

## 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

Unit : Baht

	2019	2018	2017
Registered share capital :	391,944,529	391,944,529	391,944,529
Par value:	1	1	1
Paid-up share capital :			
paid-up share capital at the beginning of the period	391,944,418	391,944,418	356,313,209
paid-up share capital at the end of the period	391,944,418	391,944,418	391,944,418
Premiums on share capital :			
premiums on share capital at the beginning of the period	149,420,557	149,420,557	149,420,557
premiums on share capital at the end of the period	149,420,557	149,420,557	149,420,557

### The Subsidiary's Security

Detail	2019		2018		2017	
	Plearn Patt Co., Ltd.	BaesLab Co., Ltd.	Plearn Patt Co., Ltd.	BaesLab Co., Ltd.	Plearn Patt Co., Ltd.	BaesLab Co., Ltd.
Authorized Share capital	151.85	1.00	151.85	1.00	151.85	1.00
Book value (Baht per share)	8.96	10.00	8.96	10.00	8.96	10.00
Issued and paid-up share capital	151.85	0.25	151.85	0.25	151.85	0.25
SE-ED holds of share	48.97	60.00	48.97	60.00	48.97	60.00

### 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), and including shareholders are under person with control power (if any) as of March 12, 2020 (latest share register closed date) are as follows :

No.	Shareholders	March 12, 2020		March 11, 2019		March 14, 2018	
		Number of Shares	%	Number of Shares	%	Number of Shares	%
1	<b>Jurangkool Group</b>	<b>209,356,412</b>	<b>53.41</b>	<b>193,396,412</b>	<b>49.34</b>	<b>164,354,912</b>	<b>41.93</b>
	Mr. Taweechat Jurangkool	97,950,000	24.99	97,950,000	24.99	97,950,000	24.99
	Mr. Wuthiphum Jurangkool	51,550,512	13.15	51,550,512	13.15	51,550,512	13.15
	Mr. Natthapol Jurangkool	44,671,300	11.40	40,656,400	10.37	11,614,900	2.96
	Mrs. Hathairat Jurangkool	15,145,100	3.86	3,200,000	0.82	3,200,000	0.82
	Mr. Sunsurin Jurangkool	39,500	0.01	39,500	0.01	39,500	0.01
2	<b>Poovarawan Group</b>	<b>25,214,456</b>	<b>6.43</b>	<b>25,214,456</b>	<b>6.43</b>	<b>26,377,756</b>	<b>6.73</b>
	Ms. Nawan Poovarawan	8,230,973	2.10	8,230,973	2.10	8,230,973	2.10
	Ms. Nanjana Poovarawan	7,343,919	1.87	7,343,919	1.87	8,507,219	2.17
	Mr. Nutch Poovarawan	6,715,340	1.71	6,715,340	1.71	6,715,340	1.71
	Assoc. Prof. Yuen Poovarawan	1,843,538	0.47	1,843,538	0.47	1,843,538	0.47
	Ms. Wanna Poovarawan	1,080,686	0.28	1,080,686	0.28	1,080,686	0.28
3	<b>Chotisorayuth Group</b>	<b>24,325,421</b>	<b>6.20</b>	<b>24,325,421</b>	<b>6.20</b>	<b>26,497,946</b>	<b>6.76</b>
	Mr. Thanong Chotisorayuth	9,818,122	2.50	9,818,122	2.50	12,142,247	3.10
	Mr. Touchchai Chotisorayuth	9,361,407	2.39	9,361,407	2.39	9,361,407	2.39
	Mr. Thanachote Chotisorayuth	2,710,967	0.69	2,710,967	0.69	2,670,167	0.68
	Mrs. Montalee Chotisorayuth	2,324,125	0.59	2,324,125	0.59	2,324,125	0.59
	Ms. Chotiga Chotisorayuth	110,600	0.03	110,600	0.03	-	-

