

## Section 2

# Management and Corporate Governance

### 7. Assets and Shareholders

#### 7.1 No. of Registered Capital and Paid-up share Capital

##### The Company's Security

Security's Name	: SE-ED : SE-EDUCATION PUBLIC COMPANY LIMITED
Market	: SET
Industry Group	: Service
Business Category	: Media and Publishing
First Trade Date	: August 22, 1991
Authorized Capital	: THB 391,944,529; THB 1 per common share
Paid-up Capital	: THB 391,944,418; THB 1 per common share

	<i>Unit : Baht</i>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
Registered share capital :	391,944,529.00	391,944,529.00	356,313,243.00
Par value:	1.00	1.00	1.00
Paid-up share capital :			
paid-up share capital at the beginning of the period	391,944,418.00	356,313,209.00	356,313,209.00
paid-up share capital at the end of the period	391,944,418.00	391,944,418.00	356,313,209.00
Premiums on share capital :			
premiums on share capital at the beginning of the period	149,420,557.75	149,420,557.75	149,420,557.75
premiums on share capital at the end of the period	149,420,557.75	149,420,557.75	149,420,557.75

## The Subsidiary's Security

Unit: Million Baht

Detail	2014			2013			2012	
	SE-ED Book Center Co., Ltd.	Plearn Patt Co., Ltd.	BaesLab Co., Ltd.	SE-ED Book Center Co., Ltd.	Plearn Patt Co., Ltd.	BaesLab Co., Ltd.	SE-ED Book Center Co., Ltd.	Plearn Patt Co., Ltd.
Authorized Share capital	1.00	169.48	1.00	1.00	169.48	1.00	0.10	169.48
Book value (Baht per share)	10	10	10	10	10	10	10	10
Issued and paid-up share capital	1.00	169.48	0.25	1.00	169.48	0.25	1.10	169.48
SE-ED holds of share	99.99	48.97	60	99.99	48.97	60	99.93	48.97

## Shareholders

### The lists of major shareholder

- (a) The List of the top 10 shareholders, according to article 258, Securities Exchange Commission Act (B.E. 2535), as of May 23, 2014 (latest share register closed date) are as follows :

No.	Shareholders	Number of Shares	% of Paid-up Capital
1	GMM Grammy Public Company Limited	49,550,512	12.64
2	Mr. Taweechat Jurangkul	40,394,300	10.31
3	Mr. Rit Thirakomen	25,724,466	6056
4	Mr. Pongsak Sivapatrakumpol	13,129,518	3.35
5	Best Fortune Property and Loan Fund	12,841,202	3.28
6	Mr. Thanong Chotisorayuth	9,818,122	2.50
7	Mr. Thatchai Chotisorayuth	9,361,407	2.39
8	Krungsri Dividend Stock LTF	8,953,389	2.28
9	Ms. Nanjana Pooworawan	8,507,219	2.17
10	Ms. Nawan Pooworawan	8,230,973	2.10
<b>Total</b>		<b>186,511,108</b>	<b>47.58</b>

- Remarks : - Paid-up capital as of May 23, 2014 amounts to THB 391,944,418 (the company's latest book closing date).
- Investors can view the current Shareholder's information from the Company's website before the date of the annual Shareholder's meeting.

## Shares Distribution

Shares distribution as of May 23, 2014 (Book closing date of the last registration)

Item	Share Distribution						Total		
	Individual			Juristic individual					
	Number	Shares	%	Number	Shares	%	Number	Shares	%
Thai shareholders	5,504	301,703,170	76.98	32	84,077,347	21.45	5,536	385,780,517	98.43
Foreign shareholders	6	79,287	0.02	3	6,076,686	1.55	9	6,163,901	1.57
Total	5,510	301,790,385	77.00	35	90,154,033	23.00	5,545	391,944,418	100.00

At the last registration date, there were 5,536 Thai national shareholders totaling 385,780,517 shares (98.43%) which consist of 32 juristic persons and 5,504 individual shareholders, and 9 foreign shareholders, totaling 6,163,901 shares (1.57%), which consisted of 3 juristic persons and 6 individual shareholders.

- (b) Names of main shareholders who practically have material influence in prescribing the company's management policy operation is GMM Grammy Public Company Limited.

## 7.2 Dividend Payment Policy

### Dividend Payment Policy of the Company

The Company declared a policy to pay dividend no less than 50% of the net profit after the deduction of the corporate income tax based on the separate financial statements by proposing that the dividends be paid on an annual basis the year following the Annual General Shareholders' Meeting, except the interim dividends payment. The Board of Directors has legal right to approve the dividends payment and reports to the shareholders to acknowledge in the following Shareholders' meeting.

### **Dividend Payment Policy of the Subsidiary (Plearn Patt Co., Ltd.)**

The Company can pay dividend payment from the subsidiary when the Company withholds the capital reserve of no less than 5% of the annual total profit, deducted by the accumulated deficit (if any) until the reserve capital is accounted for no less than 10% of the registered capital. The Company may not pay dividends from other sources except for the profit money. In case the Company has an accumulated deficit, the Company may not pay dividends. The dividends will be divided by the numbers of shares evenly. However, the committee may pay occasional interim dividends if the profit amount is sufficient to appropriately do so and the committee will report it in the coming meeting. The dividend can be paid within one month from the shareholders' meeting date on the date of the committee's approval.

In addition, according to the Bill of Private Schools B.E. 2550 Section 45, the annual profits from the operation of schools in the system can be allocated by the committee as follows:

1. Schools in the system which are supported by the government allocate no more than 3% of the profit to the system's school support fund assigned by the committee.
2. No less than 10% of the profit is allocated to the capital reserve.
3. No more than 40% of the profit is allocated to the licensee.
4. In case there are other funds, the profit may be located to such funds. In case of no other funds available, the remaining profits may be allocated to the capital reserve.

### Dividend Payment Policy of the Subsidiary (BaesLab Co., Ltd.)

On every dividend payment, the Company must withhold the capital reserve 1 of 20 of the annual total profit from the Company business operation, unless the capital reserve will have 1 of 10 of the company registered capital or more.

### The Company's dividend payments in the last 3 years are as follows :

Description	Year 2014 <sup>(*)</sup> (21 May 2015)	Year 2013 (22 May 2014)	Year 2012			
			Quarter 4 <sup>(**)</sup> (22 May 2013)	Quarter 3 (6 Dec. 2012)	Quarter 2 (6 Sep. 2012)	Quarter 1 (8 Jun. 12)
1. Net profit	78,410,104	73,388,000	38,450,000	42,072,000	70,411,000	54,219,000
2. No. of share	391,944,418	391,944,418	391,944,418	356,313,209	356,313,209	356,313,209
3. Cash Dividend per share	0.18	0.18	0.11112	0.10	0.10	0.10
4. Stock Dividend (10:1)	-	-	35,631,320	-	-	-
5. Total Dividend payment	70,549,995.24	70,549,995.24	75,224,844	35,631,321	35,631,321	35,631,321
6. Dividend payout ratio	89.98	96.13	102.97	84.69	50.60	65.72

**Remarks :** <sup>(\*)</sup> The Board of Directors' meeting no. 1/2015 had a resolution to propose to the General Shareholders Meeting to approve the dividend payment for the operation result of 2014 as cash dividend in the amount of THB 0.18 per share, rate of dividend per share which is paid from net profit after corporate tax in the financial statement for individual company is proposed by the board of directors, where by such rate will be decided at the annual general shareholder's meeting on April 23, 2015.

<sup>(\*\*)</sup> The 1/2013 General Meeting of Shareholders approved the dividend payment for the year 2012. The dividend will be paid in the form of the Company's common stock of no more than 35,631,320 shares, at THB 1 per share. This will be given to the Company's shareholders at the rate of 10 original shares per 1 stock dividend or THB 0.10 per share, along with the cash dividend at the rate of THB 0.41112 per share, by increase of registered capital to support the stock dividend payment (The registration with the Ministry of Commerce was done on May 22, 2013).

## 8. Management Structure

### 8.1 The Board of Directors

The Board of Directors consists of 3 Boards: Board of Directors, Board of Audit Committee and the Recruitment and Remuneration Committee. The authorizations are as follows :

**(A) The Board of Directors** has the duty to make recommendations and to draw Company policy, working strategy and other visions of the Company's operation. As of December 31, 2014 the Board consisted of the following 12 members :

No.	Name	Position	Type of Directors	First Appointment	Last Appointment
1	Mr. Somboon Chinsawananon	Chairman of the Board of Directors, Chairman of Recruitment and Remuneration Committees	Independent Director Non - executive Director	A.D. 1991	April 25, 2013
2	Mr. Saroch Lamlerprasertkul	Chairman of Audit Committee, Vice-Chairman of the Board of Directors	Independent Director Non - executive Director	December 22, 1999	April 25, 2013
3	Mr. Pravit Tantiwasinchai	Director, Audit Committees	Independent Director Non - executive Director	April 22, 1999	April 25, 2013
4	Mr. Kachen Benjakul	Director, Audit Committees	Independent Director Non - executive Director	June 28, 2005	April 24, 2014
5	Mr. Vorasit Pokachaiyapat	Director, Recruitment and Remuneration Committees	Independent Director Non - executive Director	May 29, 1998	April 24, 2014
6	Mr. Phairat Sittakul	Director	Non - executive Director	October 10, 1974	April 24, 2014
7	Mr. Wattana Chiengkul	Director, Recruitment and Remuneration Committees	Non - executive Director	October 10, 1974	April 25, 2013
8	Assoc. Prof. Yuen Poovarawan	Director	Non - executive Director Authorized Signing Director	October 10, 1974	April 26, 2012
9	Mrs. Jiraporn Rungsritthong	Director	Non - executive Director	February 21, 2013	April 24, 2014
10	Mr. Rafah Damrongchaitham	Director	Non - executive Director	February 21, 2013	April 24, 2014
11	Mr. Thanong Chotisorayuth	Director, Managing Director	Executive Director Authorized Signing Director	October 10, 1974	April 26, 2012
12	Mr. Viboolsak Udomvanich	Director, Deputy Managing Director, The Company's Secretary	Executive Director Authorized Signing Director	A.D. 1976	April 26, 2012

The shares held by the Board of Directors in 2014 and 2013 include shares held by spouses and children under legal age. Shareholders under the Securities and Exchange Commission Act (B.E. 2535) section 258 are shown as follow :

No.	Name - Last name	Number of shares		
		December 31, 2014	December 31, 2013	Increase (Decrease) during the year
1	Mr. Somboon Chinsawananon	188,568	188,568	-
2	Mr. Saroch Lamlerprasertkul	- None -	- None -	-
3	Mr. Pravitt Tantiwasinchai	- None -	- None -	-
4	Mr. Kachen Benjakul	464,640	464,640	-
	Spouse	8,591	8,591	-
5	Mr. Vorasit Pokachaiyapat	- None -	- None -	-
6	Mr. Phairat Sittakul	2,273,150	2,273,150	-
	Spouse	1,963,500	1,963,500	-
7	Mr. Wattana Chiengkul	4,983,133	4,983,133	-
8	Assoc. Prof. Yuen Poovarawan	1,843,538	3,860,111	(2,016,573)
	Spouse	1,080,686	3,098,698	(2,018,012)
9	Mrs. Jiraporn Rungsritthong	- None -	- None -	-
	Gmm Grammy Plc. (Major Shareholder)	49,550,512	49,550,512	-
10	Mr. Rafah Damrongchaitam	- None -	- None -	-
	Gmm Grammy Plc. (Major Shareholder)	49,550,512	49,550,512	-
11	Mr. Thanong Chotisrayuth	9,818,122	9,818,122	-
	Spouse	2,314,125	2,314,125	-
12	Mr. Viboolsak Udomvanich	- None -	- None -	-
	Spouse	4,074,455	5,189,812	(1,115,357)

The Directors who are authorized to sign on behalf of the Company comprise of Director, Managing Director and Deputy Managing Director, with signatures of at least two - thirds of the authorized Directors and stamp of Company's seal of approval.

**Scope of Duties of the Board of Directors:** The Board of Directors has duties to make decisions and supervise the operation of the Company as follows:

1. To determine the vision, mission, and strategy of the Company that includes the objective and financial target to support the stability, balance and sustainable benefit for all elements concerned. This also includes the continuous value adding to the shareholder.
2. To practice according to the laws, stipulations, and regulations associated with business activity and also shareholders' resolution, so that the Company's business interest will be maintained as to not result in conflict of interest which may affect the interested groups.
3. To determine the management guideline and overall risk management, as effective risk management procedure may be realized.

4. To assign the task of reports on financial status and ensure the openness, clarity, transparency, and reliability of such reports in accordance with the rules related to each department.
5. To supervise on the suitable communication channels between the Company and the shareholders and also the interested groups.
6. To ensure the availability of the suitable system or mechanism of executives' remunerations, creating a proper work incentive.
7. To approve budgets for the financial activity such as budgets for stock investments and loans, that will not result in the conflicts of interest toward any Committee member. With exception, the following matters are required for the Committees to have approval from the shareholders' meeting prior to undertaking the plan.
  1. Issues prescribed by law have to be approved for the resolution of general shareholders.
  2. Issue of related-party transactions with the value of items needed to be approved from the resolution of general shareholders according to the regulation or promulgation of the Stock Exchange of Thailand about related-party transaction of listed companies.
  3. Issue of buying or selling significant assets with the value needed to be approved from the resolution of general shareholders according to the regulation or promulgation of the Stock Exchange of Thailand about acquisition and disposal of assets of listed companies.

There was a review of duties of the Board of Directors in order to harmonize with the Good Corporate Governance Policy.

Moreover, the Company realized the importance of good supervision, as the result, 9 out of 12 Directors completed the Director Accreditation Program (DAP), Director Certification Program (DCP), Audit Committee Program (ACP), Advanced Audit Committee Program (AACP) and Role of the Nomination and Governance Committee Program (RNG) organized by Thai Institute of Directors Association. The Directors also attended the training course for the Corporate Secretary Development Program organized by the Listed Companies Association of Thailand.

**(B) The Audit Committee**

As of December 31, 2014 the Audit Committee consisted of the following 3 members and 1 member of Secretary of the Audit Committee which consists of 3 independent Directors, where 3 of the Directors possess the direct knowledge and understanding or experience in accounting or finance, as the names are shown below :

No.	Name	Position	Qualification	First Appointment	Last Appointment
1	Mr. Saroch Lamlerprasertkul	Chairman of Audit Committee	Independent Director with accounting or finance experience	22 Dec. 1999	8 Nov. 2013
2	Mr. Pravit Tantiwasinchai	Audit Committee	Independent Director with accounting or finance experience	22 Dec. 1999	8 Nov. 2013
3	Mr. Kachen Benjakul	Audit Committee	Independent Director with accounting or finance experience	12 Nov. 2009	8 Nov. 2013

*Mr. Wichian Rungpoonsap, Internal Audit and Investor Relations Manager, is the secretary of the Audit Committee.*

**Scope of Duties of the Audit Committee**

1. Ensure the accuracy and adequacy of financial reports.
2. Ensure the suitability and effectiveness of Internal Control and Internal Audit systems and examine the independence of Internal Audit, including the approval of position transfer, hiring termination of the head of Internal Audit or other division responsible for Internal Audit.
3. Ensure the Company's practice is in compliance with regulation Security and Exchange Commission and relevant law concerning the Company's business.
4. Consider, select and propose the nomination of independent person to perform the duty of the Company's Accounting Auditor and suggest remuneration for such a person, including: attending the meeting with Accounting Auditors without the presence of management by at least once a year.
5. Consider related items and disclose them in accordance with the law and regulation of the Security and Exchange Commission. This is to ensure that said items are reasonable and most beneficial to the Company.
6. Prepare report of Audit Committees and disclose the information in the Company's Annual Report under which the report be signed by the Audit Committees as follows:
  - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report.
  - (b) an opinion on the adequacy of the Company's internal control system,
  - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,



- (d) an opinion on the suitability of an auditor,
- (e) an opinion on the transactions that may lead to conflicts of interests,
- (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
- (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.
- (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.

7. Take any action as assigned by the company under the approval of Audit Committees.

### **Recruitment, Appointment and Term of Audit Committees**

The Company's Board of Directors appointed the Audit Committees as proposed by the Recruitment and Remuneration Committees in which the consideration criteria is made from Company's Independent Directors and at least 2 Directors must have accounting and finance knowledge, with the term of 2 years. The Audit Committees whose term is expired is permitted to be re-appointed to the position once again.

The Audit Committees held a regular meeting by at least once every quarter with the outside accounting audit, and also the accounting department, and also report directly to the Board of Directors. Moreover, the Board of Directors has pressed the emphasis on the importance of being transparent and verifiable, therefore, it requests the Audit Committee to hold joint meetings with the accounting department without the presence of managing directors at the meetings, however, under their acknowledgement and Audit Committees meeting of 5/2014 on Wednesday, November 5, 2014 was a meeting between Audit Committees and Accounting Auditor without the presence of management, and 1 meeting was held.

Moreover, as the Company realized the importance of good corporate governance, one member of the Company's Audit Committee had completed Audit Committee Program (ACP) organized by Thai Institute of Directors Association.

**(C) The Recruitment and Remuneration Committees** are appointed by the Board of Directors. Their duty is to search and recruit individuals to be the Company's managing director, head of the Directors, executives, and also to follow up on succession plan to select individuals suitable for higher executive position and reports directly to the Board of Directors for approval, or to advise to the shareholders in some cases. Moreover, the Committees also review the annual remuneration for the management team to be commensurate with the responsibility and comparable to the outside labor market of the same industry, including the remuneration at the appropriate level with respect to the

business growth, the operation result rate of increase in profit margin, as well as task and responsibility of committee, sub-committee, and the Company executives, to submit the proposal at the shareholder's meeting. As of December 31, 2014 the Recruitment and Remuneration Committees comprised of three respectable individuals, 2 from the independent Directors and 1 Director :

No.	Name	Position	Qualification	First Appointment	Last Appointment
1	Mr. Somboon Chinsawananon	Chairman of the Recruitment and Remuneration Committees	Non - executive director and an Independent Director	10 Nov. 2006	10 Nov. 2014
2	Mr. Vorasit Pokachaiyapat	Recruitment and Remuneration Committees	Non - executive director and an Independent Director	10 Nov. 2006	10 Nov. 2014
3	Mr. Wattana Chiengkul	Recruitment and Remuneration Committees	Non - executive Director	11 Nov. 2010	10 Nov. 2014

#### **Scope of Duties of the Recruitment and Remuneration Committee**

1. To short-list and select the candidates to be appointed in the position of managing director and senior executives and also follow up on succession plans to recruit the suitable individuals for the position of high executive when the term is expired.
2. To determine methods and criteria in recruiting the Directors and Managing Director, so that the process remains transparent.
3. To stipulate method and criteria short-listing of the candidates who possess the quality in advance from minority shareholders so as to treat all shareholders with fairness.
4. To have legitimate power in calling for documents or individuals related to the case in point for consideration.
5. To present the policy and criteria on payment of the remuneration for the Directors, Managing Director, Senior Executives, Advisors to the Board of Directors, Committees appointed by the Board of Directors.
6. To consider the annual remuneration of the Directors, Managing Director, Senior Executives, Advisors to the Board of Directors and the Committees appointed by the Board of Directors.
7. To perform the scope of duties as assigned by the Board of Directors.

#### **Recruitment, Appointment, Term of the Recruitment and Remuneration Committees**

The Board of Directors appointed Recruitment and Remuneration Committees for 2 year term.

As such, the method of candidate selection has been stipulated. Nevertheless, criteria to determine the method of recruiting managing director have been identified as follows:

1. The Recruitment and Remuneration Committees determine the structure, size and constituents of the Board of Directors, and stipulate the quality of Directors to be replaced in terms of

- overall knowledge, experience, and expertise in compliance with the element and quality stated in the related laws/regulations.
2. The Recruitment and Remuneration Committees determine the method of nominating the qualified candidate, including the procedure of nominating the qualified candidate in advanced from the minority shareholders.
  3. The Recruitment and Remuneration Committees begin the search and consider suitable candidate for Directors.
  4. The Recruitment and Remuneration Committees select the best candidate to be Directors and the recruitment result nominates the name of the person who is judged as the best candidate to be the Company's Director, together with the reasons and propose it to the Board of Directors through the Company's secretary.
  5. The Board of Directors selected suitable candidates who possess the right qualities as proposed by the Recruitment and Remuneration Committee and present the candidate in the shareholder's meeting for consideration.

The Recruitment and Remuneration Committees' have, in advance, identified the method of nomination from the minority shareholders for the qualification and quality of candidates that must be met, as can be summarized below:

1. An individual who nominates the qualified person to be Directors must be a shareholder of the Company, which may be a single or consolidation of multiple shareholder(s) who own(s) a number of shares according what has been specified by the Recruitment and Remuneration Committee – that is to have the proportion of minimum share with no less than 5 percent of paid-up stocks in a continuous fashion at the minimum of 1 year and must hold shares at the date of nomination at the meeting or nominate the name of Directors together with certified documents that show the ownership of shares from the security company, other documents from Stock Exchange of Thailand or other documents which show the ownership of shares, and the consent document showing the name of the nominated individual to be submitted to the secretary of the Board of Directors.
2. The nominated candidates must possess all required qualifications and are not prohibited by public laws, securities and exchange laws and Good Corporate Governance practices.
3. Secretary of the Board of Directors presents the list of names to the Recruitment and Remuneration Committee for consideration of the suitability.

### **Board of Directors Meeting**

The Board of Directors has set in advance and held special meeting as necessary, by clear advance meeting date and has set regular follow-up on operation period. The Chairman of the Board of Directors and the Managing Directors jointly considered the meeting calendar, by considering important case. The each Director is permitted to present the issues in the meeting as needed. The secretary will prepare invitation letter along with meeting schedule and details prior to the actual meeting at least 7 days to allow time for the Board of Directors to peruse the information prior to the meeting.

In each meeting, the Chairman of the Board of Directors allocated adequate and long enough to allow Directors to clarify problematic issues prudently. Moreover, the Chairman of the Board of Directors and the Board of Directors invited high level executive to the Board of Directors' meeting to request for more information and recorded in minutes of the meetings that were filed and certified by the Board of Directors for the Board of Directors and involved parties to view.

