal control of the Stock Exchange of Thailand which refer to Issue 17, 5 elements and 20 sub-principles of COSO (The Committee of Sponsoring Organizations of the Tread Way Commission). 2019, the company did not find any significant errors in its internal control system. The details are as follows:

Element 1 Governance and Culture

- Principle 1 Exercise Board Risk Oversight
- Principle 2 Establishes Operating Structures
- Principle 3 Defines Desired Culture
- Principle 4 Demonstrates Commitment
- Principle 5 Attracts, Develops, and Retains Capable Individuals

Element 2 Strategy and Objective Setting

- Principle 6 Analyzes Business Context
- Principle 7 Defines Risk Appetite
- Principle 8 Evaluates Alternative Strategies
- Principle 9 Formulates Business Objectives

Element 3 Performance

- Principle 10 Identifies Risk
- Principle 11 Assess Severity of Risk
- Principle 12 Prioritizes Risk
- Principle 13 Implements Risk Responses
- Principle 14 Develops Portfolio View

Element 4 Review and Revision

- Principle 15 Assesses Substantial Change
- Principle 16 Reviews Risk and Performance
- Principle 17 Pursues Improvement in Enterprise Risk Management

Element 5 Information, Communication, and Reporting

- Principle 18 Leverages Information Systems
- Principle 19 Communicates Risk Information
- Principle 20 Reports on Risk, Culture, and Performance

The inspection of internal audit includes financial audit, compliance audit, management audit, operational audit, information technology audit, fraud audit, project/contact review, and special audit. The internal audit monitors the internal control system through the internal audit department as an inspector and also checks the results to ensure the matters found or reviewed corrected and appropriately on time. In addition, the assessment of internal control in accounting and finance has audited and present to the audit committee for consideration quarterly and yearly reviewed by a certified auditor. The internal audit did not find any significant errors.

12. Connected transactions

12.1 Connected transactions with the persons who may have the conflicts of interest in 2019

In 2019, the company had significant connected transactions with the companies and the persons who have certain common shareholders or the management. The transactions were normal trading transactions as follows:

Description of symbols

Listed company

TRUBB = Thai Rubber Latex Group Public Company Limited

Subsidiaries

LS = Latex Systems Public Company Limited. (56.16% of shares held by TRUBB)
 TRLP = Thai Rubber Land and Plantation Co., Ltd. (99.99% of shares held by TRUBB)
 WFX = World Flex Public Company Limited (99.99% of shares held by TRUBB)
 SRIT = Shanghai Runmao International Trading Co., Ltd. (100.00% of shares held by TRUBB)

Associated company

WSB = Wang Somboon Rubber Estate Co., Ltd. (48.43 % of shares held by TRLP)

Related companies

SDR = Soi Dao Rubber Estate Co., Ltd.

(1) Connected sale-purchase transactions related to normal trading

Name and relationship	Transaction description	Value (million Baht)	Necessity and reasonability
LS 56.16% of shares held by TRUBB)	TRUBB sold concentrated latex to LS for production of rubber mattresses and pillows.	183	<ul style="list-style-type: none"> - LS bought concentrated latex from TRUBB because of its good quality. - TRUBB sold at the same price as other customers did (market price).
SRIT 100% of shares held by TRUBB)	TRUBB sold concentrated latex to SRIT for trading	27	<ul style="list-style-type: none"> - SRIT is a trading company in China. Buying concentrated latex from TRUBB to expand the market. - TRUBB sold at the same price as other customers did (market price).
WSB (99.99% subsidiary of TRUBB and 48.43 % of shares held by TRUBB)	TRUBB brought field latex from WSB for production of concentrated latex.	9	<ul style="list-style-type: none"> - WSB plantation and TRUBB factory are located in the East of Thailand, the purchasing is convenient and the transportation cost is lower. - TRUBB bought at the same price as other suppliers (market price).
SDR (Group of shareholders who collectively hold 38.57% Shares in TRUBB and hold 80.42% shares in SDR)	TRUBB brought fresh latex from SDR for production of concentrated latex.	12	<ul style="list-style-type: none"> - SDR plantation and TRUBB factory are located in the North-East, the purchasing is convenient and the transportation cost is lower. - TRUBB bought at the same price as other suppliers (market price).

(2) The policy on determination of connected transaction prices

The details of the policy are disclosed in the note to the consolidated financial statements in Clause 6 Significant Transactions with Related Persons or Companies in the annual financial statements report of 2019 which have been audited by the CPA.

12.2 Necessity and reasonability of the transactions

The company has explained the necessity and reasonability of the transactions in the above tables. The Board of Directors and the Audit Committee certified the transactions on 27 February 2019.

12.3 Policy or possibility of connected transactions in the future

The company has no policy to make new transactions; however, if necessary, the transactions will be decided based on the maximum benefits of the shareholders. The transactions occurred in 2019 will continue to 2020.