No.	Shareholders	March 12, 2020		March 11, 2019		March 14, 2018	
		Number of Shares	%	Number of Shares	%	Number of Shares	%
4	<b>Sittakul Group</b>	<b>10,279,857</b>	<b>2.61</b>	<b>10,279,857</b>	<b>2.61</b>	<b>8,592,643</b>	<b>2.18</b>
	Ms. Vanwimol Siitakul	5,141,188	1.31	5,141,188	1.31	3,453,974	0.88
	Mr. Phairat Siitakul	2,910,310	0.74	2,910,310	0.74	2,910,310	0.74
	Mr. Vitawat Sittakul	1,390,879	0.35	1,390,879	0.35	1,390,879	0.35
	Ms. Patcharawan Sittakul	837,480	0.21	837,480	0.21	837,480	0.21
5	<b>DBS BANK LTD</b>	<b>18,377,800</b>	<b>4.69</b>	<b>18,377,800</b>	<b>4.69</b>	<b>18,845,000</b>	<b>4.80</b>
6	<b>Mr. Pongsak Sivapatrakumpol</b>	<b>13,129,518</b>	<b>3.35</b>	<b>13,129,518</b>	<b>3.35</b>	<b>13,129,518</b>	<b>3.35</b>
7	<b>Mr. Ratchapon Pitisukdanont</b>	<b>6,843,524</b>	<b>1.75</b>	<b>6,843,524</b>	<b>1.75</b>	<b>6,843,524</b>	<b>1.75</b>
8	<b>Mr. Rit Thirakomen</b>	<b>5,899,525</b>	<b>1.51</b>	<b>18,759,566</b>	<b>4.79</b>	<b>27,840,625</b>	<b>7.10</b>
9	<b>UOB KAY HIAN PRIVATE LIMITED</b>	<b>5,000,000</b>	<b>1.28</b>	<b>5,000,000</b>	<b>1.28</b>	-	-
10	<b>Mr. Niti Aosatanukrau</b>	<b>4,421,219</b>	<b>1.13</b>	<b>4,421,219</b>	<b>1.13</b>	<b>4,421,219</b>	<b>1.13</b>
	<b>Total</b>	<b>322,847,532</b>	<b>82.37</b>	<b>319,747,773</b>	<b>81.57</b>	<b>296,903,143</b>	<b>75.73</b>

Remarks : - Paid-up capital as of March 12, 2019 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 March 12, 2020 (Book closing date of the last registration)

Item	Share Distribution						Total		
	Individual			Juristic individual					
	Number	Shares	%	Number	Shares	%	Number	Shares	%
Thai shareholders	3,058	365,225,925	93.19	8	3,067,704	0.78	3,066	368,293,632	93.97
Foreign shareholders	5	63,015	0.01	3	23,587,771	6.02	8	23,650,786	6.03
Total	3,259	365,095,489	93.15	11	26,848,929	6.85	3,270	391,944,418	100.00

- (b) The major shareholder who practically have material influence in prescribing the company's management policy operation is Mr. Wutthiphum Jurangkool, Director, Recruitment & Remuneration Committee, and being the one of the Authorized Signing Director with three persons out of these two persons can sign together to authorize

## **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. However, the dividend payment is subject to change depending on operating performance, financial position, liquidity, the need for working capital, investment and business expansion plans, suitability, and other factors relating to the Company's operations and management. This is contingent upon the condition that it will result in the maximum benefit of the shareholders as the Board of Directors deems appropriate. With respect to annual dividend, after the resolution of the Board of Directors to pay dividend, the Board shall submit to the shareholders for an approval at the Shareholders Annual General Meeting. Except the interim dividend, the Board is able to approve to pay an interim dividend and will report to the shareholders at the next 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 2019 *	Year 2018	Year 2017
1. Net profit (Loss)	2,916,286	13,886,024	(28,681,834)
2. No. of share	391,944,418	391,944,418	391,944,418
3. Cash Dividend per share	Omit	Omit	Omit
4. Total Dividend payment	-	-	-
5. Dividend payout ratio	-	-	-

*Remark :* \* The Board of Directors' meeting no.1/2020 had a resolution to propose to the General Shareholders Meeting to approve omitted dividend payment for the operation result of 2019, where by such omitted dividend payment will be decided at the annual general shareholder's meeting No. 1/2020 on April 23, 2020.