The Board of Directors assigned the non-executive Directors to meet every month as seemed suitable to do so with the attendants from executive directors or executive from management team in the meeting to allow a healthy discussion of problematic issues concerning the Company's business and issues that are of interest to the Directors, and later, report the result of meeting to the Chairman of the Board of Directors and the Board of Directors for acknowledgement.

In the past year of 2014, the Board of Directors met in total of 4 times with the average meeting length of 5 hours. In each meeting, there are an executive director from accounting department, executives from the related departments, and executives from Internal Audit and Investor Relations Division attending in sharing additional information and the Board of Directors agreed on joint meetings for non-executive Directors, during the Board of Directors meetings No. 4/2014 on November 10, 2014, before the Board of Directors meeting, non-executive Directors and Independent Directors convened without the management's attendance to discuss general problems of the Company's management and corporate governance, then inform the President so that the management may take due action.

The audit committees had a total of 6 meetings, with 5 regular meeting schedules, and 1 meeting between the audit committee and the accounting audit without the present of executive management was held.

The Recruitment and Remuneration Committees held a total of 3 meetings

The Annual General Meeting of Shareholders held 1 meeting and the Extraordinary General Meeting of Shareholders held 1 meeting.

The details of the Board of Directors meeting and Sub-Committees Meeting in 2014 are as follows :

Name of Directors	Board of Directors' Meeting	Audit Committees' Meeting	The Recruitment and Remuneration Committees' Meeting	The General Shareholders' Meeting 2014	The Extraordinary General Shareholders' Meeting 2014
	Number of Meeting (4 Times)	Number of Meeting (6 Times)	Number of Meeting (3 Times)	Number of Meeting (1 Time)	Number of Meeting (1 Time)
1 .Mr. Somboon Chinsawananon	4/4	-	3/3	1/1	0/1
2. Mr. Saroch Lamlerprasertkul	4/4	6/6	-	1/1	1/1
3. Mr. Pravit Tantiwasinchai	3/4	6/6	-	1/1	0/1
4. Mr. Kachen Benjakul	4/4	5/6	-	1/1	1/1
5. Mr. Vorasit Pokachaiyapat	4/4	-	3/3	1/1	1/1
6. Mr. Phairat Sittakul	4/4	-	-	1/1	1/1
7. Mr. Wattana Chiengkul	4/4	-	3/3	0/1	1/1
8. Assoc. Prof. Yuen Poovarawan	4/4	-	-	1/1	1/1
9. Mrs. Jiraporn Rungsrithong*	3/3	-	-	-	0/1
10 Mr. Rafah Damrongchaitham*	0/3	-	-	-	0/1
11. Mr. Thanong Chotisorayuth	4/4	-	-	1/1	1/1
12. Mr. Viboolsak Udomvanich	4/4	-	-	1/1	1/1

Remarks : \* The solutions of The Annual General Shareholder Meeting No. 1/2014 on April 24, 2014 had appointed Mrs. Jiraporn Rungsrithong and Mr. Rafah Damrongchaitham to The Board of Directors, that the number of The Board of Director for A.D. 2014 meeting's plan 3 times remaining.

## 8.2 Company's Executives

As of December 31, 2014 with the total of 17 individuals, as follows: (The executive's positions are ranked from 1 to 7 in accordance with the definition of SEC promulgation)

No.	Name	Position
1	Mr. Thanong Chotisorayuth	Director / Managing Director / Authorized director to sign for and bind the company
2	Mr. Viboolsak Udomvanich	Director / Deputy Managing Director / Authorized director to sign for and bind the company / Company's Secretary
3	Mrs. Montalee Chotisorayuth	Assistant Managing Director - SE-ED Book Center Director of SE-ED Book Center Director of Strategic Information Administration Division

No.	Name	Position
4	Mrs. Karnchana Charoenwong	Assistant Managing Director - Sales and Distribution
5	Mrs. Nuchanart Kongvisaisuk	Assistant Managing Director - Magazines Director of Magazine Publishing Division
6	Ms. Sajipat Pumpuengput	Director of Financial Division
7	Ms. Aree Sae-ung	Director of Accounting Division
8	Wiroj Lackanaadisorn, Ph.D.	Director of HR Division & Organization Development Director of SE-ED Learning Center
9	Mr. Apichit Suananuntapoom	Director of Logistics
10	Meechoke Thongsawai, Ph.D.	Director of Academic Consulting and International Business
11	Ms. Daungjai Jeenanurugk	Director of Sales and Distribution
12	Ms. Sarida Sarajan	Executive Editor, Text Books Division
13	Mrs. Kanit Promsen	Executive Editor, General Books Division
14	Ms. Phitsamai Chairat	Assistant Director in Management and Operation, SE-ED Book Center
15	Mrs. Srinuan Konsila	Assistant Director in Marketing and Products, SE-ED Book Center
16	Ms. Sodsaros Hongron	Assistant Director in Purchasing and E-Commerce, SE-ED Book Center
17	Mr. Chonlavit lamraksakiat	Assistant Director in Strategy Analysis and Business Improvement, SE-ED Book Center

Executives resigned during year A.D. 2014 are 2 persons detail are follow :

No.	Name - Surname	Position	Date
1	Mr. Kriwoot Rojprasertsoot	Director of Magazine Publishing Division	June 1, 2014
2	Mr. Ekasit Wiwattanaprasit	Director of Strategic Information Administration Division	July 1, 2014

## Report on changes of shares of Company's Executives on December 31, 2014

No.	Name	Number of shares		Increase (Decrease) during the year
		December 31, 2014	December 31, 2013	
1	Mr. Thanong Chotisorayuth	9,818,122	9,818,122	-
	Spouse	2,314,125	2,314,125	-
2	Mr. Viboolsak Udomvanich	- None -	- None -	-
	Spouse	4,074,455	5,189,812	(1,115,357)
3	Mrs. Montalee Chotisorayuth	2,314,125	2,314,125	-
	Spouse	9,818,122	9,818,122	-
4	Mrs. Karnchana Charoenwong	- None -	- None -	-
5	Mrs. Nuchanart Kongvisaisuk	1,437,488	1,683,688	(246,200)
6	Ms. Sajipat Pumpuengput	- None -	- None -	-
7	Ms. Aree Sae-ung	- None -	- None -	-
8	Wiroj Lackanaadisorn, Ph.D.	726	726	-
9	Mr. Apichit Suananuntapoom	47,555	47,555	-
10	Meechoke Thongsawai, Ph.D.	121,000	121,000	-
11	Ms. Daungjai Jeenanurugk	432	432	-
12	Ms. Sarida Sarajan	- None -	22,493	(22,493)
13	Mrs. Kanit Promsen	152,166	270,866	(118,700)
14	Ms. Phitsamai Chairat	200,960	304,304	(103,344)
15	Mrs. Srinuan Konsila	395,548	237,329	158,219
16	Ms. Sodsaros Hongron	57,112	57,112	-
17	Mr. Chonlavit lamraksakiat	- None -	- None -	-

**Scope of Duties for Managing Director :** The managing director is empowered to act on behalf of all Directors in the following matters:

1. To administer Company affairs, follow objectives and obligations, including procedures and resolutions issued by the Committee and assume authority to direct all professional staff and employees. In managing Company business, the managing director is directly responsible on behalf of the Committee.

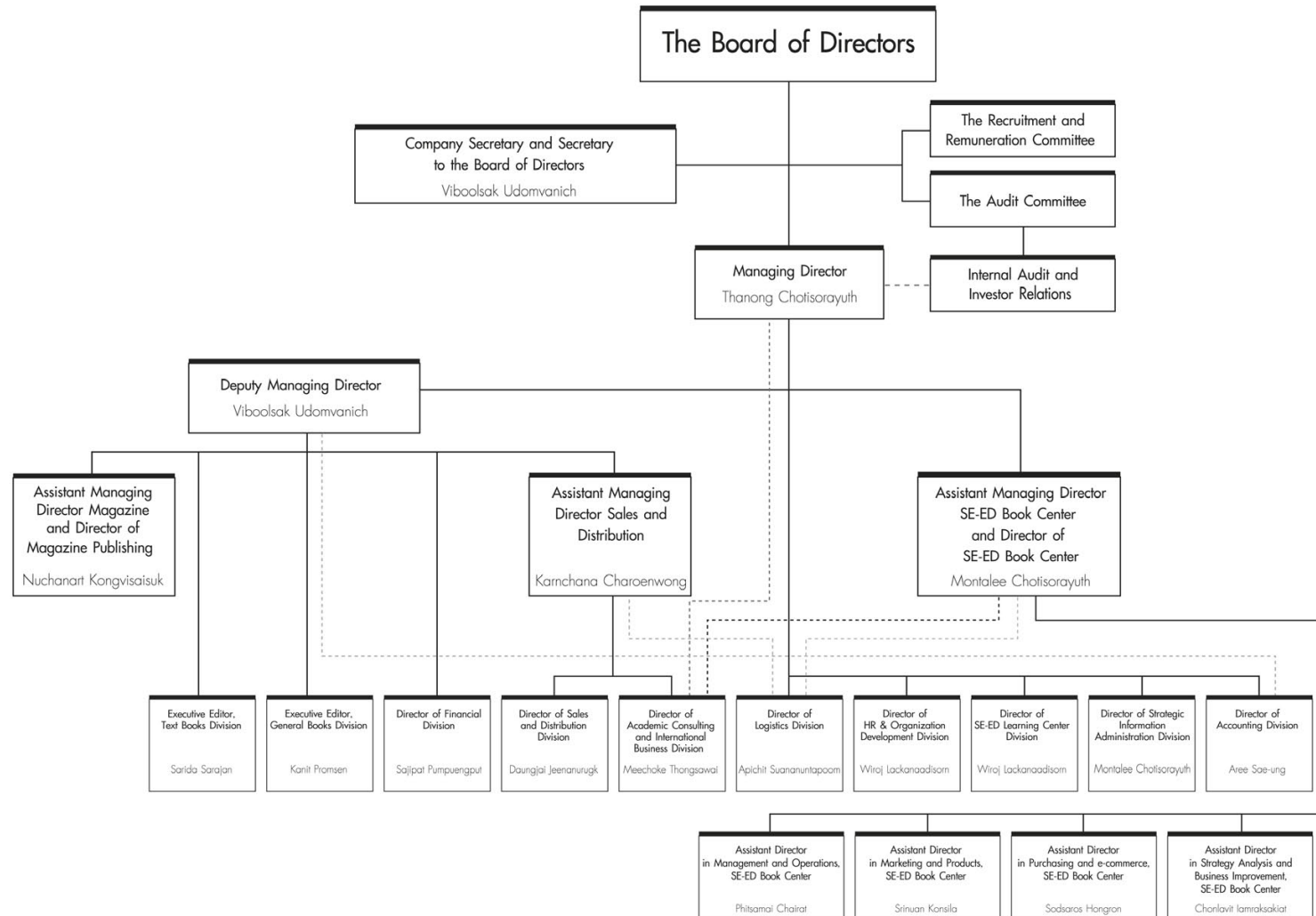
2. To hire, position, appoint, and punish professional staff and discontinue employment of staff and employees, including the promotion, or salary adjustment. This directive excludes professional staff and employees who are employed, positioned, and punished and dismissed by a Committee, or procedural regulations.
3. To determine the conditions of employment of professional staff and employees, to order or announce the procedure of administration and operation which does not obstruct the Company's regulations, the Committee's agreements, the labor law or other related laws.
4. To operate any other business following Company regulations and the Committee's agreement, including assigning operational functions to the Company's officers and employees.
5. To act and commit for endorsement of contracts permitted under license and any other contracts involving licenses with appropriate and careful consideration to prevent any violation of a licenses held by others.
6. For any business related to external sources, the managing director and authorized directors have the authority to act and commit within the scope of the authority, specified in regulation No.1, except any business in which the managing director and Authorized Directors might be in disagreement, or have some benefit from that business, or conflict with the Company or Company's subsidiaries. Conclusions should be reached when the Committee meeting includes the independent Directors. To achieve success, the managing director and the authorized Directors will assign any person as a representative to respond to that particular duty.
7. In absence or unavailability of managing directors, the deputy managing director will act on his or her behalf for general routine work and report to the managing director afterwards, other than that, the deputy managing director will request permission to proceed from the Chairman. When there is a vacancy for the position of Managing director, the acting Managing director will be selected from the list of directors or shareholders approved by the Recruitment and Remuneration Committee.
8. The approval of over-budget item beyond what has earlier been agreed upon by the Board of  
  
Directors must be presented in the meeting of Board of Directors for considerations and approvals according the Company's regulation or stipulated laws.

The Board of Director and management of the Company have qualifications in compliance with the article 68 of Public Company Limited Act (B.E. 2535) and possess no prohibited quality stipulated in the regulation of Security Exchange Commission concerning the request and permission to sell new shares. Moreover, no criminal records have been found for the past 10 years.

The background detail of directors and executives are as in attached document number 1.



## SE-EDUCATION Public Company Limited Organization Chart



### **8.3 Company Secretary**

**Company Secretary / Secretary to the Boards of Directors:** The Board of Directors' Meeting No.5/2007 dated November 3, 2007 appointed Mr. Viboolsak Udomvanich, a Director, to be the Company's secretary whose qualification and experience deemed appropriate for the responsibility in monitoring the Company to comply with the rules and the Company's regulations and also in line with principles of Good Corporate Governance to allow effective management.

#### **Scope of Duties of Company's Secretary / Secretary to the Boards of Directors**

1. To give initial recommendations to the Directors concerning the issues of legality, regulations, and a number of different kinds of company information, and follow through to ensure that all regulations properly adhere, including the report concerning changes which are deemed significant.
2. To organize shareholders' meetings and the Board of Directors' meeting in accordance with the law and Company's rule.
3. To record and report the issues in the shareholders' and the Board of Directors' meeting, and also keep track of activities that have been decided in the shareholders' and the Board of Director's meeting.
4. To ensure the openness of information, which is in accordance with the Stock Exchange of Thailand, Securities and Exchange Commission and other supervisory authority.
5. To communicate with the shareholders, investors and supervisory authority, including the dissemination of information to the interested public and other interest groups.
6. To perform any other assignments that delegated by the Board or Directors.

Moreover, the Company also realized the importance of good supervision and, the Board's secretary also completed a training course called 'Corporate Secretary Development Program' Class#17, organized by Thai Listed Companies Association, sponsored by Stock Exchange of Thailand and Thai Company Secretary Club.

### **8.4 Remuneration for Executives**

#### **(1) Cash Compensation**

The remuneration for Directors of the board and managing director, the Board of Directors has appointed the Recruitment and Remuneration Committee to consider the appropriateness and responsibility of each director and managing director, circumstance, economic environment, and relative compliance with other business within a similar industry. Moreover, the Recruitment and Remuneration Committee had proposed the remuneration policy and guidelines for considering the remuneration rate for each committee and propose to the general shareholders' meeting to review and approve annually.

However, the compensation of the Director of the Board of Directors, Sub-committee to the board has already been approved at the shareholder's general meeting.

**(a) Compensation for the Company's Directors:** The resolution from shareholders' general meeting number 1/2014, dated Thursday April 24 2014, has approved the compensation for directors as in the following details:

The salary compensation consists of

- Chairman of the Board: 25,000 Baht per month.
- Independent Director and Director: 15,000 Baht per month.

Meeting allowances are only for those directors who attend the meeting. However, in the Board of Directors or Sub-committee of the Board of Directors meeting, the Sub-committee may decide not to receive the allowance in a particular meeting, which depends upon the judgment and collective decision of the Sub-committee.

- Allowance for Chairman for each director: 20,000 Baht per meeting.
- Allowance for Directors for each director: 10,000 Baht per meeting.
- Allowance for Sub-committee to the Board of Directors
  - Chairperson of each Sub-committee 10,000 Baht per meeting.
  - Each Sub-committee member 7,000 Baht per meeting.

The Annual General Shareholder's Meeting 1/2014 approved the lump sum retirement payment for 2014 is no more than THB 5,000,000 by assigning the Recruitment and Remuneration Committees considered suitable payment allocation, and report to shareholders in the following year of the shareholders' meeting. The meeting of Recruitment and Remuneration Committees 2/2015 dated February 26, 2015 approved the allocation of lump sum retirement payment for 2014 by the amount of THB 2,116,500, which is less than the approved sum from the AGM and also less than the directors' remuneration for the operation result in 2013 (decrease 3.53%).

Remuneration for Board of Directors consisting of 12 persons as of year 2014 is in the following :

(Unit: Baht)

Name of Directors	Position	Remuneration as of position and meeting allowance 2014					
		The Board of Directors	The Audit Committee	The Recruitment and Remuneration Committee	Emoluments	Remuneration (paid) from position 2014	Total
1. Mr. Somboon Chinsawananon	Chairman of the Board, Chairman of the Recruitment and Remuneration Committee and Independent Director	80,000	-	20,000	300,000	282,509	682,509
2. Mr. Saroch Lamlerprasertkul	Chairman of Audit Committee and Vice-Chairman of the Board of Directors and Independent Director	40,000	50,000	-	180,000	213,709	483,709
3. Mr. Pravit Tantiwasinchai	Director Audit Committee and Independent Director	30,000	35,000	-	180,000	199,705	444,705
4. Mr. Kachen Benjakul	Director Audit Committee and Independent Director	40,000	28,000	-	180,000	199,705	447,705
5. Mr. Vorasit Pokachaiyapat	Director Recruitment and Remuneration Committee and Independent Director	40,000	-	14,000	180,000	171,089	405,089
6. Mr. Phairat Sittakul	Director Non-executive director	40,000	-	-	180,000	171,089	391,089
7. Mr. Wattana Chiengkul	Director and Recruitment and Remuneration Committee	40,000	-	14,000	180,000	171,089	405,089
8. Assoc. Prof. Yuen Poovarawan	Director and Authorized Director to sign for and bind the Company	40,000	-	-	180,000	171,089	391,089
9. Mrs. Jiraporn Rungsrihong <sup>(*)</sup>	Director	30,000	-	-	123,500	112,028	265,528
10. Mr. Rafa Damrongchaitham <sup>(*)</sup>	Director	-	-	-	123,500	112,028	235,528
11. Mr. Thanong Chotisrayuth	Director, Managing Director and Authorized Director to sign for and bind the Company	40,000	-	-	180,000	171,089	391,089
12. Mr. Viboolsak Udomvanich	Director, Deputy Managing Director, Authorized Director to sign for and bind the Company and Company's Secretary	40,000	-	-	180,000	171,089	391,089
<b>Total</b>		<b>460,000</b>	<b>113,000</b>	<b>48,000</b>	<b>2,167,000</b>	<b>2,146,218</b>	<b>4,934,218</b>

Remarks : <sup>(\*)</sup> The Annual General Meeting of Shareholders No. 1/2014, has appointed Mrs. Jiraporn Rungsrihong and Mr. Rafa Damrongchaitham as directors, with effect from 24 April 2014.

Remuneration for Board of Directors consisting of 2 persons was resigned between year 2014 as follow :

(Unit: Baht)

Name of Directors	Position	Remuneration as of position and meeting allowance 2014				Remuneration (paid) from position 2013	Total
		The Board of Directors	The Audit Committee	The Recruitment and Remuneration Committee	Emoluments		
1. Mr. Yongsak Ekprachyasakul <sup>(*)</sup>	Director	-	-	-	-	23,906	23,906
2. Mr. Suwat Dumrongchaitham <sup>(*)</sup>	Director	-	-	-	-	23,906	23,906
<b>Total</b>		-	-	-	-	<b>47,812</b>	<b>47,812</b>

Remarks : <sup>(\*)</sup> In the board of directors' meeting no. 1/2013 on Wednesday, November 20, 2013, the committee acknowledged the resignation of Mr. Yonsak Damrongchaitham and Mr. Suwat Damrongchaitham.

### Comparison Chart of the Directors' Compensation year 2014, 2013, and 2012

(Unit: Baht)

Compensation	2014		2012		2011	
	Number	Amount	Number	Amount	Number	Amount
Gratuity of retirement fund (paid)	14 <sup>(3)</sup>	2,194,030.00	13	3,656,711.00	13	4,000,000.00
Director's compensation	12 <sup>(3)</sup>	2,788,000.00	14 <sup>(4), (5)</sup>	2,682,483.88	13 <sup>(6)</sup>	2,344,000.00
<b>Total</b>		<b>4,982,030.00</b>		<b>6,339,194.88</b>		<b>6,344,000.00</b>
Compensation per director per year		415,169.17		452,799.63		488,000.00
Budget for directors' compensation was approved by service business group shareholders <sup>(1)</sup>		7,788,250		N/A		9,369,396
Average compensation of media and printing industry <sup>(2)</sup>		N/A		N/A		479,013

Remarks <sup>(1)</sup> Information on directors and executives compensation, average directors compensation within the same industry has been surveyed by Institute of Director Thailand.

<sup>(2)</sup> Information about Compensation for directors and executives, average compensation of directors within the same industry are from the survey conducted by Stock Exchange of Thailand.

<sup>(3)</sup> The AGM's solution no. 1/2014, appointed the Board of Director are Mrs. Jiraporn Rungsrithong and Mr. Rafah Damrongchaitham effective on April 24, 2014.

- (4) *In the board of directors' meeting no. 1/2013 on Wednesday, November 20, 2013, the committee acknowledged the resignation of Mr. Yongsak Damrongchaitham and Mr. Suwat Damrongchaitham, then appointed Mrs. Jiraporn Rungsrihong and Mr. Rafa Damrongchaitham as the replacement, effective on February 21, 2013.*
- (5) *On October 17, 2013 the board of directors' committee acknowledged the resignation of Mrs. Jiraporn Rungsrihong and Mr. Rafa Damrongchaitham.*
- (6) *In Board of Directors meeting no. 1/2012 on Wednesday, February 22, 2012, the Directors were informed of the director who retired by rotation, Mr. Pongsak Siwapatarakampol. The retirement is effective on the Annual General Shareholders Meeting 2012 on April 26, 2012.*

#### **(b) Executives' Compensation**

The Recruitment and Remuneration Committee will be a group to assess the performance of managing director and also consider the determination of compensation for managing director according to the said criteria. For the result of managing director' assessment, the Recruitment and Remuneration committee will be submitted to the Board of Directors to acknowledge and approve.