## 8. Management Structure

### 8.1 The Board of Directors

The Board of Directors consists of 3 Boards: The Board of Directors, The Audit Committee and the Recruitment & 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 now the Board consisted of the following 10 members:

No.	Name	Position	Type of Directors	First Appointment	Last Appointment
1	Mr. Kasemsant Weerakun	Chairman of The Board of Directors, Authorized Signing Director	Independent Director	November 9, 2018	April 25, 2019
2	Mr. Wutthiphum Jurangkool	Director, Authorized Signing Director, Recruitment & Remuneration Committee	Non - executive Director	February 26, 2015	April 25, 2019
3	Mr. Worapote Chutchaikulsiri	Director, Authorized Signing Director, Deputy Managing Director, Chief Financial Officer	Executive Director	February 26, 2015	April 20, 2017
4	Mr. Rungkan Paisitpanichtrakul	Director, Authorized Signing Director, Deputy Managing Director, Company Secretary	Executive Director	August 16, 2019	-
5	Mr. Pravit Tantiwasinchai	Director, Chairman of Audit Committee	Independent Director	April 22, 1999	April 19, 2018
6	Mr. Kachen Benjakul	Director, Chairman of Recruitment & Remuneration Committee, Audit Committee	Independent Director	June 28, 2005	April 20, 2017
7	Asst.Prof.Tippawan Pinvanichkul Ph.D.	Director, Audit Committee	Independent Director	August 16, 2019	-
8	Mr. Phairat Sittakul	Director	Non - executive Director	October 10, 1974	April 25, 2019
9	Assoc. Prof. Yuen Poovarawan	Director	Non - executive Director	October 10, 1974	April 19, 2018
10	Mr. Thanong Chotisorayuth	Director	Non - executive Director	October 10, 1974	April 19, 2018

**The resignation of Directors during A.D. 2018 as below;**

No.	Name	Position	Type of Directors	Effective Date
1	Mr. Viboolsak Udomvanich	Director, Authorized Signing Director, Deputy Managing Director, Company Secretary	Executive Director	August 2019

The shares held by the Board of Directors in 2019 and 2018 include shares held by spouses and minor children. Shareholders under the Securities and Exchange Commission Act (B.E. 2535) section 258 are shown as follows:

No.	Name - Last name	December 31, 2019		December 31, 2018		Increase (Decrease) during the year
		Number of shares	%	Number of shares	%	
1	Mr. Kasemsant Weerakun	-	-	-	-	-
2	Mr. Wutthiphum Jurangkool	51,550,512	13.15	51,550,512	13.15	-
3	Mr. Worapote Chutchaikulsiri	-	-	-	-	-
4	Mr. Rungkan Paisitpanichtrakul	1,000,000	0.26	1,000,000	0.26	-
5	Mr. Pravit Tantiwasinchai	-	-	-	-	-
6	Mr. Kachen Benjakul	464,640	0.12	464,640	0.12	-
	Spouse	8,591	-	8,591	-	-
7	Asst.Prof.Tippawan Pinvanichkul Ph.D.	-	-	-	-	-
8	Mr. Phairat Sittakul	2,910,310	0.74	2,910,310	0.74	-
	Spouse	5,141,188	1.31	5,141,188	1.31	-
9	Assoc. Prof. Yuen Poovarawan	1,843,538	0.47	1,843,538	0.47	-
	Spouse	1,080,686	0.28	1,080,686	0.28	-
10	Mr. Thanong Chotisorayuth	9,818,122	2.50	9,818,122	2.50	-
	Spouse	2,324,125	0.59	2,324,125	0.59	-
<b>Total Number of shares by Director</b>		<b>67,587,122</b>	<b>17.24</b>	<b>66,587,122</b>	<b>17.24</b>	<b>-</b>
<b>Total Number of shares by Director &amp; related legal person by SEC 258</b>		<b>76,141,712</b>	<b>19.43</b>	<b>76,141,712</b>	<b>19.43</b>	<b>-</b>