For the Compensation of top executives, the Recruitment and Remuneration Committee will determine the criteria and structure of executive compensation, which will consider them according to the principle and policy specified by the Board of Directors and also in accordance with the Company performance as well as the performance of each director. The managing director will be the person to consider the appropriateness in identifying the compensation of each individual staff and also the annual pay-rise of salary for high executives, and report all the reasonable compensation increase to the Board of Directors for later acknowledgment.

Remuneration for Management Directors and Management Executives for the first 4 executives next to the position of Managing Director and every executive in the same level as fourth management executive in total of 5 executives (in exclusion of the director of financial division and the director of accounting division) which can be illustrated in the table below.

Items	Cash Remuneration 2014 (Baht)
Salary	14,936,739.00
Bonus	1,461,619.00
Other Remunerations :	
- Contributions for the Provident Fund	746,829.00
- Long-term benefits	9,226,190
- Other	508,761
<b>Total</b>	<b>26,880,138.00</b>

**(2) Other's Compensation**

-None-

**8.5 Personnel**

The Company and its subsidiary has permanent employees as of December 31, as follows :

(Unit : person)

Items	2014	2013	2012
<b>SE-EDUCATION PLC <sup>(1)</sup> :</b>			
Head office staff	896	988	1,036
Branch staff	1,291	1,538	1,388
<b>Plearn Patt Co., Ltd. (Subsidiary) :</b>			
Teachers	218	212	192
Other staff	94	94	105
<b>BaesLab Co., Ltd. <sup>(2)</sup> (Subsidiary) :</b>			
Staff	8	-	-
<b>Total</b>	<b>2,507</b>	<b>2,840</b>	<b>2,721</b>

Remarks : <sup>(1)</sup> Excluding Outsourced Workers

<sup>(2)</sup> BaesLab Co., Ltd. was established on April 22, 2013.

The Company offered compensation in the forms of salary, wage, and benefits of employees (consolidated financial statements). In 2014, 2013 and 2012 the compensation accounted for a total of THB 744.23 Million, THB 743.22 Million, and THB 732.23 Million respectively.

The Company also has policy to compensate staff by considering the suitability and compliance with those of average in the similar industry. This includes the staff compensation should be in line with the business expansion and the Company's growth.

As the Company compensated staff with salary, bonuses and provident funds, it also has other welfare schemes to all staffs, such as healthcare reimbursable expense, annual health check-up, accommodation and travel expenses during trips to other provinces, insurance, bookstore branch uniforms, staff transportation service, fund for employees who suffer from a disaster, living expense fund and other relief fund including award to diligent staffs who work for 10, 20 and 30 years as an incentive to comfort staffs' morale and spirit in building up the Company's long-term growth.

**Personnel Development Policy** The Company has a policy to enhance the potential and efficiency of its staff on a regular basis with a view to better preparing them of global change in both competitiveness and new technology. It is the Company's mission to make employees happy as the Company believes that happy employees will work more effectively, with more creativity and dedication to the work, resulting in the Company's sustainable growth.

The following is the key guidelines in developing the human resources of the Company:

- **Continuous Improvement of Human Resources:** The Company has followed up on the productivity rate of the human resources using Key Performance Indicator or KPI to ensure the continuous improvement of the human resources' productivity. The Company emphasized on organizing a proper operation structure and plan for each situation, improving cost-effective operation system, providing tools and equipment to enhance performances, as well as training courses for employees to improve working skills.

One thing that the Company has believed in is the policy not to reduce or lay off employees in case of an economic crisis so that the employees can feel more confident in dedicating to their works which are mostly pioneer works.

Moreover, the Company always gives awards and bonuses for employees annually as an incentive for employees with outstanding performances.

- **Opportunity to Improve Potential and Leadership Skill with Project Leader System :** The Company has a policy to support aggressive working style of employees without having to rely on orders from leaders. With the Project Leader system Employees can use their own ideas to improve their performance and solve problems. They will be assigned a leader in a project and work with colleagues from the same department or different departments which will lead to a Cross Functional Team. Executive staff will act as a consultant.

Project Leader System can help the Company to move forward faster and be independent from the complicated control system. Employees will have a chance to perform their potentials and work closely with executives. They can also improve their leadership skill by learning from the executives, working as a team, understanding policy logics and other work limitations.

- **Close Relation between Employees and Executives:** The Company's culture emphasizes on creating a close relationship between employees and executives without any double standard. Each employee is a part of the family and valuable to the Company. Every activity and corporation between executives and employees will go smoothly, challenging, and fun, under the family environment.



Such culture supports the Company's operation that can implement the Company's policy effectively, fast and productively. Every problem or obstacle will also be reported and solved immediately.

Employees at SE-ED Book Center branches across the country will have a chance to attend training programs at the head office regularly. The management teams also visit the branches often to give advice for continuous improvement. Moreover, the Company has used the following IT technology to bridge the communications between the employees at the branches and the head office:

- ADSL (Asymmetric Digital Subscriber Line) is the system that can connect every branch to the head office and warehouse. The communication via telephone and email becomes more convenient and can help solving problems fast.
- LCD TVs installed at SE-ED Book Center branches allow the head office to send video and audio signal to employees so they can be informed about news, product information and seasonal services. Employees will also be trained from the head office via LCD TV any time.

- **The Culture of Service Mind, Merit Mind, Volunteer Mind and No Humiliation within the Organization through Employees of All Levels:** The Company always reminds employees that the Company has no policy to support any operation that violates laws or contradicts the society's moral system. Merit Mind then becomes the working standard of the whole organization, for both the executive staff and employees. Any new projects, marketing activities or products will have to comply with this standard and the Company's good will. The Company also supports any activity that helps uplifting the merit mind of employees such as the corporation with Panyanantaram Temple to organize a mind and moral development activity that will promote positive working awareness. Employees can also apply the same awareness in their own everyday life.

Moreover, the Company also organizes trainings and seminars in 'Excellent Reactive Service or ERS' for employees. The objective is to build a service mind for customers and colleagues. The volunteer mind is also emphasized through activities supported by the Change of Kids project. Employees can volunteer to build libraries for schools in need and donate books. They can propose the schools in their local neighborhood. This activity does not only build a volunteer mind for employees but strengthen the relationship among employees as well. Employees will feel proud in being a part of supporting children who lack opportunities to become smarter, which is also the Company's determination to 'make Smarter Thais'.

## 9. Good Corporate Governance

The Company stresses the importance of the good corporate governance and establishes the good governance process in a consistent manner. The Company training all staffs to be consciously aware of business ethic in treating customers, trading partners, competitors, society, colleagues with virtue, transparency, as role models, social responsibility, honesty, equality, rights; and right of staffs, Directors, shareholders, trading partners until it turns into the Company cultural strength, which has long been practiced ever since its establishment 40 years ago. *‘SE-ED seeks to do business in the areas that promote education in the fields necessary to the development of the nation. It operates the business that will make ‘Smarter Thais’ by developing a sustainable business with a continuous earning growth at the above the industry average, being a role - model company that can create work result deems beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfactory level.’*

Therefore, this organization’s culture is the Company’s strength, making the Good Corporate Governance practice to succeed much easier, faster, and more substantially. When the Stock Exchange of Thailand suggested the 15 points of principles, which later had been changed to 5 categories, for good corporate governance as general guidelines to the listed companies, the Company can adjust to build relationships with the Company’s operation without much effort.

The Board of Directors has appointed the Audit Committees who are instrumental and a driving force in auditing all Company’s operations and administration up to the acceptable standard and in the right direction, by revising all policies in relation to Good Corporate Governance and ethical code book to suit the environment and being abreast of the times. This also includes the duty of reviewing the policy on Corporate Good Governance and regularly report to the Board of Directors with regards to the action taken to meet the stated policy as mentioned in Corporate Good Governance policy.

The Board of Directors has a clearly stipulated policy concerning the employment position in other Company and number of Company that Directors, managing director, and Company’s senior executives can be employed to allow effective serving of duty. As of December 31, 2014, none of the Board of Directors member is positioned in more than 3 listed companies. If the subsidiaries that are not a listed company is included, there is no director that holds the directorship of more than 5 companies.

The Board of Directors and senior executive are aware of the importance of knowledge development and experience in performing of duty. 75% of Directors have already attended the training course from Thailand Institute of Directors (IOD). In addition, for every change of new Directors, the Board of Directors has provided useful documents and information for new Directors, which include business information and direction.

The Board of Directors has prepared the development and succession plan of the managing director and senior executives for the readiness in case managing director and senior executives cannot perform the duty.

And Corporate Social Responsibility, the Board of Directors has arranged to prepare report on corporate social responsibility to show the determination and intention of directors, executives, and staffs to play a part of operating in business for social.

As the company stressed the importance of developing good corporate governance, the determination to participate in business transparently has resulted in 2014 as follows:

- Received 'SET Award of Honor' of Corporate Governance Report (six consecutive years of Top Corporate Governance Report Awards) for the fourth time from the SET Awards 2014 organized by the Stock Exchange of Thailand and Money & Banking Magazine. The Company is the only listed company outside SET100 to receive this award.
- The Company received the evaluation of Corporate Governance Report of Thai Listed Companies 2014 2013, 2012, 2011, 2010, 2009 and 2008 as 'excellent' or 5 stars for seven consecutive years. The evaluation was from Thai Institute of Directors (IOD), the Stock Exchange of Thailand, and the Office of Securities and Exchange Commission. The Company is the only company from the publishing business category in the service industry to be evaluated 'excellent' for seven consecutive years.
- The Company was assessed by the Securities and Exchange Commission, Thai Listed Companies Association, and Thai Investors Association, in the organization of the Annual General Shareholders Meeting (AGM) 2014 in the level '5 TIA' with the perfect 100 scores for six consecutive years (2009 - 2014). There was a total of 528 listed companies participated in the assessment of the year 2014.
- Received Investors' Choice Award for the second time from Thai Investors Association as the Company received 100% scores from the AGM evaluation for six consecutive years, from 2009 - 2014. The honorable award was given to a listed company who is aware of the importance of shareholders meetings by considering the rights and equality of all shareholders. SE-ED is the only company in the publishing business that received the award.

From such result, it reflects the determination of the Company's Board of Directors, executives and all the Company's staff who see the importance of business transparency, fairness to all parties and retraceable.

## **9.1 Policy on Good Corporate Governance**

The Board of Directors is aware of the importance of good corporate governance to increase transparency, competitiveness and confidence to the shareholders, the investors and the involved parties. So, it has prescribed in written format the policy on Good Corporate Governance and also revised and updated the policy on Good Corporate Governance and business ethics handbook that are suitable for the business environments and more international, by stipulating that the revision of Good Corporate Governance policy shall be made once a year.

In 2014, the Audit Committee and the Board of Directors has reviewed the principle of Corporate Good Governance that has been revised in the 12<sup>th</sup> Edition since 2001. Rules and regulations were amended to correspond with the 'Corporate Governance Report of Thai Listed Companies' and will be used for the assessment in 2015 of Thai Institute of Directors (IOD).

### **The Board of Directors has prescribed the policy of good corporate governance as follows:**

1. The Board of Directors, all management and staffs are determined to engage in practicing Good Corporate Governance in the Company and organize management structure that offers linkage between the Board of Directors, management, shareholders and stakeholders.
2. Shareholders will be treated with fairness and have their rights in access to information and available channel of communication with the Company.
3. The Board of Directors will facilitate all minority shareholders in permission to add number of minority shareholders' meeting prior to the date of shareholders' meeting, which also includes a clear guideline of practice.
4. The Board of Directors will engage in the release of business information with regards to finance and non-finance information adequately, reliably, timely, transparently, fairly to all shareholders, investors and Company's Stakeholders.
5. The Board of Directors will establish a unit in the Company to deal with shareholders, investors, auditing the business communication with good governance office.
6. The Board of Directors will promote the co-operation between the Company and the Stakeholders, and also determines the communication channel between them.
7. The Board of Directors may appoint other Committee(s) to consider the monitoring of task as suitable.
8. The Board of Directors has the role in determining the vision, mission, financial target, risk, work plan, and also monitor and control the work in accordance with the policy and plan as effectively prescribed.
9. The Board of Directors has the role in promoting the business ethics in written form and also promotes the activity that supports good ethical conduct of Directors, management, and staffs.

10. The Board of Directors will conduct the annual self-evaluation activity to create auditing framework of the Board of Directors.

11. The Board of Directors will organize a recruitment System for individuals who will be responsible for management position through transparent and sufficient process of selection.

Moreover, in 2009, the Company also prepared an English version of policy on Corporate Good Governance to inform investors. For the principle of good practices, and business ethics for Corporate Good Governance, please search and view the information from Investor Relations website (<http://corporate.se-ed.com>).

The Audit Committee and the Board of Directors reviewed and improved the contents in the handbook of principle of Corporate Good Governance, guidelines, ethics, and environment and social policy completely and accurately and complies to the regulations of the Security and Exchange Commission and also follows the principle of Good Corporate Governance for listed company 2006 which is illustrated in 5 different sections which are:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Roles of Stakeholders
4. Disclosure and Transparency
5. Board Responsibilities

The Board of Directors has requested Directors to review the works, problems, and all difficulties in the past years, by having them perform self-evaluation tasks, so that the result of evaluation can be used to analyze the director performance and use all recommendation for future improvement. Moreover, the Board of Directors has promoted and supported the Directors to develop knowledge by attending the Directors training course at the Thailand Institute of Directors (IOD) or Stock Exchange of Thailand or other related business units to increase knowledge and to allow chances in exchange of experience with Directors from other listed companies.

The Board of Directors is aware of the importance of promoting the duty and responsibility of Directors, executives, and staff to be in accordance with the principle of Good Corporate Governance, as stipulated by the Board of Directors. Thus, the Board of Directors has undertaken a communication of Good Corporate Governance policy and business ethics, and policies on environmental and social issues to the management and staff through communication channels in a consistent fashion.

- Employee Handbook
- Handbook 'Policy for Good Corporate Governance'
- Annual staff conference
- Annual planning conference
- Company intranet system and investor relation website

- Company's e-mail
- Company's public relation sign board

## **Rights of Shareholders**

The Company's Board of Directors is aware of ownership rights in controlling the company through appointment of the Board of Directors to act on behalf of shareholders and maintains the right to decide on the major change of the Company's Board of Directors. Therefore, it seeks to support the shareholders to exercise their rights as bestowed upon by the stipulated basic shareholders' right which are the rights to buy-sell, or transfer stocks, sharing profit, receipt of adequate information regarding the business, and the shareholders should learn about the rule and procedure in attending the shareholders' meeting and permitting adequate information for consideration before the meeting. This also includes the opportunity to query the Directors both during the meeting or in advance submission of query request. The Company's Board of Directors is aware and put the emphasis on the importance of shareholders' right. It seeks not to infringe upon or evict the shareholders' rights.

The Board of Directors has set a schedule for an annual shareholders' meeting within 4 months from the end of accounting's year. And in case of necessity for special meetings which may arise from the needs to resolve the issue that may affect the interest of shareholders with regards to laws, regulations that must be approved by shareholders, the Board of Directors will call for an extra meeting for shareholders.

In organizing shareholders' meeting, the Company's Board of Directors stresses the importance of shareholders' rights, beginning with the date of meetings which are not a long holiday or national holiday and appointment time for meeting should not be too early or too late in the evening and the meeting place should be held in a place where transportation is relatively convenient. Moreover, the Company proceeds to send the invitation with the details of meeting agendas, along with Directors' opinions, the details of agendas to consider the important reasons, positive and negative impact in each agenda, authorization documents in 3 formats as defined by laws, and list of independent Directors along with suggestions for proxy authorization procedures so that the shareholders can assign proxy on behalf of them to attend the meeting and declared the preparation of customs stamps to serve the proxy without charge. This includes the map of place for meeting for shareholders for at least 21 days in advance before the meeting day, and also announced through daily newspaper for a minimum of 3 consecutive days, and 3 days before the meeting day, to allow time for shareholders of the incoming meeting.

### **Shareholders' Meeting**

In the shareholder's meeting of 2014, the Board of Directors has appointed the Company's secretary to inform the shareholders through Stock Exchange of Thailand and Company's investor relations website that the shareholders can request for additional meeting agenda, nomination of candidate for the post of managing director, as well as the advance inquiry. The Company's directors allow any inquiry to be submitted from September 30, 2013 to December 31, 2013 directly to Company's secretary, investor relation division, or through website, by proposing the meeting agenda, and name of person for the position as directors at least 3 months prior to the last date of the fiscal year. However, there was no shareholder who requested additional meeting agenda, nomination of candidate for the managerial position. For the advance inquiry, the Company has allowed the acceptance of inquiry till the day of shareholders' meeting.

And in the shareholder's meeting of 2015, the Board of Directors has specified the date of request from September 30, 2014 to December 31, 2014, which can be requested directly to Company's secretary, investor relation division, or through website, by proposing the meeting agenda, and name of person for the position as Directors at least 3 months prior to the last date of the fiscal year and the Company have illustrated the principles and methods used on the website of investor relations since September 30, 2014. However, there was no shareholder who requested for additional meeting agenda, nomination of candidate for the managerial position. For the advance inquiry, the Company has allowed the acceptance of inquiry till the day of shareholders' meeting.

### **Delivery of meeting invitation documents**

In the shareholders' meeting, the Board of Directors has placed priority to the Shareholder's right, by sending the meeting invitation letter with meeting details, objectives and reasons, along with the Committees' opinion to consider the noteworthiness of inquiry, the positive and negative effect in each period of meeting, authorization letter, and name of independent Director(s) together with advise in authorization paper that allow shareholder choices to choose someone to represent them in the Shareholder's meeting. This includes the map of the place for meeting for shareholders for at least 14 days in advance before the meeting day. This has been the Company practice since 2004, and also announced through daily newspaper for a minimum of 3 consecutive days, and 3 days before the meeting day, to allow time for alarming shareholders of the incoming meeting. It must be noted that for the general shareholders' meeting in 2014, the Company will openly post an invitation message calling for a shareholders' meeting on the Company's website over 30 days in advance, annual report for 2014, and all related documents in Thai and English version be fully released on the website 21 days prior to the actual meeting.

### **Date of Shareholders' Meeting and Meeting Procedure**

The Company attempted to improve the process of shareholders' meeting to ensure the suitability consistently, particularly after 2005 onward. It adheres to the principle that every shareholder should have equal opportunity in receiving the information and also equal chance for shareholders' right, including the right to voice opinion or to offer suggestions that are beneficial to the Company.

To register for the meeting, the Company will allow registration for at least 2 hours prior to the beginning of actual meeting and continue to do so until the meeting is over a regular practice since 2005. In addition to that, the Board of Directors will also seek to serve the shareholders with the staffs and adequate number of computer. In the general shareholders' meeting 2007, the Company, for the first time, started using a barcode system for registration purposes to facilitate the shareholders, as well as an arrangement to print voting cards in each meeting agenda for every shareholder.

The Company prepared staff to serve shareholders in acquiring information and serve the query points. Moreover, a welcoming meal is organized for attended shareholders. The Annual General Shareholders Meeting 2014 was convened in Meeting Room C, 9<sup>th</sup> Floor, TCIF Tower (originally Nation Tower). The Company reserved sufficient parking space for the shareholders and provided maps with information about public transportation that was attached to the invitation letter.

For those shareholders who were available to attend the meeting by themselves, the Company allowed the shareholders to authorize an independent Director for at least 1 individual or authorize the managing director or the Company's secretary to attend the meeting and vote in representation. In the general shareholders' meeting 2014, there are shareholders who request for representative authorization as:

- 1 shareholder authorized Mr. Somboon Chinsawananon, the Chairman of the Board of Directors and Independent Director
- 1 shareholder authorized Mr. Saroch Lamlerprasertkul, Vice Chairman of the Board of Director, Chairman of Audit Committee, and Independent Director
- 2 shareholders authorized Mr. Kachen Benjakul, Audit Committee and Independent Director
- 47 shareholders authorized Mr. Viboolsak Udomvanich, Director, Deputy Managing Director, and the Company's Secretary

Prior to the meeting, the Company played a DVR introducing the Company history, its annual operating results to all shareholders to learn about the Company information before the start of the meeting. There was also another video presentation about the promotion of the corporate governance related to shareholder's meetings of listed companies. Before the meeting really begins, the Chairman will explain the method of voting and counting. The counting of votes will be illustrated and the results of every step in the meeting room will also be summarized. In case the shareholders cannot attend the meeting, the Company allows the shareholder to authorize someone, independent Director(s), Managing



Director, or Company's secretary representing them in the meeting. During the meeting, the Company provides adequate time and allows a fair chance for shareholders to ask questions. The Directors who are related to that question, particularly Chairman of auditor Committee, Chairman of Committee and Managing Directors, including the high-level executives in the area of accounting, finance, internal audit and accounting audit to attend the meeting at the same time to answer some of the questions in the meeting. The Chairman will moderate the meeting according to the scheduled meeting agenda. But such meeting will not allow an un-announced meeting agenda, with the total time of 2 hours and a half or more.

The Board of Directors put the emphasis on attendance of the Annual General Shareholders Meeting in order to receive questions and feedbacks. In the Annual General Shareholders Meeting 2014, 9 directors attended the meeting; with 1 director unable to attend. However, Chairman, Managing Director, and Chairman of every subcommittee attended the meeting. The Company's executives in accounting, finance, auditing and auditors were also in attendance to answer questions of the shareholders. In addition, the Company invited a neutral auditor, Mr. Sunan Pungmaeklong from Chuan and Associates Law Office to supervise the vote counting.

**The significant agendas for shareholders' meeting are as follows :**

- **Operating result** : The Company has declared the details of the information about the Company's operating result, profit, revenue, expenses, and summary of operation on the chart.
- **Appointment of the Board of Directors** : The Company allows opportunity for shareholders to select the Directors of the Board of each individual, by providing biography information, education history and work experience and inform shareholders about the vision of each director before voting begin. In case of former directors being the candidate, the details of the board meeting participation will also be fully provided.
- **Auditors Appointment** : SE-ED details the name of auditors, auditor's office, remuneration, the reason for auditors selection, the past year's performance quality and Company's relationship.
- **Profit Allocation** : The Company supplies details on profit allocation and reserve funds, dividends regarding the Company's dividend payment policy as well as the registered book closing date in order to give right of receiving dividend.
- **Board of Directors' Remuneration** : The Company provides offered remuneration details which are based on policies and conditions of the Board of Directors' remuneration. Those aspects are considered by Committee regarding remuneration.

In the voting, the shareholders used voting cards to vote deploying barcode systems to count vote more rapidly and efficiently. The Company will collect the voting card only in case there are shareholders who vote against or abstain from voting, but for the Board of Directors' election, to be in line with the

best practice of shareholders' meeting, the Company collected the voting cards from the each of the participated shareholders and voting of Directors will be voting for each Director. Moreover, the Company has requested a law consultant to join the vote counting procedure and confirmed the result with accuracy, transparency, and in accordance with the Company's regulation. For the result of voting in each agenda, the Company immediately announced the result of the vote in each agenda of each shareholder's resolution regardless of whether the vote result shows on the outcome of agree or disagree.

After the meeting, the Board of Directors will allow chance for shareholders, analysts and general investors to answer to the inquiry, by having the Chairman, Sub-committee chairman, managing director, and senior executives in accounting and finance to jointly answer. However, in replying to the inquiry, the Board of Directors will adhere to the equal opportunity to the Company's information.

#### **After the meeting day**

The Company's directors assigned the secretary to disclose resolutions and voting results from the shareholders meetings on the day after through The Stock Exchange of Thailand and the Company's website. During the shareholders meeting, the company's secretary has recorded important questions, and remarks from the meeting, counting votes and concluding resolutions. The number of votes for each agenda is clearly recorded and divided into in favor, against, and abstention. Shareholders meeting reports along with pictures and audio records will be posted on the Company's website Investor Relations (<http://corporate.se-ed.com>), within 14 days from the meeting date.

#### **Equitable Treatment of Shareholders**

The Company's Board of Directors is aware of the equal and just treatment to all shareholders.

1. The Board of Director assigned the Company's secretary to announce to the shareholders through the communication channel of Stock Exchange of Thailand and investor websites for shareholders to propose meeting agenda, lists of persons to be positioned as Directors and submit questions in advance. The Board of Directors determines the time to receive the request directly to the Company's secretary, investor relation, independent Directors or via website by proposing the meeting agenda and name of the person to be positioned as Directors at least 3 months prior to the last date of the fiscal year, in which criteria of consideration is posted on the website of investor relation. The Company's secretary will propose the name as proposed by shareholders to the Recruitment and Remuneration Committee to examine the qualifications and then propose it to the Board of Directors and then to the shareholders' meeting. The Board of Directors will examine the suitability whether to add the agenda as requested by shareholders to the meeting or not based on said criteria, by allowing shareholders to propose names of candidates to be positioned as Director and propose the agenda in advance which has been a normal practice since 2006.

2. The Board of Directors proposes the name of 1 Independent Director as a choice for proxy of shareholders who holds the proxy authorization to exercise the right in the meeting and voting for each agenda. In general shareholders' meeting 2014, the Board of Directors proposed the names of 5 independent Directors.
3. The Board of Directors moderate the shareholders' meeting according to the agenda announced earlier in the meeting's invitation document, and will not add any agenda to the meeting without informing shareholders in advanced, so that the shareholders have enough chance to study the information of the operation performance to be considered in each agenda adequately and suitably.
4. The Company's Board of Directors prepares the voting cards for all agendas. The Company has used the barcode system for recording and displaying the voting result since 2006, while preparing staff to facilitate the collection of voting cards in the meeting room, which except in the case of voting to elect Directors, the staff will collect voting cards whether they be yes, no, or absentee' votes. And after the meeting, staff will collect the voting card for all agenda. Moreover, the Board of Directors arranges to have legal consultant to witness the voting count for transparency.
5. The Company's Board of Directors assigns the Company's secretary to prepare and write the meeting report accurately and completely, and then disseminate the meeting report to all shareholders through investor relation website and the Company also submitted the report to the Stock Exchange of Thailand no more than 14 days after the date of the meeting. Moreover, the Company also broadcasts audio and video of the shareholders' meeting on the investor relation website to allow interested shareholders to view the past meeting.
6. The Company determines preventive measures to tackle the use of inside information to benefit Directors by announcing to all parties concerned to be aware of role and duty to report the status of security holdings of each individual, spouse and children who hold security and whose ages are not considered sui juris and acknowledge the change in security prepared reports for each time there is a buy, sell, transfer or receive of security to the Security and Exchange Commission according to the Article 59 of Security and Exchange Commission Act. (B.E. 2535) within 3 days after the date of purchase, sell, transfer or receive the transfer of security and notify the company's secretary to inform the Board of Directors in respectively. The Company always alerts in the meeting of Board of Directors and all management committees. Moreover, the Directors and management also acknowledges the duty and responsibility as stipulated and penalty as stated in Security and Exchange Commission Act (B.E. 2535), and the Company prohibits the management who know the inside information of the Company to not violate article 241 of the already-mentioned law, including the related regulation.

7. To prevent conflict of interest, the Board of Directors carefully supervises. When there is an item that may result in a conflict of interest, the Company seeks to stipulate the policy and procedure of the related item approval in written form, including the policy and method of supervision so that the management and related persons will not use inside information to their own benefit, as follows:

**Items that may have conflict of interest:** The Company's Board of Directors carefully monitor to avoid any conflict of interest that may arise and also look into the related items, by stipulating in the policy and steps of approval for each item in written notice. Moreover, the Audit Committee proposes to the Company regarding the items that could cause conflict of interest. The Company's Board of Directors has been particularly careful when consideration is made, in accordance with criteria stipulated by stock exchange through the determination of price and condition as if such items are dealt with the outsiders (Fair and at Arms' Length) and disclose the inter-related items which are significant, item value, counterparty, reason/necessity in annual report and annual information disclosure report.

The Board of Directors approved the principles and suggestion of Securities and Exchange Commission in accordance with the Section 89/12 (1) of Securities and Exchange Act (No.4) B.E. 2551 to allow the company management to enter in to any business transaction between the Company and its subsidiaries and directors, executives or related persons. The transaction with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of business negotiation which is without any influences directly resulted from the company's positions of director, executive, or related person. However, the Board of Directors has assigned the Audit Committee the task to present the items which may pose a conflict of interest and any related items for the transaction over 2 Million Baht per quarter and reports it directly to the Board of Directors to acknowledge in a quarterly basis.

In the meeting of Board of Directors, should the Directors have interest in the decision, the Chairman of the Board will request for Directors to abide to the regulation and have the Director informed to the meeting and is asked not to vote or voice opinion for the matter.

**Supervision on the of insider information:** The monitoring of policy and measures are in written format with respect to the Good Corporate Governance and handbook for the Board of Directors which has already been discussed in the Board and Executive meeting. The top management of the Company have also been informed about the announcement of Securities and Exchange Commission which stated that the management (including the spouse and legitimate child who has not become sui juris - or, in other words, not yet 20 years of age) must report the change of stock ownership to the Securities and Exchange Commission as stipulated in the law called Securities and Exchange Commission Act B.E. 2535 in the section 59 within 3 days after the change of ownership of Securities taken place, and also report to the Company's secretary to report to the Board of Directors for acknowledgement. Moreover,

the management in the meeting has also been informed about the penalty imposed upon those who violate the laws.

The Company has the policy that sets the guideline for the practice of Good Corporate Governance, ethical practices of the Board of Directors, including the regulation that prohibit the staff from taking the Company's document or information for personal use, or bring outside the Company, without asking for permission. This also includes exposure of financial documents or other related documents for outsiders, and also prohibits the trading activity within 1 month prior to public release of financial information. If done so, the act can be considered 'misconduct' to the Company's rule of conducts. Should the management or staff violate such rules of conduct, the penalty can be ranged from warning, fine, work suspension, work without pay or job termination.

### **Roles of Stakeholders**

The Board of Directors has given priority to all groups, regardless of being internal vested interests such as the employees or the management of the Company or external vested interests such as trade partners, competitors, writers, translators, public servants and other involved parties. Since the Company realizes that support from vested interests can help in competitiveness and profitability of the Company, they are regarded as important to the long-term success of the Company. The Company has identified the guideline of practice in written form in the good corporate governance policy that the Board of Director supports the cooperation between the company and the stakeholders. The Company also developed an employee manual about business ethics and morality. This manual is to become the regulations and rules that need to be strictly followed by directors, executive staff and every employee. It also seeks to determine the communication channels. Moreover, the Company will take care of stakeholders according to the relevant laws, and, by no means, act in violation of stakeholders' rights, which can be described as below.

<b>Stakeholders</b>	<b>Policy Good Corporate Governance</b>
<b>Shareholder(s)</b>	The Company determines to operate in the business with honesty, direct, and verifiable, by adhering to the sustainable business development, with continuous average growth that is higher than industry average. It is committed to be a role model Company and can generate satisfied return on investment in long term.
<b>Business Partner(s)</b>	The Company will treat all business partners with fairness and equality on the basis of mutual benefit between the two parties.
<b>Competitor(s)</b>	The Company will treat all competitors under the rule of laws for proper conduct of business competition and will not attempt to damage the name and goodwill of competitors by wrongful accusation.
<b>Creditor(s)</b>	The Company promises to strictly abide by the contracts or condition agreed and promptly notify the partners if the agreements cannot be honored in order to find a reasonable remedy.
<b>Customer(s)</b>	The Company determines to produce products and appropriate services at the right price and is also satisfied by customers.

<b>Staff(s)</b>	The Company will support the working development and promote staff happiness.
<b>Society</b>	The Company will focus on the important of knowledge development to the children and society by strictly abided by the Company's aspiration.

Moreover, the Company has set a policy in good governance for all stakeholders through the Company's Sustainable Balance Report. As the Company considers corporate social responsibility for community and environment its main mission, the Company has focused on its corporation with every stakeholder to promote the sustainable growth of the Company. Anyhow, Environment and Society Policy of the Company can be viewed in Corporate Social Responsibilities (CSR) Section.

In 2011 there was an announcement of Safety and Health Care in the Workplace policy, Human Rights Policy, Anti-Corruption Policy, Anti-Copyright Violation Policy and other policies that may affect all interested parties. These policies will draw a clear guideline and support the business operation that is moral, just, transparent and appropriate.

The Company puts an emphasis on occupational safety and health by prioritizing employees' health and safety because employees are an invaluable asset of the Company and a key factor for the Company's sustainable growth and competing competency. In 2014, there were 11 employees in the head office, warehouse and branches that were injured and needed to take a leave; 8 of which had a minor injury and 3 suffered a severe injury (that required a minimum of 3 days leave). The Company is determined to reduce the accident rate and not ignorant of any possible accidents or dangers that could affect employees' health and wellbeing. The Company will provide support to employees who are injured or suffer from any kind of danger. The Company will also investigate the cause of injury and finds a solution to prevent the same problem from happening again.

Regarding Human Rights Policy, the Company realized every employee is entitled to work in a clean and safe environment, as well as without any human rights abuses. The Company also supports employees to perform their potential and self-esteem that are parts of organization's sustainable development. Therefore, the Company has a set of policies that every executive and employee have to abide by. The Company is committed to fairly and honestly manage remunerations, welfares, benefits, and employment conditions that are in line with same industry norms, where the Company provides higher benefits than the legal requirement. In addition to annual health check-up, the Company has also set up a provident fund in 1989 under the name 'SE-EDUCATION Registered Provident Fund'; later in 2004, the fund's name was changed to 'SE-ED Rich Retirement Registered Provident Fund.' The fund aims to promote saving for that employees can have a happy retirement life. Moreover, the Company recognizes the rights and freedom of creative association; of information accessibility; and of opinion and suggestion expression to improve the organization's operation. Employees are able to file a complaint if they feel they are exploited or unfairly treated. The Company is committed to work with business partners who respect human rights and uphold laws and regulations, especially labor protection. In 2014, the Company did not receive any complaints against the human rights abuses from employees, business partners, and local communities.

Moreover, the Company encourages employees to practice and develop their knowledge and competency by introducing projects that will give employees a chance to showcase their abilities and potentials. Employees are allowed to directly present their ideas and express opinions for organization's development to the executives. However, new employees are required to attend orientation for 6 hours to gain more knowledge. Employees are also required to attend training courses for 6 hours per year to increase and improve skills and expertise in their field of work.

#### Employment Development Training

Level of Employee	Training Hours	Objectives
Manager	6 - 18	To develop management and leadership skills and to receive product training through management systems: Classroom Workshop and Coaching.
Operation Staff	6 - 14	To enhance skills required in a particular field of work such as customer service and mental health development for human resources and organization development.

#### Training Courses and Employment Development in 2014



Regarding the Anti-Bribery and Corruption Policy, the Company has formulated a policy on prohibition of bribery and corruption in any activities implemented on behalf of the Company. In case of charity donation, business gift exchange, and sponsorship, everything must be done in a transparent manner, with no hidden agenda to bribe the government and private officials into conducting illegal or inappropriate activities. The policy has been officially announced as a moral principle for all executives and employees. The Punishment Measure is also strictly implemented against the executives and the employees involving in internal fraud, bribery, and corruption. In addition, the Fraud and Corruption Assessment is annually conducted and the result is presented to the audit committee and the board committee respectively. The principles are also emphasized through training and meetings to ensure that every employee is aware of the importance of honesty. To enhance the efficiency of the policy,

our employees participated in Fraud and Corruption Preventive Training offered by relevant organizations. For example, in 2014 our representatives attended 'Going from Good to Great in...IT Fraud Prevention and Information Security Governance' seminar given by the Stock Exchange of Thailand and the Institution of Internal Auditors of Thailand.

Regarding Intellectual Property Infringement, the Company has tremendous spirit against copyright infringement. According to our policy, we do not produce, distribute or support any products of copy infringement in any circumstances. The Company also encourages and broadens understanding of intellectual property to our business partners, writers, and the general public. In 2014, the Company was not claimed to be engaged in any copy dispute with any stakeholders.

In addition, the Board of Directors also determines the communication channel with the independent Directors via postal mail or email to permit reporting channels and suggestions so that instruction on the information examination process can be made.

**For the report on any illegal activity:** The board of committee also provides procedures and a channel of copyright infringement and appeal, by post and email:

Registered mails	Independent Directors, SE-EDUCATION Public Co., Ltd. 1858/87-90, Interlink Tower Building, 19 <sup>th</sup> Floor, Bangna-Trad Road, Bangna, Bangkok, 10260
E-mail	id@se-ed.com

Employees own rights to directly inform and report corruption, code of conduct violation, and rights abuse to the directors, or their secretary, or to a department that has set up to be responsible for it. Employees are also able to express and share their opinion and suggestion about the operation of the Company. However, the Company has already set up the Department of Internal Audit and Investor Relations that is responsible for receiving all complaints from employees. Besides, employees also directly send a complaint e-mail to the Independent Directors. Every complaint and suggestion will be decided on a case-by-case basis. All complaint and those who complain will be entirely secured, therefore, there is no harm or effect on them.

In 2014, there was no person with interest reporting through the communication channel with independent directors. However, the Company will publicize to all interested public to be aware of the communication channel with independent directors.

## **Disclosure and Transparency**

The Board of Directors has a policy of the Company as a role model in operating on the basis of transparency, verifiable, adequate disclosure of information for all parties concerned, monitoring to ensure the disclosure of accurate information with trustworthiness, completeness, timeliness, and equal access of information to everyone.



The Board of Directors has a policy for the directors with potential of conflicts of interest to report the ownership of assets of the directors, spouses and legitimate child who has not become sui juris annually.

The Board of Directors has a policy for related transactions by allowing transactions with conventional conditions. As for transactions between the Company and its subsidiary with the directors, the executives or related parties, the transaction agreements must be what a reasonable man should achieve with any ordinary contract partner in the same situation. Any negotiation must be without influence from the directorship status or the status of an executive or a related party. The Board of Directors assigns the Audit Committee to investigate any transaction with potential conflicts of interest or any related transaction that is worth more than 2 million Baht per quarter and report to the Board of Directors' meeting in every quarter.

The Board of Directors already disclosed the role and duty of the Board of Directors and sub-committees and number of times the Directors attended the meeting under the topic 'The management', and disclose the Directors and high executives compensation policy under the topic compensation.

**Directors' Report** The Board of Directors is responsible for the financial statements of the Company and financial information, appeared in the annual report. The financial statements are prepared according to generally accepted accounting principles in Thailand, using the accounting policy that is suitable as practice regularly and with careful discretion together with the best projections in the preparations, including disclosure of important data adequately in the added notice section supplementing the financial statements.

The Board has provided and maintained all necessary requirement of the internal audit with effectiveness, to ascertain with rationality that the accounting records are correct, complete and sufficient to maintain the assets and to learn of any weakness so that any significant irregularity can be prevented.

The Board of Directors of SE-EDUCATION Public Co., Ltd has appointed the Audit Committee consisting of non-management Directors to supervise the quality of the financial report and internal control, as well as the opinions of the audit Committee regarding this issue. Comments concerning this matter appear in the report of the audit Committee, already shown in the annual report.

The Board of Directors considers overall internal control of SE-EDUCATION Public Co., Ltd. to be satisfactory, and is trustworthy for the reliability of the financial statement of SE-EDUCATION Public Co., Ltd. as on December 31, 2014.

**Relations with Investors** The Board of Directors is aware that data concerning the Company's finance and non-finance aspects all play certain roles in the investor's decision-making process and vested interests. It therefore ensured that the management who has implemented matters concerning disclosure of data was complete, accurate, reliable, consistent, timely, and equal to that which the management has always given priority and upheld all along.

In disclosing important information of the Company both financial and non-financial, the Company used the Stock Exchange of Thailand as a channel. Moreover, the Company also discloses the information through the Company's investor relation website both in Thai and English, for example, Basic information about the Company, annual report, annual information disclosure report, financial ratios, historical data on dividends payout, shareholders and investors information dissemination, and non-monetary information such as, Corporate Governance policy, public relation - this information is always updated on a continual basis.

The Board of Directors has set up a business unit for investor relation to support the direct communication with investors, institution, shareholders, analysts, and related governmental sector. The investors can directly contact for more information by Mr. Wichian Rungpoonsap at tel. 66-2739-8000 ext. 8, 66-2739-8690, fax. 66-2739-8699, or e-mail us at : [ir@se-ed.com](mailto:ir@se-ed.com) and also click on website <http://corporate.se-ed.com>. Moreover, the investor relation has also been a member of Thai Investor Relations Club since 2006.

In 2014, the Company presented the result of business operation both in the Company's monetary information and also non-monetary information for analysts and investors through email, website, and telephone that includes a consistent active participation with the Stock Exchange of Thailand, which can be summed up below :

- |                                                                                        |           |
|----------------------------------------------------------------------------------------|-----------|
| ● Institutional Investor inside/outside the country met with management                | 3 times   |
| ● Responses to e-mail, website, and telephone inquiries                                | 102 times |
| ● Travel to meet with shareholders and investors/The listed company meet the investors | 1 time    |

Furthermore, the department of investor relation has set time duration of non-disclosure practices of information relating to the earning result to shareholders, investor, and analyst 7 days prior to the date that the Company submits the report of the earning result to the SET.

Not only the information is being disclosed, as stipulated by law of supervising body, the Company's Board of Directors also assigned the managing director, deputy managing director, accounting department director, finance department director, and Company's secretary to participate in activity of investor relation for its highest effectiveness for shareholders and investors. Moreover, the Company's Board of Directors also assigned the Audit Committee and the Company's secretary to monitor the annual operation plan, budgeting, manpower, and acknowledge the work result of investor relation divisions through Investor Relation Internal Report, which collects all data from different sources, opinions, and suggestions from questionnaires collected. At the same time, the Audit committee and Company's secretary also reported to the Board of Director on a regular basis in each quarter.

## **Board Responsibilities**

The Board of Directors consists of people who are knowledgeable, competent, skillful, experienced in business operation, and understand very well the role and duty. This makes the work more effective.

As such, the Board of Directors participates in vision, mission, strategy, target, and business plan of the Company annually and also monitors, follows up and assesses the result of business management and operation to be in line with objectives and business plans working effectively, according to rule, laws, and regulations of each business unit under supervision and also related governmental unit, and also according to the resolution(s) from the Shareholder's meeting to maximize the economic value added to the business and also stability to the Shareholders, while at the same time take into account of all stakeholders at best. In 2014, the Board of Directors has reviewed and approved the Company's vision, mission and strategy 2 times.

Moreover, the Board of Directors arrange a communication of strategy, objective, and operation result of the Company for managing director/senior executives, staff to acknowledge and understand in a corporate-wide fashion, through several mediums such as the Company's email, announcement boards, management weekly meeting, staffs conference, where the Company organizes regular annual staffs conference. The managing director of the Company later briefed the business environment and overall views of operation performance in the past year, as well as making announcement for the direction and objectives of operation for the following year. Moreover, the Company also organized the senior executives meeting together with staff supervisors to create a joint year-plan, in order to set a direction and guidelines. Doing so allowed the plan to conform to the highest corporate direction and objective, which, in turn, led to all business operations of the Company, effectively heading towards a common goal.

For the act of duty for Directors, all the stated principles will be of honestly, directness and abiding by the rule of laws and regulations of the Company. By adhering to the principles for every business activity, all decisions and transactions made will be processed with honesty at its core.

The Board of Directors shall consider prescribing and separating the duty and responsibility between the Directors and the management clearly, including communicating the roles, duties and responsibilities to the Directors, the management and the employees of the Company regularly.

## **Board of Directors' Meeting**

The Board of Directors has set in advance and held special meeting as necessary, by clear advance meeting date and has set regular follow-up on operation period. The Chairman of the Board of Directors and the Managing Directors jointly considered the meeting calendar, by considering important case. The each Director is permitted to present the issues in the meeting as needed. The secretary will

prepare invitation letter along with meeting schedule and details prior to the actual meeting at least 7 days to allow time for the Board of Directors to peruse the information prior to the meeting.