The Directors who are authorized to sign on behalf of the Company are the Directors who was appointed to be the authorized signatories from the Board of Directors, with signatures of at least two - four 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, 8 out of 10 Directors (80%) completed the Director Accreditation Program (DAP), Director Certification Program (DCP), Finance for Director (FFD), Advanced Audit Committee Program (AACP) and Company Reporting Program (CRP) organized by Thai Institute of Directors Association.



### **(B) The Audit Committee**

The Audit Committee consisted of the following 3 members and 1 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. Pravitt Tantiwasinchai	Chairman of Audit Committee	Independent Director with accounting or finance experience	December 22, 1999	November 10, 2019
2	Assoc.Prof.Tippawan Pinvanichkul	Audit Committee	Independent Director with accounting or finance experience	August 16, 2019	November 10, 2019
3	Mr. Kachen Benjakul	Audit Committee	Independent Director with accounting or finance experience	November 12, 2009	November 10, 2019

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. Reassure that the Company has the proper, suffice, and effective risk assessment and management.
4. Ensure the Company's practice is in compliance with regulation Security and Exchange Commission and relevant law concerning the Company's business.
5. 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.
6. 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.
7. Prepare report of Audit Committee and disclose the information in the Company's Annual Report under which the report be signed by the Audit Committee 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 proper, suffice, and effective risk assessment and management system.
  - (d) 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.
  - (e) an opinion on the suitability of an auditor.
  - (f) an opinion on the transactions that may lead to conflicts of interests.
  - (g) the number of the Audit Committee meetings, and the attendance of such meetings by each committee member.
  - (h) an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter.
  - (i) 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.
8. Take any action as assigned by the company under the approval of Audit Committee.

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

The Company's Board of Directors appointed the Audit Committee as proposed by the Recruitment & Remuneration Committee in which the consideration criteria is made from Company's Independent Directors and at least 1 Director must have accounting and finance knowledge, with the term of 2 years. The Audit Committee whose term is expired is permitted to be re-appointed to the position once again.

**(C) The Recruitment & Remuneration Committee** are appointed by the Board of Directors. Their duty is to search and recruit individuals to be the board of director, the selection process must be based on both consideration of the director pool and on the board skill matrix, which set up to encourage diversity in not only sexes, but also knowledge, ability, experience, leadership and vision in the Company. Furthermore, any crucial skills that the existing Board of Directors misses will be considered in selecting. The qualifications of the Board of Directors must be in line with the Company's business strategies while the selection process must be transparent 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.

The Recruitment & Remuneration Committee comprised of 2 respectable individuals, 1 from the independent Director and 1 Director:

No.	Name	Position	Qualification	First Appointment	Last Appointment
1	Mr. Kachen Benjakul	Chairman of Recruitment & Remuneration Committee	Independent Director	February 27, 2018	November 9, 2018
2	Mr. Wutthiphum Jurangkool	Recruitment & Remuneration Committee	Non - executive Director	August 15, 2017	November 9, 2018

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

1. To short-list and select the candidates to be appointed in the position of Managing Director, Deputy Managing Director and senior executives in financial & accounting 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 Managing Director, Deputy Managing Director and senior executives in financial & accounting 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 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 and Employees.
5. 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 and Employees.
6. Review the scope of authority of the Company to be practically reasonable and submit it to the Committees for their approval.
7. To have legitimate power in calling for documents or individuals related to the case in point for consideration.
8. To perform the scope of duties as assigned by the Board of Directors.

#### **Recruitment, Appointment, Term of the Recruitment & Remuneration Committee**

The Board of Directors appointed Recruitment & Remuneration Committee for 2 years 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 & Remuneration Committee 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 & Remuneration Committee 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 & Remuneration Committee begin the search and consider suitable candidate for Directors.
4. The Recruitment & Remuneration Committee 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 & Remuneration Committee and present the candidate in the shareholder's meeting for consideration.