In each meeting, the Chairman of the Board of Directors allocated adequate and long enough to allow Directors to clarify problematic issues prudently. Moreover, the Chairman of the Board of Directors and the Board of Directors invited high level executive to the Board of Directors' meeting to request for more information and recorded in minutes of the meetings that were filed and certified by the Board of Directors for the Board of Directors and involved parties to view.

The Board of Directors assigned the management executives to regularly prepare operation report to the Board of Directors on a monthly basis to allow the Board of Directors to follow up on the operation progress of the Company.

The Board of Directors assigned the non-executive Directors to meet every month as seemed suitable to do so with the attendants from executive directors or executive from management team in the meeting to allow a healthy discussion of problematic issues concerning the Company's business and issues that are of interest to the Directors, and later, report the result of meeting to the Chairman of the Board of Directors and the Board of Directors for acknowledgement. In 2014, the Company arranged the Board Committee Meeting to discuss the important problems, with no presence of Management Division once. The Chairman informed the manager of the board afterwards.

In 2013 the Board of Directors had a resolution about the minimum attendance in the meeting; that is a minimum of two third of directors must be present. In case a director cannot attend the meeting, it is possible to use a conference call technology. This is to show that the Board of Directors will always advise the Company in its operation, supervise the works of the management, and maintain its accountability for the Company and shareholders.

Number of the Board of Directors' Meeting, the Audit Committees' Meeting, the Recruitment and Remuneration Committees' Meeting, and the Annual General Shareholders' Meeting, in 2014, already disclosed under the topic 'The management' with sub-topic 'Board of Directors'.

### **Self-Evaluation of Directors**

The Board of Directors arranged an annual self-evaluation session for individual, group, and sub-committees evaluation to permit the Directors to reconsider the past works, problems, and difficulties that each faced during the past year to understand the need to improve or correct to increase the work performance by evaluation the result of work in aggregate view, by using evaluation guidelines recommended by the Stock Exchange of Thailand, but readjusted the format slightly to best suit the Company's business environment and use the evaluation result - in chart format - to review and revise, so as to increase work efficiency.

With this, The assessment as referred to 6 topics, such as the structure and qualifications of the Board of Directors, duty and responsibility of the Board of Directors, the Board of Directors' meeting,

performance of Directors, relationships with the management, self-development of Directors and management development. The score result from assessment of the Board of Directors can be divided in 5 levels, score of 5 = Excellent, 4 = Good, 3 = Standard, 2 = Adequate, 1 = Severely needed improvement.

- The overall evaluation of the Company's directors received the average score of 4.72 out of 5, which is considered to be in an Excellent level.
- The evaluation of the Audit Committee received the average score of 4.39 out of 5, which is considered to be in an Excellent level.
- The evaluation of the Recruitment and Remuneration Committee received the average score of 4.76 out of 5, which is considered to be in an Excellent level.
- The individual (self) evaluation of the directors received the average score of 4.58 out of 5, which is considered to be in an Excellent level.
- The individual (self) evaluation of the Audit Committee received the average score of 4.02 out of 5, which is considered to be in an Good level.
- The individual (self) evaluation of the Recruitment and Remuneration Committee received the average score of 4.92 out of 5, which is considered to be in an Excellent level.

In addition, the Board of Directors requires all managing directors to evaluate themselves to compare with the result of operation, whereby the Board of Directors evaluate in the evaluation form which has revised to suit the Company business. The Board of Directors has assigned the duty to the Chairman of the Board to announce the result of evaluation to the managing director of the company and the Board of Directors.

### **Remuneration for the Directors and the Managerial Executives**

The policy on remuneration for the Directors has been prescribed clearly and transparently with the remuneration at the same level as industry-wide standard, and it is sufficient to take care and keep qualified Directors as needed. The meeting of the shareholders has already approved such matter, and the Directors who have been appointed as Audit Committees and the Recruitment and Remuneration Committee will receive additional remuneration according to the increased volume of work.

**The Remuneration of managing director :** The Recruitment and Remuneration Committee will evaluate the performance of each managing director so as to consider the remuneration of managing director according to specified criteria. Once the evaluation of managing director is finalized, the Recruitment and Remuneration Committee will submit the Board of Directors for consideration and approval.

**The Remuneration of high managerial executives :** The Recruitment and Remuneration Committee will determine the criteria and structure of compensation for high managerial executives according to principle and policy approved by the Board of Directors which is in compliance with the Company's performance and the result of each high managerial executive. The managing director will consider the suitability of compensation for a particular individual and make salary adjustments for high managerial executives on an annual basis, while also reporting the suitable compensation to the Recruitment and Remuneration Committee, and once again report to the Board of Directors.

The Company has paid a total remuneration to the Directors and executives (as defined by SEC in total of 7 individual, include Finance Director and Accounting Director) in 2014 totaling 29.88 Million Baht.

### **Directors' Development**

The Company understands the importance of Directors' development. The Board of Directors has specified in the principle of Corporate Good Governance that the Company will promote and facilitate a continuity of training of Directors from supervisory units, where the Board of Directors appointed the Company's secretary to be the coordinator with the Directors in keeping them informed about the training courses and seminars.

In 2014 the directors attended trainings to improve their knowledge and understanding in the role of a director to increase the effectiveness in their works. The details are as follows:

1. Seminar 'M&A: Strategies to expand Thailand Business' organized by The Stock Exchange of Thailand – 1 Director, Mr. Viboolsak Udomvanich was in attendance.
2. Seminar 'Preparation of Happiness for Retirement' organized by The Securities and Exchange Commission with partners and allies – 1 Director, Mr. Viboolsak Udomvanich was in attendance.

Currently, 9 directors out of 12 directors had attended a training in regards to directorship including Director Accreditation Program (DAP), Director Certification Program (DCP), Audit Committee Program (ACP), Advanced Audit Committee Program (AACP), and Role of the Nomination and Governance Committee (RNG) organized by Thai Institute of Directors (IOD), and Corporate Secretary Development Program, organized by Thai Listed Companies Association (TLCA).

**Orientation for New Directors in the Board :** The Board of Directors appointed the Company's secretary to brief all related information to the new directors through the director's handbook which has been prepared and submitted to directors each year to be used as a complete and up-to-date reference and also arranged a visitation of the Company's business operation, facilitating a better understanding of the Company's business.

Inside the Director's handbook, a comprehensive briefing of all contents relating to the Company and data deemed important to the Directors are all included, for instance: History of the Company,

Organization structure, Company's businesses, Company's regulation, the Board meeting, principle of Corporate Governance, ethics for directors, executives, and staffs, related item, the release of stockholding, related rules, etc.

**Succession Plan :** The Board of Directors assigned managing director and executives to prepare a succession plan for different levels of executive positions in management and main line of duty, by considering work profiles and potential of each individual and determine the readiness for work replacement, ability development, and necessary skills. Moreover, the Board of Directors assigned managing director to report to the Board of Directors to acknowledge the readiness plan in case the executives cannot perform their duty.

## **9.2 Sub-Committees**

The Board of Directors appointed Directors who have the qualifications suitable to undertake, study and analyze details of various matters as assigned by the Board of Directors for sub-committees to take charge. Moreover, the Board of Directors also stipulated the qualification, elements, term and duty of sub-committees in a clear manner. Most sub-committee members consist of independent Directors and Chairman of each sub-committee who is also an independent Director. The Chairman of the Board of Directors will not perform a role as Chairman of sub-committee, except the Recruitment and Remuneration Committees. The sub-committees reported each of the result of meeting and assignment to the Board of Directors on a regular basis, including the report on operations result to inform shareholders in the annual report.

Presently, the Company has 2 sub-committees, consisting of:

1. The Audit Committee
2. The Recruitment and Remuneration Committee

The details of name list, responsibility of the Board of Directors and each sub-committees, and the experience in auditing financial statements of the Audit Committee are disclosed under the topic 'The management' with sub-topic 'Board of Directors'

## **9.3 Nomination of the Board of Directors and Executives**

**Independent Director** The Board of Directors has sought to prescribe the definition of the term 'Independent Director' during the Board of Directors' meeting number 3/2009 which is stricter than minimum frame of definition of Independent Directors announced by the Security and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). In the Board of Directors meeting No. 3/2012, the definition of 'Independent director' was revised to be consistent with the definition from the Stock Exchange of Thailand, in 'Independent Directors Handbook' dated March 29, 2012. as follows :

1. Holds shares not exceeding 0.5% of the total shares with voting right of the applicant, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the

- applicant, provided that the shares held by the related parties of such independent director shall be included.
2. Is not or has never been an executive director, employee, staff, advisor who receives salary, nor controlling parties of the applicant, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of the applicant unless the foregoing status ended for at least 2 years.
  3. Is not the person who has relationship by means of descent or legal registration under the status of father, mother, spouse, brother, sister or children. The prohibitive persons also include spouses of daughters and sons of management, major shareholders, controlling party or the person who is in the process of nomination to be the management or controlling party of the applicant or its subsidiary.
  4. Have not or never had business relationships with the applicant, its parent company, subsidiaries, associates, major shareholders or controlling parties of the applicant in respect to holding the power which may cause an obstacle of the independent decision, including not being or never been the significant shareholder, or controlling parties of any person having business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended for at least 2 years.
  5. Is not or has never been the auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended for at least 2 years.
  6. Is not or has never been the professional service provider, including but not limited to legal service or financial advisor and received a service fee more than 2 Million per year from the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the above mentioned service firms unless the foregoing status ended for at least 2 years.
  7. Is not the director who is nominated to be the representative of the directors of the applicant, major shareholders or any other shareholder related to the major shareholder.
  8. Do not operate a similar business with significant competition with the business of the company or subsidiaries. Do not be a significant shareholder, a director with management participation, an employee, or a consultant with regular salary, or possess more than 1% of the total shares with voting rights of other companies that operate a similar business with significant competition with the business of the company or subsidiaries.
  9. Is not any otherwise which is unable to have the independent opinion regarding the business operation of the applicant.



10. After being appointed as the independent director in accordance with the conditions under the article (1) - (9), such independent director may be assigned by the board of directors to make decisions in respect to business operation of the applicant, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of applicant.

However, the independent Directors had examined the qualifications of independent Directors in an annual basis, and the Board of Directors trusted that the stipulated qualifications of 'Independent Directors' which is stricter than guideline of Security and Exchange Commission (SEC) and Stock Exchange of Thailand (SET) minimum frame of reference will be adequate for the Company's selected independent Directors to be truly independent and appropriate for the particular characteristics of the Company.

**Position Combination or Separation :** The Company has made this a policy that the Chairman of the Board of Directors shall not be the same individual who positions as the managing director, to ensure the check and balance and, so, made reviewing of work more transparent.

The Chairman of the Board of Directors comes as independent Director and is the leader and meeting moderator who controls the flow of the Board of Directors' meeting in effective and efficient manner. In each meeting, all Directors are urged to actively participate, as well as raising essential questions. Directors also occasionally meet to advice and help the business management with the managing director. At the same time, the Board is to stay away from routine day-to-day operations or business activities responsible by management, where the managing director is the head of the management team. The Board of Directors has authorized the managing director or the authorized person to sign in binding document as has been directly authorized. The Managing director then effectively authorizes and empowers the high executives with the tasks which are clearly marked in term of line of duty and responsibility. Therefore, the authority and role of the Board and that of the management are clearly defined and separated.

### **Recruitment of Directors and Top Executives**

**Director Recruitment :** According to the Company's rules and regulations, the Company needs a minimum of 5 members in the Board of Directors, no less than three fourth of the members must have Thai citizenship; and no less than half of the members have a residence in the Kingdom of Thailand. The director recruitment process is as follows:

1. The Recruitment and Remuneration Committees determine the structure, size and constituents of the Board of Directors, and stipulate the quality of Directors to be replaced in terms of overall knowledge, experience, and expertise in compliance with the element and quality stated in the related laws/regulations.

2. The Recruitment and Remuneration Committees determine the method of nominating qualified candidates, including the procedure of nominating the qualified candidates in advanced from the minor shareholders. Shareholders can submit the name of a qualified candidate in advance, at least 3 months prior to the last date of the fiscal year. Shareholders will receive information from Stock Exchange of Thailand, the investor relation website of the company, and other investors' websites on which a nomination form will be available.
3. The Recruitment and Remuneration Committees begin the search and consider the name of suitable candidates for Directors.
4. The Recruitment and Remuneration Committees select the best candidate to be Directors and the recruitment result and nominate the name of the person who is judged as the best candidate to be the Company's Director, together with the reasons and propose to the Board of Directors through the Company's secretary.
5. The Board of Directors considers the selection of suitable candidates who possess the right quality as proposed by the Recruitment and Remuneration Committee and present the candidate in the shareholder's meeting for consideration.

**Election of Directors in Annual General Meeting :** As for the Directors' vote, the shareholder's meeting will elect Directors, whereby each shareholder has an equal voting right of 1 share per vote. The recruitment of each director must receive more than half of the number of votes from the present shareholders with the rights to vote.

In voting for the Directors, the vote to elect a Director must be voted one Director at a time.

Persons who receive the maximum number of votes that are ranged according to the order of each candidates' score received from the vote will be elected as Directors, with the number of Directors equal to the number of Directors needed at the time of election. If too many candidates receive equal votes, they will draw for the raffle ticket to determine final selection.

At general annual meetings, one-third of Directors will be retired. If the number of Directors cannot be divided into three equal parts, the number of retirements may be calculated to the nearest one-third.

Directors are not allowed to operate in any other business, or to become partners or shareholders in another company that operates in the same business and compete with the Company, unless they have informed in the shareholders' meeting prior to the appointment.

Directors must inform the Company immediately if he or she benefits from the contract signed with the Company, or from their decrement and increment of bonds and shares of the Company and affiliates companies.

The signatures of 2 out of 3 Directors, who have been appointed and approved at the meeting of Board of Directors, together with the stamp of the Company's seal of approval, are thus resulted in a

legal binding for the Company. The Board of Directors can identify the name of Director who will have the signing authority together with stamp of Company's seal of approval for any Company's legal binding documents.

**Directors Representing Main Shareholders :** as of December 31, 2014 the Company has 2 directors who represent the main shareholders, 2 directors are representatives from GMM Grammy Public Company Limited.

#### **Recruitment of Managing Director and Executives**

For the position of Managing Director, the Recruitment and Remuneration Committees will select the best suitable candidate whose knowledge, ability, experience, and understanding of the book business are essential. Moreover, the candidate must manage to achieve objective or the Board of Directors pre-determined goal, whereby the Recruitment and Remuneration Committees will propose to the Board of Directors for appointment.

For executive positions from the position of Deputy Managing Director to department directors, the management will be responsible for recruitment consideration of the most suitable person according to the Human Resource management regulation, and report to the Board of Directors to acknowledge, except when there is an appointment of head of the Internal Audit team, it must first be approved by the Audit Committees.

#### **Policy for the Company's Directors and Executives in other firms**

In 2007, the Audit Committees reviewed the principle of Good Corporate Governance which has been revised for the fifth time since 2001 to be submitted to the Board of Directors to consider a policy to allow the Company's Directors to hold positions in other companies listed in the Stock Exchange of Thailand no more than 5 companies, and in 2010 there was an adjustment in the policy that only allows directors to take a position at no more than 3 listed companies in the Stock Exchange of Thailand in order to comply with the advice of Stock Exchange of Thailand. Later in 2013, the directorship policy was amended so that if included listed companies and subsidiaries that are not a listed company, one director should not hold the position of director in more than 5 companies. Moreover, the Company's Board of Directors stipulated that the managing director and high executives can also hold the posts of Director in other companies as seen necessary and does not affect the duty and responsibility of the Company but must be approved by the Board of Directors or Authorized person.

The Board of Directors has not determined the term of Directors and Independent Directors, since the Company's Board of Directors believes that the expertise in the book business and other matters concerned does not depend on the number of terms in the position, but the director should have the ability and time to dedicate for the Company to their best ability in coming up with strategy, creative vision, and offering consultations to business operations. The decision to select individuals for the positions in the Board of Directors is totally the shareholders' right.

**Balance of Power for Non-Executive Directors** : as at December 31, 2014 the Board of

Directors consists of 12 members :

- Directors that are in the management team : 2 persons
- Directors that are not in the management team : 5 persons
- Independent Directors : 5 persons

Therefore, the 5 Independent Directors which are accounted for 41.6% of all Directors which is still lower than the suggestion that the Board of Directors of a listed company should consist of more than 50% of Independent Directors, according to the survey of corporate governance of Thai listed companies by Thai Institute of Directors. However, the Company's definition of an Independent Director is more strict than the definition set forth by the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand. Thus, the Stakeholders can be sure to allow these Directors to represent the shareholders independently, resulting in check and balance for management.

The Board of the Company is responsible for performing its duties according to legality, objectives and company regulations and shareholders' resolution with integrity for the Company's best interest. The Board of the Company has an exact amount of time to be in office, which is consistent with the Company's regulations which stated that one-third of Committees who have the longest term in position must accept the resignation in each annual general meeting.

#### **9.4 Corporate Governance of Subsidiaries**

In 2003 the Company acquired 28.75% of the shares of Plearn Patt Co., Ltd. (founded on September 25, 2002) with the paid-up capital in the amount of 80,000,000 Baht. Later in 2005 the Company's share percentage increased to 48.82% with the authorized capital and paid-up capital in the amount of 170,000,000 Baht. The authorized capital and paid-up capital was decreased and remained in the amount of 169,475,500 Baht, representing the shareholding ratio of 48.97%. In the fourth quarter of 2009 Mr Thanong Chotisorayuth, Managing director, took up the position of the acting Director of Plearnpattana School and became the Director of the school in 2010 after receiving approval from the Board of Director. 2009 is also the year that the Company consolidated the financial statement of Plearn Patt Co., Ltd. (subsidiary) and the Company takes part in overseeing the operation of this business.

The Board of Directors' Meeting No.4/2012 passed a resolution to invest and set up a joint venture to facilitate the Company's digital contents business. In 2013, the Company has 60% shares in BaesLab Co., Ltd. (founded on April 22, 2013) which has the authorized capital in the amount of 1,000,000 million Baht. Mr Thanong Chotisorayuth, the Company's Managing Director, is one of the authorized signatories of BaesLab Co., Ltd. as well as has a role in overseeing its operation. The Company includes the financial statement of BaesLab Co., Ltd. (subsidiary) in the Company's consolidated financial statement in the accounting period since 2013.

Anyhow, the financial statements of the subsidiaries will be made by following the Company's accounting policy.

### **9.5 Monitoring the Use of Inside Information**

The monitoring of policy in written format with respect to the Corporate Good Governance and handbook for the Board of Directors, which has already been discussed in the Board meeting is as such : The top management of the Company have been informed about the announcement of Securities and Exchange Commission which stated that the management (including the spouse and legitimate child who has not become sui juris - or, in other words, not yet 20 years of age) must report the change of stock ownership to the Securities and Exchange Commission as stipulated in the law called 'Securities and Exchange Act (B.E. 2535)' in the section 59 within 3 days after the change of ownership of Securities taken place, and also report to the Company's secretary for acknowledgement so as to later inform to the directors and other related individuals. Moreover, the management in the meeting is also informed about the penalty imposed upon those who violate the laws

The Company has the policy that set the guideline for the practice of Corporate Good Governance, ethical practices of the Board of Directors, including the regulation that prohibit the staff from take Company's document or information for personal use, or bring outside the Company, without asking for permission. This also includes exposure of financial documents or other related documents for outsiders, and also prohibits the trading activity within 1 month prior to public release of financial information. If done so, the act can be considered 'misconduct' to the Company's rule of conducts. Should the management or staff learn about significant insider information with regard to anyone who may violate the Company's rule of conducts, the penalty can be ranged from warning, fine, work suspension, work without pay or job termination

### **Controlling System and Internal Audit**

**Control and Internal Audit System :** The Company sees the importance of internal control at the management and the operation level, so it has clearly prescribed duties and powers on the operation of the operators and the management, specifically in writing. There is a control on the use of the assets of the Company to the highest benefit, and there is the separation of duty between the operators, the controllers and evaluation, for suitable check and balance among each other. Moreover, there is internal control on the financial system and the Company has prepared the financial report for submission to the responsible management line of duty.

The Company has an internal audit unit responsible to reassure that the main practices and essential financial activities of the Company are in line with the guideline and are operated with effectiveness. It includes audit on legal compliance and compliance control as well as the independent internal audit and investor relations unit who is capable of independently performing the check and balance. Therefore, the Board of Directors has designated that the internal audit and investor relations

unit to report the results of the audit directly to the audit Committee, and is also evaluated by the audit Committee.

**Risk Management :** The risks are regularly evaluated against business risk on the internal and external factors. The working Committees consist of management and high level executives in the line of work associated with each risk involved. The supervisor in each work unit related directly to this aspect and internal control unit will work towards analyzing the cause of risk factors and determine relevant measures to manage the risk, and also keep track on the operation of risk management plan and report the result back to audit Committees to present the finding to the Board of Directors.

The Board of Directors put forth the important of internal control system and risk management to build confident and trust that the risk is at the acceptable level and allocation and usage of resource can be correctly utilized and maximized, resulting better reliable financial information.

### **9.6 Remuneration of Auditor**

**Auditing Fee :** The Company and its associated companies have paid the auditing fee for the period of fiscal year 2014 to EY Office Limited in the amount of THB 1,330,500 (not include travelling expense for work-related task, overnight, accommodation and stock counting observation fee). The Auditor doesn't have any relation with the Company other than auditing service only.

**Other Service Fee :** The Company and its associated companies don't pay any other service fee to the EY Office Limited for the fiscal year 2014.

### **9.7 Compliance with good corporate governance principles in others**

The Board of Directors is aware of the importance of good corporate governance to increase transparency, competitiveness and confidence to the shareholders, the investors and the involved parties. So, it has prescribed in written format the policy on Good Corporate Governance and also revised and updated the policy on Good Corporate Governance and business ethics handbook that are suitable for the business environments and more international, by stipulating that the revision of Good Corporate Governance policy shall be made once a year. In 2006 and 2007, the Audit Committees has prescribed additional good practice guidelines to ensure the clear direction to be used by all executives and staffs. In 2014, the Audit Committee and the Board of Directors has reviewed the principle of Corporate Good Governance that has been revised in the 12<sup>th</sup> Edition since 2001 that seeks to add and improve the principle of corporate good governance in a much clearer and more coverage.