The Recruitment & Remuneration Committee 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 & Remuneration Committee – that is to have the proportion of minimum share with no less than 5 percent of paid-up stocks 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 & Remuneration Committee for consideration of the suitability.

### **Board of Directors Meeting**

The Board of Directors had a policy 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.

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.

In 2019, the Board of Directors met in total of 4 times with the average meeting length of 5 hours. In each meeting, the percentage of all the Board of Directors attended the meeting was 94 % and each Director was 95 % attending rate per year, there are an executive director from accounting division, executives from the division, and executives from Internal Audit & 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. 4/2019 on November 8, 2019, 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 Committee 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 and the internal audit department without the presence of management division at the meetings, and Audit Committee meeting of 4/2019 on Wednesday, November 6, 2019 was a meeting between Audit Committee, internal audit division and auditor without the presence of management division once.

The Recruitment & Remuneration Committee held a total of 5 meetings

The Annual General Meeting of Shareholders held 1 meeting.

The details of the Board of Directors meeting and Sub-Committees Meeting in 2019 are follows:

Name of Directors	The Board of Directors' Meeting	The Audit Committee' Meeting	The Recruitment & Remuneration Committee' Meeting	The General Shareholders' Meeting 2019
	Number of Meeting (4 Times)	Number of Meeting (5 Times)	Number of Meeting (5 Times)	Number of Meeting (1 Time)
1. Mr. Kasemsant wearakun	4/4	-	-	1/1
2. Mr. Wutthiphum Jurangkool	3/4	-	5/5	0/1
3. Mr. Worapote Chutchaikulsiri	4/4	2/2 <sup>(2)</sup>	-	1/1
4. Mr. Rungkan Paisitpanichtrakul	1/1 <sup>(1)</sup>	-	-	-
5. Mr. Pravit Tantiwasinchai	4/4	5/5	-	1/1
6. Mr. Kachen Benjakul	4/4	5/5	5/5	1/1
7. Asst.Prof.Tippawan Pinvanichkul Ph.D.	1/1 <sup>(1)</sup>	1/1 <sup>(3)</sup>	-	-
8. Mr. Phairat Sittakul	4/4	-	-	0/1
9. Assoc. Prof. Yuen Poovarawan	3/4	-	-	1/1
9. Mr. Thanong Chotisorayuth	4/4	-	-	1/1

Remarks : <sup>(1)</sup> Appoint Mr. Rungkan Paisitpanichtrakul and Asst.Prof.Tippawan Pinvanichkul to fulfill the position vacated earlier, effective on August 16, 2019 onward and the meeting remain from the meeting plan in 2019 is 1 time.

<sup>(2)</sup> Mr. Worapote Chutchaikulsiri resigned from the Audit Committee, effective on August 8, 2019 onward and during held the position he attended the meeting complete.

<sup>(3)</sup> Appoint Asst.Prof.Tippawan Pinvanichkul Replace Mr. Worapote Chutchaikulsiri, effective on August 16, 2019 onward and the meeting remain from the meeting plan in 2019 is 1 time.

## 8.2 Company's Executives

Currently with the total of 16 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. Worapote Chutchaikulsiri	Director / Authorized Signing Director / Deputy Managing Director Chief Financial Officer
2	Mr. Rungkan Paisitpanichtrakul	Director / Authorized Signing Director / Deputy Managing Director Company Secretary
3	Ms. Sajipat Pumpuengput	Director of Financial Division
4	Ms. Aree Sae-ung	Director of Accounting Division
5	Mrs. Kanit Promsen	Head of Business Unit Books Division
6	Ms. Daungjai Jeenanurugk	Head of Business Unit Sale & Distribution Division
7	Mrs. Passpunnee Mahayos	Head of Business Digital Business
8	Ms. Sarida Sarajan	Executive Editor, Text Books Division
9	Ms. Pornpimon Tangsakul	Executive Editor, General Books Division
10	Mr. Kriwot Rojprasertsoot	Director of Digital Content Division
11	Mr. Chakaj Luechakiattisak	Director of STEM Education
12	Meechoke Thongsawai, Ph.D.	Director of Academic Consulting & International Business Division
13	Ms. Sawan Pipoosananont	Director of Corporate Marketing Division
14	Mr. Uthai Sakuludomkan	Director of Logistics Division
15	Mr. Paiboon Chanvalaiporn	Director of HR & Organization Development Division
16	Mr. Chonlavit Iamraksakiat	Director of Strategic Information Administration Division

### The retired of Executive during A.D. 2019 as below:

No	Name	Position	Effective Date
1	Mr. Viboolsak Udomvanich	Deputy Managing Director	August 16, 2019
2	Mr. Apichit Suananuntapoom	Director of Logistics	May 1, 2019

## Report on changes of shares of Company's Executives on December 31, 2019

No.	Name	Number of Shares		Increase (Decrease) during the year
		December 31, 2019	December 31, 2018	
1	Mr. Worapote Chutchaikulsiri	- None -	- None -	-
2	Mr. Rungkan Paisitpanichtrakul	1,000,000	1,000,000	-
3	Ms. Sajipat Pumpuengput	- None -	- None -	-
4	Ms. Aree Sae-ung	- None -	- None -	-
5	Mrs. Kanit Promsen	7,166	7,166	-
6	Ms. Daungjai Jeenanurugk	432	432	-
7	Mrs. Passpunnee Mahayos	- None -	- None -	-
8	Ms. Sarida Sarajan	- None -	- None -	-
9	Ms. Pornpimon Tangsakul	274,791	274,791	-
10	Mr. Kriwot Rojprasertsoot	62	62	-
	Spouse	56	56	-
11	Mr. Chakaj Luechakiattisak	7,906	7,906	-
12	Meechoke Thongsawai, Ph.D.	121,000	121,000	-
13	Ms. Sawan Pipoosananont	- None -	- None -	-
14	Mr. Uthai Sakuludomkan	- None -	- None -	-
15	Mr. Paiboon Chanvalaiporn	- None -	- None -	-
16	Mr. Chonlavit Iamraksakiat	- 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 & 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.