The Company's Board of Directors, the Audit Committee, and management support Directors, executives, and staffs to endorse the corporate good governance by arranging communication channel of corporate good governance both from the orientation of new Directors and staff, as well as adding course content to the training. Moreover, it seeks to add more dissemination channel relating to

corporate good governance through website area whereby request for improvement and correction can be made to submit directly for acknowledgement of the Audit Committee.

The Audit Committee assessed the corporate good governance practice using the evaluation practice with reference to the principle designated in corporate good governance for listed companies (namely, 'Corporate Governance Self-Assessment') of Stock Exchange of Thailand and consider in tandem with the assessment criteria of corporate good governance of Thai Listed Companies initiated by the Association of Thailand Institute of Directors for Audit Committee to acknowledge some Company errors that can be improved and corrected as well as developed. Moreover, the Audit Committee also designated the channel for staff to voice the suggestion for ways to improve on the corporate good governance through Internal Audit and investor relations division. However, in the assessment of good corporate governance of Thai Listed Companies as of 2014 (namely, Corporate Governance Report of Thai Listed Companies 2014), the Company has been evaluated by Association of Thai Institute of Directors as follows :

#### **Total average score**

Item	2014	2013	2012
Listed Companies in total of (%)	72	78	77
Group of Companies in SET100 (%)	81	88	86
Group of Companies in SET50 (%)	85	91	88
<b>SE-EDUCATION Public Co., Ltd. (%)</b>	<b>92</b>	<b>94</b>	<b>93</b>

#### **Score distributed by subjects**

List of Criteria	Average Score (%)											
	Listed Companies in total			Group of Companies in SET100			Group of Companies in SET50			SE-EDUCATION Public Co., Ltd.		
Year	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Rights of Shareholders	87	89	88	94	95	94	95	96	94	95	95	94
Equitable Treatment of Shareholders	91	86	84	95	91	88	96	93	89	98	95	92
Roles of Stakeholders	62	68	65	76	83	82	81	91	88	90	94	94
Disclosure and Transparency	77	88	88	87	94	94	90	96	95	96	98	99
Board Responsibilities	63	64	63	74	77	77	78	80	78	88	89	89

*Remarks : In 2014, the 'Corporate Governance Report of Thai Listed Companies' criteria have been improved in alignment with the ASEAN CG Scorecard.*

### **Business Ethics**

The Company is committed to doing the right things as a guideline for business of all the Directors and employees. The Company has announced the enforcement of business and employee ethics for the Directors, the executives and all the employees to uphold as guideline in performing according to duty with loyalty, honesty and justice. In addition, this also includes conduct with the Company and vested interests, the public and society. The Company has assigned the internal audit and investor relations section to continuously follow up on compliance with ethics, and prescribes disciplinary actions in case of violations.

The Board of Directors has confidence that a good corporate governance process can help to promote the operations of the Company, and is the heart of achieving the fundamental objective to optimize value for the shareholders. The values the Company aims and expects for all the Directors and employees to do in all missions are:

- Giving highest priority to building satisfaction for customers
- Having confidence in working together
- Dedication towards work with virtue and professionalism
- Upholding the principles of good procedure and discipline
- Readily responding to all uneventful situations

The Board of Directors understands the business operation, the responsibility to the Stakeholders, staff, environment and society. The Board has prepared the spread of business ethics, policies on social and environmental issues through several communication channels such as the public relation activities and staff's meetings. It also includes the follow up on the ethical conduct of business and stipulates the penalty measures.

Besides, in the beginning of 2011 the Company avowed the intention to join the Collective action Coalition to fight against corruption in Thailand's private sector together with Thai Institute of Directors, Thai Chamber of Commerce, Thai Banker's Association, International Chamber of Commerce and Thai Listed Companies Association. The Company avows that it will operate a transparent and legal business; it will not support corruption and will adhere to the good corporate governance principles. In addition, the Company has a policy to support employees to be a good citizen of the country and support the Company's business partners to operate a legal and transparent business with the goal to create a sustainably progressing society.

### **Good Corporate Governance Principle that the Company Cannot Comply**

In 2014 the Company is able to follow the principles of corporate governance of Thai listed companies issued by Thai Institute of Directors. However, the Company cannot adhere to some principles as follows :



**The Board of Directors should limit the term of independent committees to a maximum of 9 years without exception; preferably the maximum term should be 6 years without exception :** As the Company's main business is retailing which requires special expertise in products such as books, the Board of Directors do not limit the term of independent directors. After consideration, it is agreed that experience and expertise in book business is needed in order to provide a policy, strategy, vision and advice for the Company's direction. Anyhow, the Board of Directors do not overlook the disclosure of the date each independent director took up the position and the length of term that each independent director has been in the office so far; this information is disclosed in the invitation to the General Shareholders Meeting so that it can be used as a reference in the meeting.

Anyhow, the Company's regulation indicates that in every general shareholders' meeting, one third of the directors need to leave the office, which is the director who has the longest term. The Company also gives an opportunity to the shareholders to nominate the person who is qualified to be appointed a director at least 3 months before the end of the accounting year. Because of the procedure that the Company follows in selecting the person to be the director, it can be said that the Company does not overlook the suggestion to limit the term of independent directors; the independent directors are also a member of the Board of Directors, one third of which are required to leave the office every year.

**The company should form the CG Committee and Risk Management Committee :** Even though the Company does not form the CG Committee and Risk Management Committee as shown in the organizational structure, the Audit Committee consistently perform the task in checking the good corporate governance, risk management and other relevant issues under the scope of duties specified in the Audit Committee's Charter and duties assigned by the Board of Directors.

## **10. Corporate Social Responsibility**

### **10.1 Policy Overview**

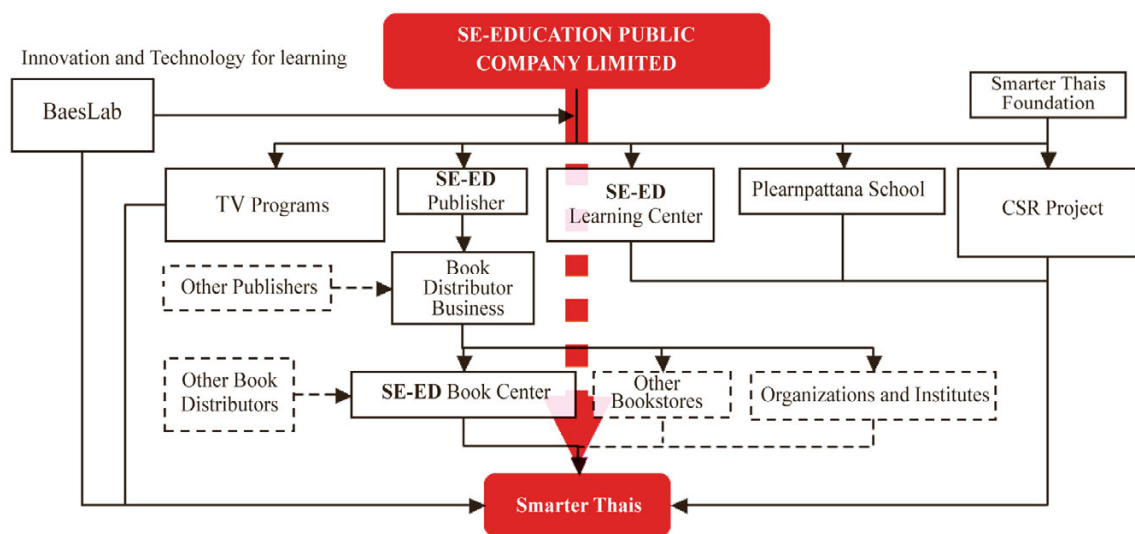
The Company was established by a group of ten electrical engineers. Each of them had experiences in knowledge promoting activities from their participation in Academic Club as a student at the Faculty of Engineering, Chulalongkorn University. They realized that Thailand needed to develop many more of academic resources but no one had been interested in the academic development. Thus, the Company was established in 1974 under the objective 'to do business in knowledge dissemination, with a view to developing the fullest potential of Thai people in areas essential to the national development'. The Company's name also emphasizes the objective. 'SE-ED' is derived from the words **S**cience, **E**ngineering and **E**ducation because engineering, science and education are vital fields needed for the development of the country. The Company's vision and mission reflect the strong determination to be a part of Thailand's sustainable development.

**Vision** : SE-ED shall be a leader in providing easy and convenient access to knowledge to Thai people.

**Mission** : SE-ED seeks to do business in the areas that promote education for Knowledge in the fields that is necessary to the development of the nation. It operates in the business that will make 'Smarter Thais' by developing the sustainable business with a continuous earning growth at the above the industry's average, being a role-model company that can create work result deems beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfactory level.

### **Sustainability Framework**

The Company can sustainably operate a business that grows alongside the society while being able to survive in the long term if the executives and employees share the commitment and inspiration to drive the organization into becoming the 'knowledge provider' who makes Thai people smarter. From the past up to present, the Company has seriously operated the business along with creating new innovations to serve the mission 'to make Smarter Thais'. The Company's business operation can be summarized into the following chart :



The operation chart displays many activities that have been integrated into the Company's business operation as in the following:

- **SE-ED Publisher** : The publishing unit is responsible for publishing books, magazines and other education resources to help Thai people improve their potentials. The unit has been active since 1974.
- **Book Distribution Business** : As a distributor SE-ED has distributed good books from both inhouse publications and other publishers' to SE-ED Book Center and other bookstores across the country. The distribution unit began its operation since 1998.
- **SE-ED Book Center** : The Company's bookstore business has been in operation since 1991 with the determination to expand branches across the country, giving convenient access to knowledge and good books for Thai people. Books sold in SE-ED Book Center are of mixed varieties and exclude any books that contain inappropriate contents, encourage violence, violate laws or contradict to the moral value of Thai society.
- **SE-ED Learning Center** : The Company started organizing education camps (Computer and Nature Camps) in 1987 as a sample to interest other operators to begin providing more education camps. Later in 2002, SE-ED revived the project and transformed it to 'SE-ED Kiddy Camp' available in every school break. To support the expansion of this business line, in September 2008 the Company opened 'SE-ED Learning Center' on the 600 square meters space at *Chamchuri Square* building, the property of Chulalongkorn University. The Center's mission is to provide supplementary courses and activities for young children to improve their potentials and boost their development. Moreover, the Center has provided training courses and workshops in developing professional skills and personal performance for general public. From 2013 onwards, SE-ED Learning Center has branched out into the learning center of

mathematics, English language, and STEM education in the following programs respectively :

- The Fan Math program for kindergarten 2 – primary students.
- ACTIVE English program for kindergarten 2 – high school students.
- SE-ED iKids program for kindergarten 2 – primary students.

SE-ED Learning Center has increased its franchise branches with the belief that it would help to raise the standards of educational achievement of Thai kids. SE-ED Learning Center headquarter is located at the 4th floor Paradise Shopping Center, Srinakarin Road, Bangkok.



- **Plearnpattana School** : This is an alternative school that takes students from pre-kindergarten to Matayom 6. SE-EDUCATION PUBLIC COMPANY LIMITED is one of the founders. The school has been in operation since the 2004 academic year onwards. The school's curriculum is designed to equip students with knowledge skill, working skill and life skill that will support students to develop their full potential and become an eligible adult who possesses a voluntary mind, good moral and awareness of his/her social responsibility.





- **BaesLab :** BaesLab Co., Ltd. was formed with the objective to develop educational materials in digital formats (e.g. e-book, ePub, i-book) and to develop programs and IT facilities to support digital content management so that Thai people can access these contents effectively and use it as a part of the learning experience in the 21<sup>st</sup> century. Such programs and facilities include e-Library system, SE-ED Current, Follow me (teacher's assistant program to control and manage classroom through tablet) and Interactive Book Making Program.
- **TV Programs to Support Reading Habit :** At the present the Company is the producer of 'Arn Kho Sen', a TV program that raises awareness of the power of reading that can change the way we think and our lives. The program features celebrity guests introducing books that can get them through their life crisis and also includes a reality section that follows the lives of people who have different problems and needs. The program is broadcast every Sundays from 8.00-8.30 a.m. on One HD Digital TV (channel 31 via digital set top box and channel 41 via TRUE box, cable box and cable TV).



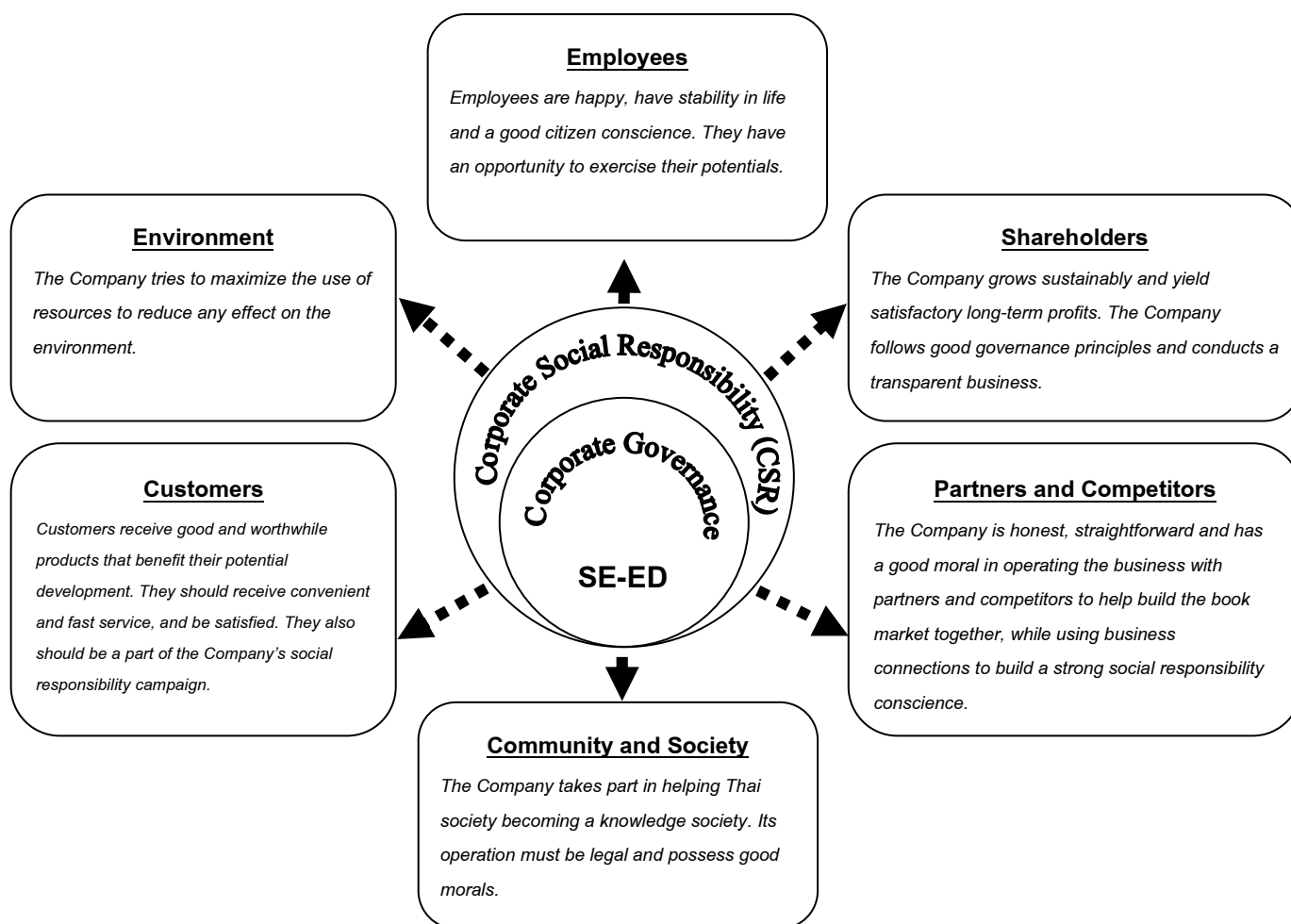
- **CSR Project** : The Company takes its corporate social responsibility as a part of the driving strategy and business operation. CSR, or 'CSR in Process', has become the core operation of the organization, in which there is no department directly responsible for CSR activities. However, the Company had been involved in many activities that required cooperation and operation to enhance the effectiveness of CSR activities. Thus the Company decided to set up CSR Department in 2009 to support the Company's CSR activities. This department focuses on helping children and insufficient communities to access to knowledge easier by donating books and educational media to schools in rural areas, donating book shelves to make school libraries well organized and attract students to libraries so they can improve their life-long reading habits.
  
- **Smarter Thais Foundation** : The Company's 'Smarter Thais Foundation' was officially established on September 23, 2011. The foundation's objective is to initiate activities that support the development of Thai people's potentials that will allow them to be a valuable human asset and possess a better life quality so that they can apply their potentials in developing and driving the country to be competitive in the international community. The foundation will work closely and effectively with the Company's CSR project to help Thai people smarter and build a sustainable society.





It can be concluded from the above that the Company's business operation has a role in solving major problems of the country and driving the country to a sustainable development. The Company is also the mechanism that supports the development of Thai people's potential until they can become a valuable human asset for the nation's sustainable development. As a result, the corporate social responsibility along with the faithfulness to business ethics and determination to being a good role model become the important mission that the Company has to strictly hold firm too.

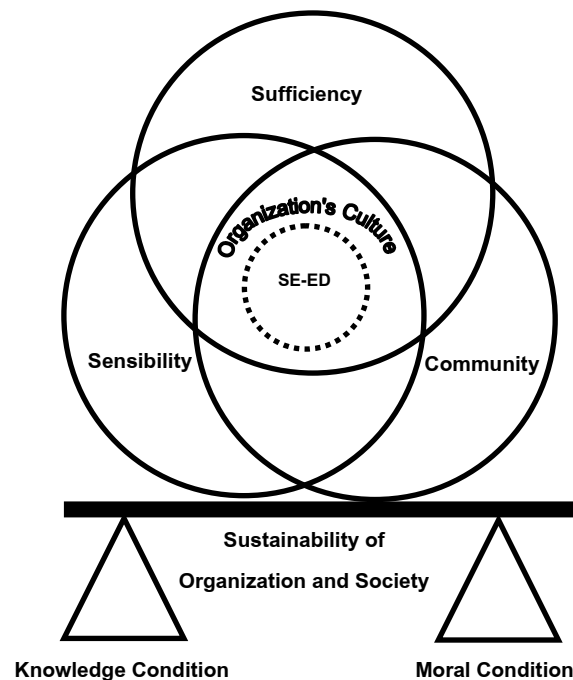
The Company has adopted the principles of Corporate Responsibility and Corporate Governance, which become the Company's strategy. The Company's business operation also needs to take into account the balance satisfaction of stakeholders including customers, employees, business partners, shareholders, communities, society, and environment, which are appropriately prioritized in the following :



Moreover, the Company has adopted the principle of sufficiency economy into its business operation so that the Company can run its operation reasonably and sufficiently, with immunity. It needs to be assured that the Company has used IT information and knowledge in different areas to make operational decisions with the principles of good morals and ethics as the guideline.

Moreover, when considering the Organization's 'culture' that the Company has tried to impose on every employee, it can be found that the culture of the organization is in line with the sufficiency economy philosophy as shown in the following chart :





The Company realized that it could only maintain the sustainable operation by promoting a positive working culture for every employee. A good culture will produce shared values and positive attitudes in work and life among employees. A good organizational culture will also continuously bring about success factors that answer to the objectives and business nature of the organization. Such culture is a drive force to creating pioneer works that require strong cause, ideology and determination. It is a work that is not only creative but beneficial to the country at large. Every employee is ready to adapt to changes and listen to reasons with open mind. They focus on their productivity to make profits and sustainability for the organization and society. A culture that has been planted into the attitudes of every employee will become a common work ethic shared through team working experiences within the organization. The Company is confident that every employee is ready to apply the philosophy of sufficient economy in their own lives effectively. The organizational culture of SE-EDUCATION PUBLIC COMPANY LIMITED is illustrated in the following :

#### Operation Philosophy and Driving Force

- We will take on our ideology and turn it into our profession. We will produce creative and pioneer works with happiness because we believe that we can transform our dreams into something great for Thai society.
- We will think big, never think small.

#### Transparency and Moral Values

- We will be a good role model as a company.
- We will not cheat or violate the law. We will be fair and maintain our work ethics and social responsibility.

- We will have a moral standard in treating our customers, business partners, competitors and colleagues.

#### Adaptability

- Every rule can be changed with reason and as long as the change will improve our employees and does not cause any negative effect on the Company.
- We are ready to change anything. We will listen, think, learn, and improve for better. We will not feel humiliated and be chained to the traditional framework. We will break through any problems or obstacles.
- Nothing is perfect at SE-ED.
- Employees will be given an opportunity to work on what they truly like.

#### Personal Ethics

- Be economical, humble and self-sufficient.
- Be down to earth and treat everyone with respect.
- Spend money and resources reasonably when it is needed without being stuck to the old tradition. Every money spent is worthwhile and benefits the works. It is known as the Zero-Based Budgeting.

#### Common Values

- Be positive towards life and obstacle.
- Be understanding and believe in the goodness in people.
- Ignore showing off but care only what matters.
- Creating positive working atmosphere that encourages people to work hard and have fun with the challenging works.
- Live and love as one family.

#### Ethical Business Operation

The Company supports an effective, transparent and auditable system and emphasizes on business ethics, transparency, being exemplary, responsible and honest, equality, and rights of employees, directors and shareholders. This has become the '*strong culture of the organization*'. Starting from the Chairman, Directors, Managers and Managing Directors, everyone is the driving force to implement the Company's policy with transparency and responsibility to society. Every member in the organization, from employees, directors, and executives, is well aware of the core policy of the Company.

Every business plan for every process including operation procedures in the organization are under the balance responsibility of every stakeholder; shareholders, business partners, competitors, creditors, customers, employees, communities and society. Every employee must follow the ethical

guideline that the Company has compiled and used as the guideline to plan any operation, process and procedure.