### **8.3 Management Committee**

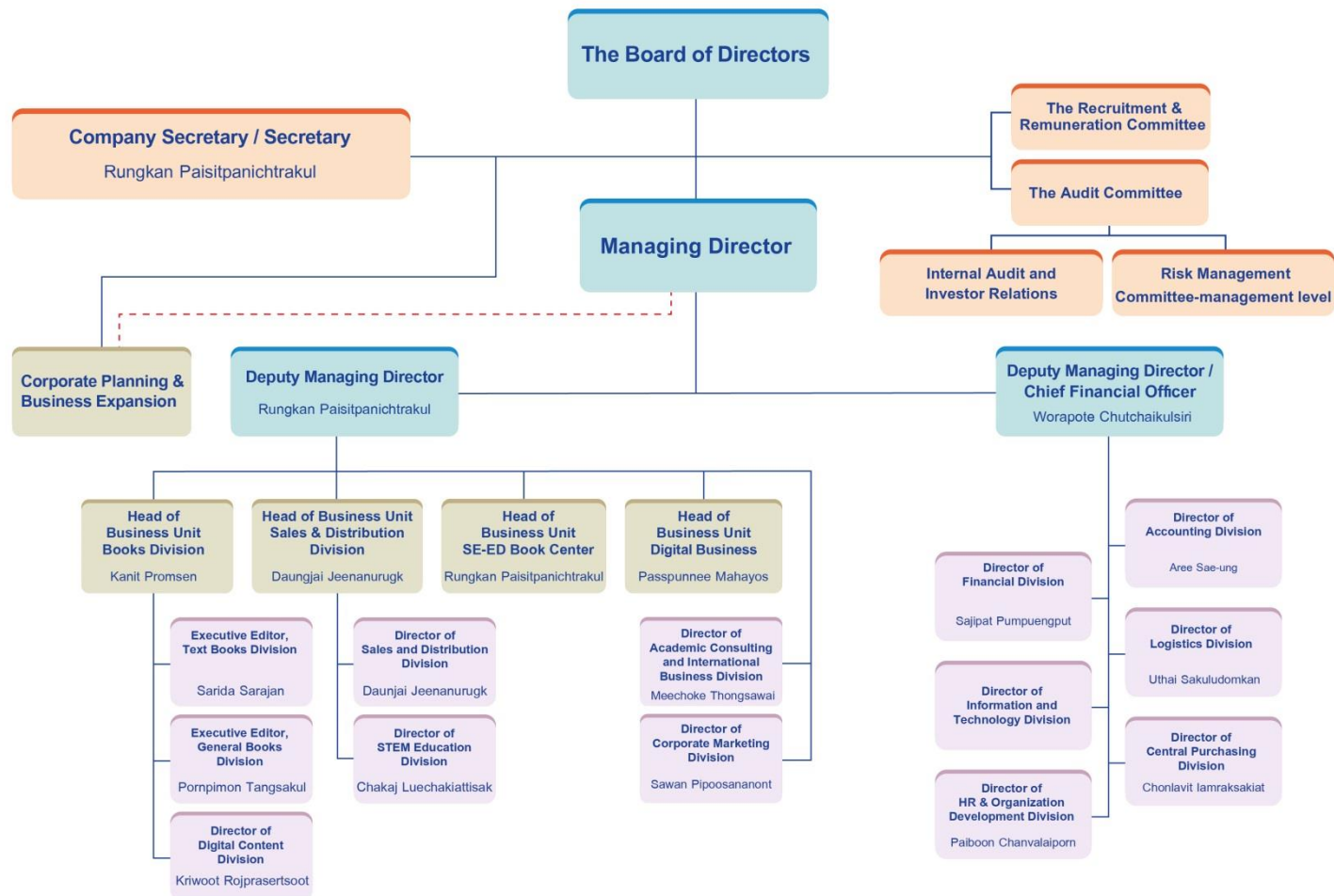
Currently, the driving group of the Company, which play an important role in planning and running strategies according to the Board of Directors and the management, as follows:

#### **The scope of responsibilities of the Corporate Planning and Business Expansion (CPBE)**

1. To operate business under guidance and directions of the Change Management
2. Plan the business strategies of the business cores and new businesses in the future under policies and directions from the Board of Directors, the management, and business lines of the Company in order to develop business in a solid, reasonable, fast way, conforming to the directions and main strategies of the Company.
3. Develop the Company's projects in response to business's growth and changes by using innovation, technology and creativity to enhance business potential.
4. Operate the organization under the Company's policies and guidance from the Board of Directors to drive and empower the human resources in the Company and change the organization in a concrete way.

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

## SE-EDUCATION Public Company Limited Organization Chart



## **8.4 Company Secretary**

**Company Secretary / Secretary to the Boards of Directors:** The Board of Directors' Meeting No. 3/2562 on August 16, 2019 appointed Mr. Rungkan Paisitpanichtrakul, a Director, to be the Company's secretary whose completed a training course called "Fundamentals for Corporate Secretaries class no. 2/2019" by The Thai Listed Companies Association 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 of Directors.

## **8.5 Remuneration for Directors and 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 1/2019, dated Thursday April 25, 2019, 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 1/2019, the Director Compensation of the 2019 was approved at the amount of THB 5 million in total and Recruitment & Remuneration Committee was appointed to properly allocate and notify the shareholders about the allocation in the Shareholder Meeting next year. For the second Meeting Recruitment & Remuneration Committee of the 2020 on February 21, 2020, it was agreed to omit the Director Compensation of the 2019.