Moreover, the Company's directors realize the importance of an effective, transparent and auditable managing system. Every employee and new employee will be informed of the Business Ethic Guideline, involving rules and regulations in operating business. The guideline helps build more confidence among shareholders, investors and all stakeholders who are the supporting and driving force towards the Company's strength, competitiveness and long-term success. The Company has undergone key activities to support good corporate governance principle:

- Directors' Manual** : The Company believes in good corporate governance, business ethics and responsibility to society. Every director and executive must perform their duties honestly and straightforwardly. The Directors' Manual and Corporate Governance Policy are the guidelines for directors and executives to comply by the laws and the Company's regulations, to possess business ethics in performing any activities, decision-making and any transaction of the Company. The Company intends to run the business with honesty.



- Business Ethics Guideline** : Every employee and new employee will be informed of the Business Ethic Guideline, involving rules and regulations in operating business. The guideline helps build more confidence among shareholders, investors and all stakeholders who are the supporting and driving force towards the Company's strength, competitiveness and long-term success.



- **Ethical Business Operation** : The Company has operated the business by adopting the principles of good governance. The details and information associated with stockholders and investors are available to certify the ethics and morality in business operation. Individuality is encouraged to file a complaint regarding products, insufficient service, immoral and unethical operation of board of directors and staff at [comment@se-ed.com](mailto:comment@se-ed.com), or to independent director at [id@se-ed.com](mailto:id@se-ed.com).
- **The Business Ethics and Moral Principles** : The company is determined to incorporate the business with morality and ethics. We trust in our commitment. Our business is operated under the laws and regulations with principles, values and standards, not taking advantage nor causing any inequality to business partners and customers.
- **Strong Objectives Against Rights Violation** : The company has solid regulations and policy against any the production and the distribution that considered breaching rights. We have also encouraged our partners, writers and others to understand and aware of the copyrights and rights violation. For example, the seminar entitled 'Copyrights: You Should Know' was held to publicize and promote the awareness of copyrights.

### **Anti-Corruption**

SE-EDUCATION PUBLIC COMPANY LIMITED is determined to operate a legal and transparent business, and forbid any corruption to ensure that the Company's operation is in compliance with the Corporate Governance principle. The Company has also established a policy to encourage its employees to be a good citizen, and its business partners to operate legal and transparent business. The objective is to form a corporation to maintain the sustainable progress of the society. The Company is aware that corruption poses an extreme harm to the progress of the country. Therefore, the Company has formed an anti-corruption policy as follows:

1. The Company will evaluate the risks involving the corruption within the Company, investigate and vanquish internal corruption and stand up against any form of corruption.
  - 1.1 The Company has a policy to forbid any form of bribery in any activities and operations. In case that the Company needs to give donations for charity, presents to business partners or sponsorship, everything needs to be transparent and void of any influence on government or private sector officers to be committed on any inappropriate action.
  - 1.2 The policy will be announced and publicized within the organization so that both the executives and employees can use it as a guideline to perform their duties with ethics. The Company will have a firm punishment for an executive or employee involved in internal corruption, bribery or any form of corruption.

- 1.3 The Company will emphasize these measures through trainings and meetings within the Company so that every employee is aware of the importance of honesty and that the Company is determined to follow good business guidelines.
  - 1.4 The Company will form a suitable system to prevent employees from cheating or corrupting so that the Company can maintain its good corporate governance practice and the organizational culture of being an honest, trustworthy and responsible organization.
  - 1.5 The Company will provide channels for employees or relevant parties to give a clue of corruption and guarantee the safety of informants. There will be an immediate investigation on the given clue.
2. The Company will exchange its experiences, guidelines and successes in the campaign to support an honest and transparent business operation with its business partners and other organizations so that there could be an inter-organizational corporation to prevent corruption.
  3. The Company will corporate with other companies within the same industry, business partners and other stakeholders to form a network to support moral, lawful, and transparent business operation and participate in any anti-corruption activities.
- **Declaration to be a part of the Collective Anti-Corruption (CAC) :** In the beginning of 2011, the Company has declared its intention to be a part of the Collective Action Coalition. This is the collaboration of 7 leading organizations including Thai Institutes of Directors, Thai Chamber of Commerce, Thai Bankers Association, International Chamber of Commerce, Thai Listed Companies Association, Federation of Thai Capital Market Organizations, and the Federation of Thai Industries.

### **Human Rights**

SE-EDUCATION PUBLIC COMPANY LIMITED is aware that every employee has possessed the human value. The Company pledges to respect the honor of every employee and guarantees that everyone will have the rights and freedom to work in a clean and safe workplace, be free from any form of harassment and suppression. The Company will also encourage the employees to express their potential and individual value that will be a part of the organization's continuous and sustainable growth.

- **Mediation Program :** The Company has always encouraged the employees to understand themselves as well as others. Therefore, the meditation program is initiated. This program has aimed to give the training to the practitioners' mind in order to aware of the consciousness, to gain insight and morality in order to purify and to consciously overcome doubts which lead to efficiently performance both at work place and in daily life.



- Employee Value Project :** The Company intends to promote and support potential proactive activities of all its employees. We encourage our employees to develop their leadership skill and cross functional management skill in a project called 'A3' and 'Project Leader Project' in which anyone can offer their sub - project to improve the organization. The board of directors always encourages and supports its employee to broaden their knowledge and prove their ability through their performance.





- **Communication Development Project :** The Company has developed the communication system for its branch staff at all available branches across the country and its staff at headquarters and the warehouse. Together with ADSL phone system, iPOS system which allows staff at the branches and the headquarters exchanging their mails effectively, and LCD TV to interchange important information. These systems enable its entire staff to exchange important information even though they are not in the same place.



### Labor Practices

The Company is aware that safety and sanitation of employees is important because employees are valuable resources and vital contribution to the growth and competitiveness.

- **Safety and Emergency Project :** The Company is aware of the safety of workplace. Thus, we continuously host fire drills and safety trainings. The facilities and safety equipments are sufficiently supplied in case of emergency.





- **Health Care Project :** The Company is aware of the importance of its entire staff and families' health. We believe if they are physically and mentally healthy, they are happy as well. Therefore, these health check-up programs are offered throughout the year.
  - Annual health check - up An appropriate list of analysis and check-ups is provided suitably for the age range of the staff. A reasonable discount for the health check-up is provided for the immediate family members as well.
  - Health cover welfare this program aims to relieve its staff financial problem in case of hospital emergency admission. Special health insurance is also available for further family member with a reduced insurance rate.





- **Stability and Sustainability Life Improvement Program** : The Company is aware of the importance of its staff quality life. To assure each individual staff its quality life, various programs are in action.
  - Life Insurance Worth 24 Months of the Latest Salary. In case of unpredictable and unfortunate death, the company offers 2 years of payment providing for the family of the lost one. This will help the family to cope with and adjust to the situation.
  - Flexible Time System. The flexibility of work period enables individual staff to choose their operating hours in compatible with each individual convenience or personal business. With this system, some who may be engaged in personal business can come to work after regular working time.
  - Retire Rich Fund Project. To promote the saving habit, SE-ED has encouraged its employees to save money for their retirement. This project aims to assure that they will have sufficient amount of money to survive to live happily ever after the retirement.
  - Reducing Debts Project. A survey concerning debts has been conducted. After the survey, the jurist department has been assigned to aid the debtor and the creditor in making compromise. Moreover, the amount of the loan has been approved to help paying off debt so they can start their lives over.
- **The relief program gives financial support to employees suffering from natural disasters** : such as floods or rainstorms as well as other mishaps that cause major asset losses. The support will allow them to recover and return to work and live a normal life again. Moreover, the Company offers an interest-free loan to employees who have to renovate their houses that have been affected by such disasters.

### **Consumer Responsibility**

The executives and employees will strictly follow the below guidelines:

1. To guarantee the quality of books published by the Company and exchange the defective ones.
2. To endeavor to offer product satisfaction with most reasonable price.
3. To endeavor to treat and protect customers 'information as if it was their own information.
4. To provide a channel for complaints and inquiries via from which they can promptly respond.
5. To endeavor to offer accurate, sufficient and up-to-date product information.
6. To equally treat every customers.

- **SE-ED Book Center Project** : SE-ED is determined to operate SE-ED Book Center nationwide as the provider to Thai society to fulfill the satisfaction of the customers so they can shop at the nearest store at their most convenience and to create equally opportunity for Thai people to seek for source of knowledge.



- **White Bookstore Project** : The Company has a strict policy of providing good, ethical selection of books and products. We offer a wide range and variable genres of books and our stores will have no unethical, immoral, improper or culturally unacceptable in Thai society.





- Production of Books, Magazines, and Academic Materials Plays the Significant Role in Developing Thai Society :** From the day one until today, the company has determined to publish books, magazines, and academic materials that greatly play significant role in improving Thai society. SE-ED has provided a variety category of books; for instance, engineering, computing, management, foreign languages, dictionaries, science and innovation, kids' educational comics, science journal, technologies and industries, et cetera.



- DIY for Kids :** The Company aims to improve potentials of Thai children and youth in 3 aspects: Imagination, Inspiration and Innovation. Therefore, the Company has distributed a new product line under the name i-Kids with the objective that Thai children and youth can learn through the innovation of these products. Children can learn about what they like and suit themselves. This leads to STEM Education, which is a basic learning system in Science,



Technology, Engineering and Mathematics that does not require theory memorization; children can learn from real hand-on experiments and pursue further learning in the subject with their own imagination and inspiration.



- **Developing websites supporting retail and wholesale systems :** The Company has developed and improved its websites: [www.se-ed.com](http://www.se-ed.com) and [www.se-ed.com/wholesale](http://www.se-ed.com/wholesale) in order to support retail system (e-Commerce) and wholesale system.

Nowadays, [www.se-ed.com](http://www.se-ed.com) is most visited website of the country. There are wide range of products and a variety of books for customers. Moreover, they provide the updated information about best sellers, interesting books and where to buy them. With these information, it enables customers have choices and can make a decision easier.



Additionally, the Company has launched its mobile website, m.se-ed.com, for mobile devices such as smartphones or tablets to allow customers more convenient alternatives to book shopping. The Company expects that such channel will support the increasing e-book trade in the future which is the result of the dramatically growing internet usage from general public.

- **Integral developing logistics system:** The Company has determined to develop logistics system to be highly efficient, to deliver goods to customers at low cost, and to be competitive. According to this philosophy, Thais could access the quality books quicker, and whenever they need.

Integral developing logistics system includes :

- 'Order Today, Get It Tomorrow' Project: The Company has developed and improved order picking system and www.se-ed.com under the concept of 'a small store serves as a big one'. If the customers cannot find the books they need in SE-ED Book Center, they can go over the cashier counter and request for the books. With the developed, improved IT and logistics systems, the stores can deliver the books to the customers within 24 hours at their convenient branches without a delivery fee.
- Intelligent Point of Sale System (iPOS) : The Company has developed this system to support sales performance at SE-ED Book Centers and to provide useful information on books. This helps the customers make a decision easier.



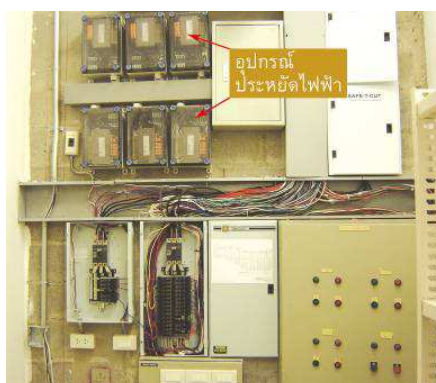


- Developing a data linking system between branches, the headquarters and the warehouse into a real time computer network. This enables an efficient, fast, accurate operation.
- Digital Assorting System: The Company has developed products distribution into a digital system. This enables a flexible distribution to efficiently deal with the market situation. In addition, this system helps reduce papers usage up to 500,000 sheets.



## Environmental

- **The natural conservation project:** SE-ED emphasizes on saving energy and resources. Thus the Company launches many campaigns and activities on saving energy and resources as follows:
  - Replacing electronics in SE-ED Book Center with saving energy models.



- Changing the light switches into individual string switches in the headquarters in order to save electrical energy on unoccupied workspaces.



- Minimizing of paper usage project promoting employees to manage the important documents through electronic media (e-document) to reduce papers usage and enable faster searching.
- Saving water in the headquarters project by installing automatic piping valves in restrooms, working with the Contact Switch at toilets' doors. Valves will be turned on, if the door was closed only. This prevents wasting water.
- Power saving in the new distribution and warehouse was implemented by using the T5 High Output bulbs instead of Metal halide lamps for higher space that needs more light. This implement helps reduce more than 50% of electricity usage. For normal space, the T5 fluorescent bulbs were installed, which can save electricity up to 33% when compared to normal fluorescent bulbs. In addition, the automatic light on and off system was installed in the new warehouse, which was working separately and independently, helping to use energy effectively.







### Responsibility in Community and Society

- **Genius Book Series Project** : SE-ED cooperates with the Institute for the Promotion of Teaching Science and Technology (IPST) in producing course books and development helper books that available in Mathematics, Science, Computer, Biology, Physics, and Chemistry. This includes tutoring books for an Academic Olympics.





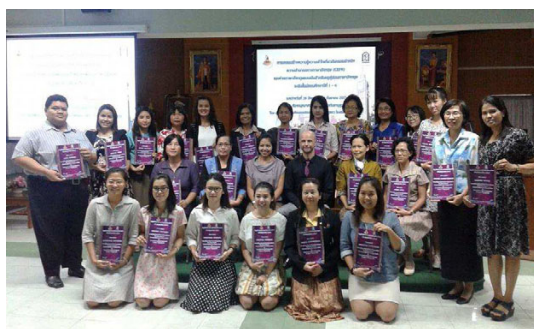
- **Change for Kids Project** : This project enables SE-ED customers and others to participate in the donation activity through donation box at all SE-ED Book Center branches or by the donation bank account. This project will be operated under 'Smarter Thais Foundation (Khon Thai Keng Kheun Foundation)'. Every penny of the donation is determined to organize activities that aim to develop proficiency, ability and life value of Thai people. We believe that this sustainable project will result in making Thai realizing their potential for this country.



- **Total Solution to English Proficiency project:** the objectives of this project are to improve the potential of teachers and students by training and developing teaching process according to Common European Framework of Reference for Languages or CEFR, and to present and introduce the innovative, systematic English teaching with teaching materials for effective class management. In addition, teachers will be able to best adapt the learning management plans according to their classes and able to assess their improvement on teaching students to have educational achievement according to the criteria.

This project also aims to raise the level of Thailand's education to use Communicative Language Teaching or CLT in the main subjects: English language, Science, Mathematics, and Art. In order to improve teachers' abilities in teaching, the project provided trainings for Elementary and Secondary school teachers, which are well, systematic designed for in classroom and outside classroom to have high educational achievement with limited resources. This would help Thai kids to acquire skills in Communicative English as well as Academic English and skills in science mathematics for coming ASEAN Economic Communication or AEC.

In 2014 the Company was entrusted by English Language Institution of Office of Basic Education to design a training course for increasing potential of Elementary & Secondary Science teachers in learning plan management using English Bilingual Education. The training events were held across the country with over 5,000 teachers joined.





- Cooperating with National Science Museum (NSM) to build the science learning centers for children in towns :** SE-ED has a policy to encourage youth to have inspiration in Science and technology. Therefore the Company contributes support in finding the space in Shopping Malls, which are trading partners of SE-ED, to National Science Museum (NSM) for setting up the Science museums and learning centers. Moreover, the Company provides a special renting rate or renting-free for National Science Museum. Nowadays, there is one science museums and learning centers: Chamchuri Square.
- Logistics Development to Meet Substantial Orders :** The logistics system of the company is developed and improved so all the order is promptly delivered to the customer within the very next day under the slogan 'Order Today, Get It Tomorrow'. Furthermore, this particular service helps the customers to find books and other products easier and more convenient.

## **Innovation of CSR**

SE-ED always determined to one that make Smarter Thais and satisfy all stake holders. Therefore the purpose of research, development and innovation creating conform to fulfill this determination. The Company's innovation must afford to provide benefits to book industry as a whole, to enable the easier ways to for Thais to access knowledge. The latest technology is applied to SE-ED's business operation in order to develop the operation's efficiency. Examples of innovations, which reflect to social responsibility as follows:

- **'Standing Order', Developing Distribution System project** : Being the biggest book distributor of the country, the Company sees the problems in a stock management in book industry as a whole such as inaccurate sales monitoring, complications on billing, lack of credibility and etc. Thus the Company developed the innovative distribution system called 'Standing Order'. It is the system that allows the new books be on stores without billing. This enables the stores to sell more new books. If some of the new books were best seller, the stores would fill up the stock and pay bills on the filling stock. The SE-ED employees will be fully responsible for sales checking. This, Standing Order System, gives enormous advantages to book industry. Firstly, the stores are willingly to add more new books. Secondly, Thais have better opportunities to access a variety of books. Thirdly, it reduces risks in business operating, thus the distributors and publishers can track all information about sales performance. This enables the better planning. Fourthly, it also enables the better billing system. Nowadays, this Standing Order System is accepted and adopted across the country.
- **Developing Product Management project** : SE-ED has developed the Distribution Model Program and Intelligent Automatic Reordering System (IARS) in order to manage a new books distribution and to fill up stock of SE-ED Book Centers which depends on its community's needs and its actual sales performance. This reduces risks in business operating because the mass publishing, without information technology supporting, is not necessary. Moreover, the stable and accurate information technology allows all branches to fulfill its community's needs. This also efficiently reduces costs and opportunities loss.
- **Successfully develop the potential of Thai youth** : The Company did a research to find a guideline to help young Thai people who do not live in an English speaking environment to be able to improve their English skill significantly. In addition this practice must no increase a burden for teachers and use minimum resources. The outcome of the research shows that by reading graded readers with the extensive reading approach, the English skills of student improved significantly as well as their attitude towards English language, the inspiration to study more by themselves and the reading habit which has a crucial role in changing the student into becoming a life-time self-learners.



Consequently, the Company initiated SE-ED Enjoy Reading program in 2008. This program aimed to develop graded readers materials with the corporation from the world's leading publishers who specialize in extensive reading approach and graded readers. The program has selected many books in different levels and themes that will match the different interests of most students in the school system. Graded readers will be a tool to increase English proficiency of Thai students. From the research there will be a development of practice that can be employed in the schools across the country.

In 2009 – 2010, the Company began its research with 20 lacking schools in the elementary and secondary level. The outcome indicated a satisfactory improvement among students who read SE-ED Enjoy Reading materials with Extensive Reading Approach and toolkits from the program.

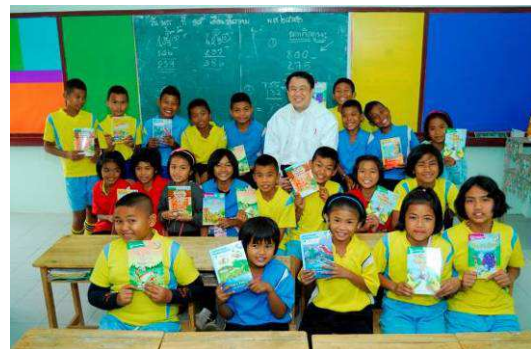
In order to magnify the outcome, the program has expanded its reach to teachers whose role can impose positive changes on children. In 2010 the program organized a training for the management staff and English teachers for over 70 school from the northern, central, southern and northeastern regions in order to prepare for an in-depth research. Every school participating would be provided SE-ED Enjoy Reading books, teachers training, teaching kits, and evaluation of English proficiency throughout one academic year.

In 2011, the Company, with the PR support from agencies of the Ministry of Education including the Office of the Basic Education Commission (OBEC) and the Office of the Private Education Commission (OPEC), organized a teacher training for over 1,000 teachers across the country. The training was under the idea of Total Solution to English Proficiency that focuses on improving the whole system with proficiency-based teaching methods. The proficiency-based methods will allow students to improve listening, speaking, reading and writing skills that can be applied in everyday communication English as well as academic English. The improvement will take place in all aspects including the curriculum development, classroom evaluation, materials selection, teacher training, cultivation of reading habits among children, and extracurricular activities.

In 2012, the Company hosted the academic seminar for teachers to exchange ideas and teaching techniques in classroom. There were over 1,200 teachers participating. The project aims to develop teaching efficiency of teachers and English language proficiency of students through a systematic teaching model that teachers can apply in classroom. In addition, there are teachers trainings to improve teaching efficiency to the standard of 'Oxford Language Program'. Development of teachers will be evaluated by students' achievement at the determined level.

In 2013, the Company worked with the Education Area Office nationwide to provide trainings for teachers. So far there has been over 1,000 teachers attending the trainings and over 140 schools that participate in the Total Solution for English Proficiency program.

In 2014, Smarter Thais Foundation has started the project 'Improving Knowledge Management for Increasing Educational Achievement.' The purposes of this project are to comprehensively improve teaching English language, where teachers are able to effectively adjust their knowledge management plans according to their situations, and to increase teachers' abilities in teaching to effectively raise students' standards of educational achievement according to the criteria. This project is also a collection of helping tools for knowledge management planning and the developing system for teaching quality. This would help reduce Teachers' burden in teaching preparation. The total number of students in this project is 25,977 students from 120 schools.

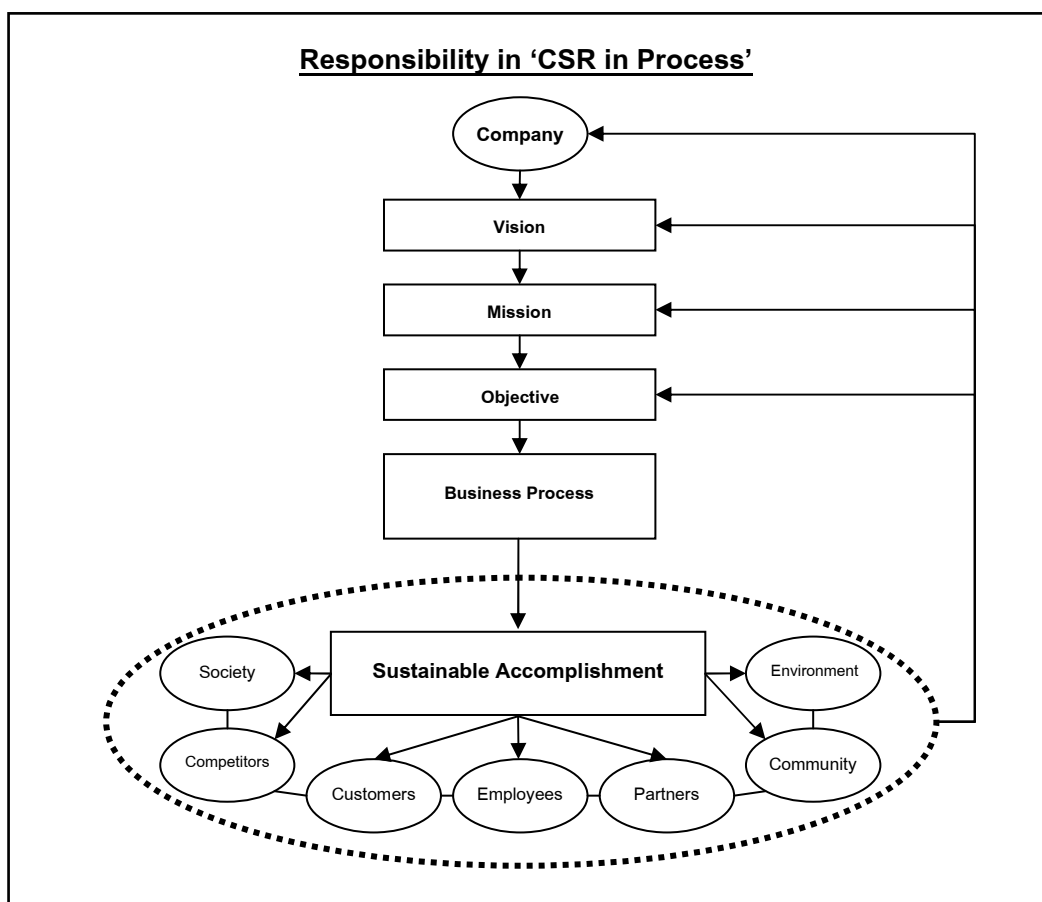


## 10.2 Operation and Reporting

It could be said that the Company's business objective comes from the country's problem in developing the human resources and the Company's social ideology. Such objective will allow the Company, stakeholders and the whole society grow together with sustainability. From the first day of establishment the objective has been carried on and seen through with determination. It has been passed on through the culture of the Company, through the attempt to become a 'good role model' in every aspect, through the works produced and through the growth in different areas.

The Company believes that the corporate social responsibility means that the Company must operate its business with ethics. Success of the Company must go along with the improvement of society. Every stakeholder is focused and treated with balance.

To achieve the above objective, the Company must make the Corporate Social Responsibility (CSR) the work and responsibility of every employee. It is in compliance with the objective of the establishment and usual business operation. CSR must be a part of the business process. CSR must not cost more than an ordinary process. CSR must involve employees. CSR must be in the actual work process. This is the reemphasis on the Company's management philosophy that we will not do anything differently from a normal business operation. We only change the 'way of thinking' and operate the normal business with 'different methods'.



Every business of the Company is aimed to answer the original objective of establishment. Books, magazines and educational resources are produced to benefit Thai society that still needs those materials. Distributing books for our publishers give a chance to good books to be widely distributed while publishers can survive, stay stronger and be ready to produce even more good books. The increase of SE-ED Book Center to different communities allow people to have an easy access to books that are selected and displayed in a way that suits the lifestyle in each area. The development of purchasing and ordering books give an opportunity to people from anywhere in the country to learn and develop equally. Moreover, the Company has established SE-ED Learning Center to disseminate knowledge and inspire Thai people to learn and discover. The Center's activities include organizing Kiddy Camps, educational activities, training courses and seminars for general public to improve their working skills in different areas and increase their productivity. Moreover, the Company took an important role in founding and operating 'Plearnpattana School', which is an alternative school aiming to produce quality human resources for the country in the future. The school focuses on promoting knowledge skill, working skill, life skill, voluntary mind and awareness of the social responsibility.

Responsibility to society, community and environment is not just an additional work but the core of the business operation, the breath of SE-ED family who are creators, initiators and role models. Every employee in the Company is a part of this responsibility in one way or another.

The Company could be claimed to have a vital role in breaking through the overall book business and quickly expanding the market for educational resources.

The Company believes that a sustainable organization can be developed from not only the ability to yield reasonable profits and growth rate for shareholder but also from the ability to improve itself to become a good role model that create works beneficial and acknowledgeable to the society at large. The Company's employees stay happy. Environmental awareness is a part of the business operation. The Company, thus, has operated the business on the interrelation of sustainable development with society and environment, with the founding belief that 'Good Will shall lead to growth, leading to profits, to strength and eventually to sustainability'.

According to the Form 56-1, the Company annually submitted the Sustainability Report under the concept of disclosure of social responsibility to SET. The Sustainability Report was also included in the Thai and English annual reports.

## **Procedures of Corporate Social Responsibility of SE-EDUCATION PUBLIC COMPANY**

### **LIMITED**

The Company has 3 main procedures to fulfill the corporate social responsibility :

1. General CSR activities of the Company must include all stakeholders who are customers, employees, business partners (and competitors), shareholders, communities, society, and environment. Every parties must be prioritized with balance so that everyone can be fully satisfied and accomplish together.
2. The Company focuses on CSR in Process. That means any CSR activities are a part of the responsibility of every employee in order to avoid creating a burden on top of the usual routines. 'Social Responsibility' then becomes the habit of every employee.
3. The Company determines to take on the problem of the country in education and potential development of Thai people. The Company tries to find a solution to the key problems including proficiency English in, Math, Science knowledge, and implanting in Thai children desirable qualities needed for the development of the country and sustainable society.

### **Evolving to 'Smarter Thais Foundation'**

Past and present CSR activities gave the Company an opportunity to use knowledge, potential, resources and connections to help develop the country with sustainability, and competitiveness in the international community.

In order to facilitate the operation of those activities to involve corporation from people and other organizations and enlarge the scale of the activities to the national level, the Company decided to set up 'Smarter Thais Foundation' in early 2011. The objective of the foundation is to *increase the role of social responsibility to produce tangible effects in a large scale*. This is the core strategy of the Company that needs to be invested with all available resources to see it through.

**Smarter Thais Foundation** will support the development of Thai people's potential in English, Math, and Science and build desirable qualities in Thai children through minor projects, mostly pilot projects, or projects that give opportunities to children in need. Any project must be able to operate in the long term with financial support from 'Changes for Kids' donation from SE-ED Book Center's customers and every Thai people. The donation will be used in Thai people's potential and value development projects.

In 2011 Thai Smarter Foundation began to promote the idea of '*replanting human values*' that will give an opportunity to desperate people in society to be trained professionally and able to general products and incomes to support themselves and their families. It is a sustainable project of which the role can increase continuously.



### 10.3 Activities for Social and Environment

#### SE-EDUCATION PUBLIC COMPANY LIMITED

- **Books for Students Project by SE-EDUCATION PUBLIC COMPANY LIMITED** : this project is for underprivileged children in communities to gain access to knowledge by books and other learning media donation to rural school libraries. More than nine years Books for Students project has contributed books to students. To the end of 2014, the project donated books to 3,533 schools all over the country. The total number of books is 1.8 million, worth of THB 288.77 million (cover price). By 2014 only, the donation of 89,105 books was made to 347 schools and educational institutions, worth of THB 10.23 million (cover price).



● **Building Libraries for Underprivileged Schools by SE-EDUCATION PUBLIC COMPANY LIMITED**

**LIMITED** : Renovation for Underprivileged School Libraries project by SE-EDUCATION PUBLIC COMPANY LIMITED: the Company has donated book shelves and renovated the following 23 school libraries: Ban Si Yoi school in Lampoon; Ban Gad Thee school in Phayao; Ban Kong Kho school, Ban Koi Soong school, and UtaraditDarunee in Utaradit; Chiang KamPittayakom school in Phayao; Ban Muang Kindergarten school in Sakonakorn; Ban Luang school in Nan, Border Patrol Police School of KlongTakien Chai in Sakaew; Ban Tam school in Chiang Rai; Mae Sai Kindergarten school (arts) in Chiang Rai; KloomNakKhao Ying 2 school (Ban Bo Wee) in RachaBuri; SuanPhueng Kindergarten school in RachaBuri; WatPaiLom school (In Utai) in Chantaburi; WatNong Khan school in ChantaBuri; Ban PhonSongkam school (PhaengRattaratWittaya) in NakhonRachasima; Ban AngNong Han PrachaSamukkhee school in NakhonRachasima; and Ban Nong Oar in NakhonRachasima.



มอบชั้นวางหนังสือ >

โรงเรียนบ้านกาตลี

ต.ห้วยแก้ว ต.ภูกามขาว จ.พะเยา





มอบหนังสือ> โรงเรียนบ้านกองโค ต.คลอง อ.นิคม จ.อุดรธานี





### Smarter Thais Foundation

- Books for students Project by Smarter Thais Foundation:** Smarter Thai Foundation supports and encourages educational development through 'Books for Students' project of SE-EDUCATION PUBLIC COMPANY LIMITED which has continuously donated books to underprivileged schools in 2014. Smarter Thais Foundation has purchased books and other learning media for charity, giving them to students and schools' libraries for better access to knowledge. From 2012 to 2014, the Foundation has donated 239,197 books to 1,241 schools, worth of THB 33.35 million (cover price). By 2014 only, the donation of 59,348 books was made to 351 schools and educational institutions, worth of THB 7.5 million (cover price).





- English Mate for Students Project by Smarter Thais Foundation:** the purpose of this project is to improve students' listening and speaking skills through movies within one year. The project was also designed to help secondary and high school students to fluently communicate in English without a foreign speaker. Students in this project will watch selected movies, the popular, inspired, and suitable for children ones. The movies list was graded according difficulty levels. The program requires the student to watch eight movies a year at least. In English Mate system, there are comprehension tests, scores collection, and Learning Management System for



teachers and parents to follow-up students' progress online. In 2014, there were 68 schools joining this project. The total number student is 18,671, worth of THB 3.57 million.



- **Publication of Life Quality Improvement and Sustainable Learning:** Since Smarter Thais Foundation was founded, there were donations of books, and dictionaries to students and school libraries nationwide. In 2013, Smarter Thais Foundation started their own publications by using the donation money from 'Changes for Kids by Smarter Thais Foundation'. The publications will cover various subjects that aim to improve the life quality and encourage sustainable learning of Thai people such as English, Math, Science and other necessary subjects.

In 2013, the foundation published 12 books including 'Welcome to ASEAN'; 'You Get What You Give Vol.1'; and 'Safety Books for Good Kids Series'. The published books were given to 489 schools, in the amount of 8,795 copies or THB 1.3 million. In 2014, three books were published: ASEAN Facts that Primary Kids Should Know, 100 Classic Aesop's Stories in bilingual edition, and 1400+ Thai Idioms, Proverbs, and Royal words for Primary Kids.







- **Improving Knowledge Management for Increasing Educational Achievement project** : the objectives of this project are to increase educational achievement in core subjects by improving English skills and giving learning media to schools, to help students learn to research and analyze information, and to encourage Thai kids to have reading and life-long learning habits. These are basis for schools to change their directions and to improve their ways of teaching with creativity.

In 2014, the total number of schools joining this project was 120. 60,581 books and other learning media were donated to 25,977 students in 120 schools, worth of THB 7.93 million. The detail can be summarized as follows:

1. Collaboration with Kanlayanimitra Group: 45 schools or 19,255 students in total.
2. Collaboration with the Office of Petchaboon Provincial Primary Education, District 2: 75 schools or 6,722 students in total.



- **'Change Your Thought for Happy Life':** This project aims to publish inspirational and thoughtful stories in CD format. Customers can pick up free a new CD on the 1<sup>st</sup> of every month and put donation money for the CD at SE-ED Book Center nationwide.



มูลนิธิคนไทยเก่งขึ้น และ ซีอีอี๊ด ขอแนะนำเรื่องราวดีๆ มาแบ่งปัน เพื่อให้สาระความรู้และแรงบันดาลใจผ่านซีดีโครงการ **เปลี่ยนความคิด ชีวิตมีสุข** เพื่อให้ผู้ที่ได้ฟังสามารถนำแนวคิด หลักการ ไปปรับใช้หรือเกิดมุมมองแบบเห็นแก่ตัวที่สามารถนำไปต่อยอดได้ ขอเชิญชวนทุกท่านแวะรับซีดีชุดใหม่ได้ฟรี **ทุกวัน ที่ 1 ของเดือน** ที่ร้านซีอีอี๊ดบู๊คเซ็นเตอร์ และขอเชิญร่วมสมทบทุน ร่วมแบ่งปันความสุขในครั้งต่อไปได้ที่กล่องรับบริจาคโครงการเปลี่ยนความคิด ชีวิตมีสุข

**แวะรับซีดีได้ฟรี ที่ร้านซีอีอี๊ดบู๊คเซ็นเตอร์ใกล้บ้านคุณ.. มีวางแจกแล้ววันนี้!!**

"ไม่มีการให้ใด ที่ยิ่งยืนกว่าการให้ปัญญา"

**มูลนิธิคนไทยเก่งขึ้น** Smarter Thais Foundation 







## **10.4 Prevention of Involvement in Corruption**

The Company is determined to operate a transparent and legal business; it will resist and will not support corruption so that the Company's operation is conducted according to the principles of good corporate governance. In addition, the Company has a policy to support the employees to be a good citizen of the country as well as supporting the Company's business partners to operate a transparent and legal business with the goal to create a sustainably progressing society. The Board of Directors also issues the anti-corruption policy as disclosed in clause 10.1 Overview of Policy in Anti-Corruption. The Anti-Corruption is a part of the Company's Corporate Governance Policy that the Company has revised every year so that it is corresponding with the international standard of the principles of good corporate governance.

- **Anti-Corruption Operation :** The Company gives emphasis on carrying out the anti-corruption policy. In 2012 the Company avowed to join the Collective Anti-Corruption (CAC) and always sends its staff to join the anti-corruption trainings in order to improve the knowledge about the issue.

## **Rewards of being good governance**

Since the day that SE-EDUCATION was founded, SE-ED has strongly determined to be an organization that participates in developing human resources and making 'Smarter Thais'. And every stake holders satisfy with this determination. All rewards was self-evidence that SE-ED always placed importance on being good governance. All rewards can be seen as follows :

- Received SET Award of Honor in Corporate Governance for the four time from SET Awards 2014. The award is for the excellence in corporate governance for 6 consecutive years.
- Received 'excellence' or 5 stars from corporate governance evaluation for 7 consecutive years (2008 - 2014).
- Was evaluated '5 TIA' in organizing the Annual General Shareholders Meeting for 6 consecutive years (2009 - 2014).
- Received Investors' Choice Award for receiving 100% scores from the evaluation of the Annual General Shareholders Meeting for 6 consecutive years (2009 - 2014).
- Received 'Board of the Year for Distinctive Practices Award 2010/2011'.
- Received 'Outstanding Corporate Social Responsibility Awards' from the SET Awards 2011.
- Achieved the Princess Cup from Her Royal Highness Prince Maha Chakri Sirindhorn for being a large organization which applied sufficiency economy philosophy with business operation (from Sufficiency Economy Contest 2<sup>nd</sup>) in 2010.

- Awarded CSR Awards 2009 - 2010 (awarded for outstanding listed company who operates responsibly toward society and environment).
- Awarded the Top Corporate Governance Report Awards 2009 - 2010 (Outstanding in Good Governance Report).
- Won Best Shareholder Treatment Awards 2008.
- Received 'Board of the Year for Distinctive Practices Award 2006/2007'.
- Awarded for 'outstanding network bookstore 2002 - 2003' and awarded for 'Excellence bookstore of the decade (year 2004)'.

## **11. Internal Control and Risk Management**

The Board of Directors and management has continued to stress the importance of internal control, by emphasizing on the adequate internal control system for business operation to maximize management as well as assets monitoring, reduction in possible errors, the Company's damage prevention, financial management, risk management, operation supervision, which reasonably ensures that the Company can operate as expected and maximized the added value in long run. In addition, The Board of Directors has made certain that all operations are within the rules and regulations stipulated by the laws to prevent any possible damage to the Company.

The Audit Committee has performed its duties within the framework of responsibilities assigned by the Company's Board of Directors, which is also consistent with the Stock Exchange of Thailand's stipulation. In the fiscal year 2014, there were 6 Audit Committee meetings in which attended along with the executives, auditors, accounting department and internal audit department. The remarks about the sufficiency of the internal audit system can be summarized as follows:

**Part 1 Control Environment** The Company determines business goals which are accurate, clear, possible and measurable. Moreover, the Company's structure supports the goals. There are regulations and penalties to prohibit executives and employees from possible conflict of interest. The Company, however, is in the stage of establishing policies and regulations about financial, purchasing and administrative transactions. All policies are based on fair business with partners for long-term benefit.

**Part 2 Risk Assessment** The Company always went through the risk assessment, both internal and external business risks. The working group consisting of the Managing Director, Deputy Managing Director, and assistant Managing Director related to the risk in each line of duty, and each division and department managers will analyze risk factors, as well as the control and follow-up action for risk administrative plans.

**Part 3 Control Activities** The administrative responsibilities include authorization, considering proper credit limit to be approved by executives in each level accounting and information booking and asset keeping. To authorize any transaction, 2 Directors have to co-sign documents.

Transaction authorization between the Company and major Shareholders, Director, executives, and related persons are regarded for these advantages, as with any external transactions with others.

**Part 4 Information & Communication** The Company provides enough information for Directors' decisions. However, in case of the change in last updated information, the Company may not be able to submit a financial statement with the meeting letter 7 days before the meeting, but it can be proposed just a day before, or at the meeting room.

Accounting documents are filed systematically in accordance with the accounting system for the purposes of business policy.

**Part 5 Monitoring Activities** The Company uses a follow up system comparing each quarter's goal, which is examined by the internal audit, by reporting the performance directly to the Audit Committee. When significant errors are encountered, the Internal Audit must immediately inform the Committee concerned, as well as the updated error correction report.

Moreover, the audit Committee has found that there were not any significant weaknesses, from effectiveness assessment, in the accounting control system.

## 12. Inter-Company Transaction

The inter-business items between The Company and its subsidiary and related individuals are shown below:

### Inter-company transaction for the year ended on December 2014, 2013 and 2012

Unit : Thousand Baht

Companies / Individuals who are related	Nature of Business	Type of Relation	Related Items	Policy of inter-price setting	Consolidated financial statements			Separate financial statements		
					2014	2013	2012	2014	2013	2012
Plearn Patt Co., Ltd.	Private School	Subsidiary Company	Interest receivable from the loan in the form of 1-year promissory note	A Bank Interest rate at MOR per annum	-	-	-	-	542	1,630
			Purchase Product	Mutually agreed agreement	-	-	-	2,268	-	-
			Purchase Intangible products	Mutually agreed agreement	-	-	-	3,840	-	-
			Sale Products	Market Price	-	-	-	821	2,637	472
			Account receivable	Market Price	-	-	-	66	28	18



Unit : Thousand Baht

Companies / Individuals who are related	Nature of Business	Type of Relation	Related Items	Policy of inter-price setting	Consolidated financial statements			Separate financial statements		
					2014	2013	2012	2014	2013	2012
Plearn Patt Co., Ltd.	Private School	Subsidiary Company	Loan in the form of 1 year promissory note	A Bank Interest rate at MOR per annum	-	-	-	-	-	-
			Beginning balance							
			Increased in the period		-	-	-	-	-	15,000
			Received in the period		-	-	-	-	-	-
			Ending balance		-	-	-	-	-	15,000
SE-ED Book Center Co., Ltd.	Business Consultancy	Subsidiary Company	Loan receivable	A Bank Interest rate at MOR per annum	-	-	-	-	-	44
Smarter Thais Foundation	Foundation	The Executive Director as same		Market Price	787	170	-	787	170	-

Unit : Thousand Baht

Companies / Individuals who are related	Nature of Business	Type of Relation	Related Items	Policy of inter-price setting	Consolidated financial statements			Separate financial statements		
					2014	2013	2012	2014	2013	2012
Shareholder/director of subsidiary	-	Related Person	Two contracts for amortized land leasehold right, worth 10 Million Baht, with 30-year term. The approximate space in the property is 32,000 square meters.	Mutually agreed agreement	6,367	6,701	7,036	-	-	-
			Two contracts for land rental, worth 10 Million Baht, with 30-year term. The approximate space in the property is 32,000 square meters.	Mutually agreed agreement	1,101	1,101	1,001	-	-	-
			Two contracts for amortized land leasehold right, worth 10 Million Baht, with 30-year term. The approximate space in the property is 32,000 square meters.	Mutually agreed agreement	335	335	335	-	-	-
			Interest expenses from short and long term loans	5-6% per Year	30	542	-	-	-	-

**Need and reasons of related party transactions** Transactions amongst the Company, associated companies and related parties shall be approved by the Audit Committee in the meeting, for fair transactions and appropriate costs compared to other persons' transactions and no interest transfers between the Company subsidiaries, associated companies and other related companies and individuals.

The Board of Directors approved the principles and suggestion of the Office of Securities and Exchange Commission in accordance with the Section 89/12 (1) of Securities and Exchange Act (No.4) B.E. 2551 to allow the company management to enter in to any business transaction between the Company and its subsidiaries and directors, executives or related persons. The transaction has the same commercial terms as those an ordinary person would agree to, with any unrelated counterparty under similar circumstances, on the basis of business negotiation which is without any influence directly resulted from the company's positions of director, executive, or related person. However, the Board of Directors has assigned the Audit Committees the task to present the items which may pose a conflict of interest and any related items for the transaction over 2 Million Baht per quarter and reports it directly to the Board of Directors to acknowledge in a quarterly basis.

**Policy and trend of future transactions** The Company may have transactions with major shareholders and executives in the future which are in the forms of leasing, service providing, and copyright contracts for the mutual benefit of the Company by disclosure of the types and amount of related transactions between the Company and probable conflicted persons in accordance with the promulgations and regulations of the Office of Securities and Exchange Commission (SEC).