The total of the Director Compensation of the 2019, 2018 and 2017

Item (S)	Operating Result		
	2019	2018	2017
The Director Compensation in total (THB)	Omitted	Omitted	1,411,000
The Director Compensation Limit approved by shareholders(THB)	5,000,000	5,000,000	5,000,000

Remuneration of the Board of Directors consisting for 10 persons as of year 2019 are in the following:

(Unit: Baht)

Name of Directors	Position	Meeting allowance			Emoluments	Remuneration from 2019 operation (paid in 2019)	Total
		The Board of Directors	The Audit Committee	The Recruitment & Remuneration Committee			
1. Kasemsant Weerakun	Chairman of the Board of Directors Independent Director	80,000	-	-	300,000	-	380,000
2. Mr. Wutthiphum Jurangkool	Director Authorized Signing Director Recruitment & Remuneration Committee None-executive Director	30,000	-	21,000	180,000	-	231,000
3. Mr. Worapote Chutchaikulsiri	Director Authorized Signing Director Deputy Managing Director Chief Financial Officer	40,000	14,000 (*)	-	180,000	-	234,000
4. Mr. Rungkan Paisitpanichtrakul	Director Authorized Signing Director Deputy Managing Director Company Secretary	10,000	-	-	67,742	-	77,742
5. Mr. Pravit Tantiwasinchai	Director Chairman of Audit Committee Independent Director	40,000	40,000	-	180,000	-	260,000
6. Mr. Kachen Benjakul	Director Chairman of Recruitment & Remuneration Committee Audit Committee Independent Director	40,000	28,000	30,000	180,000	-	278,000
7. Asst.Prof.Tippawan Pinvanichkul Ph.D.	Director Audit Committee	10,000	7,000	-	67,742	-	84,742
8. Mr. Phairat Sittakul	Director Non-executive Director	40,000	-	-	180,000	-	220,000
9. Assoc. Prof. Yuen Poovarawan	Director Non-executive Director	30,000	-	-	180,000	-	210,000
10. Mr. Thanong Chotisorayuth	Director Non-executive Director	40,000	-	-	180,000	-	220,000
<b>Total</b>		<b>360,000</b>	<b>89,000</b>	<b>51,000</b>	<b>1,695,484</b>	<b>-</b>	<b>2,195,484</b>

Remark : (\*) Mr. Worapote Chutchaikulsiri resigned from the Audit Committee, effective on July 8, 2019 onward.

The Remuneration of Director's resignations during A.D. 2019 as below;

(Unit: Baht)

Name of Directors	Position	Meeting allowance			Emoluments	Remuneration from 2017 operation (paid in 2018)	Total
		The Board of Directors	The Audit Committee	The Recruitment & Remuneration Committee			
1. Mr. Viboolsak Udomvanich	Director Deputy Managing Director Authorized Signing Company Secretary	30,000	-	-	112,258	-	142,258
<b>Total</b>		<b>30,000</b>	<b>-</b>	<b>-</b>	<b>112,258</b>	<b>-</b>	<b>142,258</b>

#### (b) Executives' Compensation

The Recruitment & 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.

**The Compensation of managing director:** The Recruitment & 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 & Remuneration Committee will submit the Board of Directors for consideration and approval.

**For the Compensation of top executives,** the Recruitment & 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.

As of December 31, 2019, 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 6 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 2019 (Baht)
Salary	6,615,635
Bonus	-
Other Remunerations :	
- Contributions for the Provident Fund	250,102
- Long-term benefits	-
- Other	351,995
<b>Total</b>	<b>7,217,733</b>

Remark : Including Compensation of retired 's executives during A.D. year 2019 are below;

- Mr. Viboolsak Udomvanich, Effective date on August 16, 2019 onward.

The Company has paid a total remuneration to the Directors and executives (as defined by SEC in total of 8 individual, include Finance Director and Accounting Director) in 2019 totaling 10.58 Million Baht.

## (2) Other Remunerations

The expenses of seminars, trainings in IOD Curriculum and other related institutes.

## 8.6 Personnel

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

(Unit : person)

Items	2019	2018	2017
<b>SE-EDUCATION PLC * :</b>			
Head office staff	638	678	743
Branch staff	836	1,018	1,063
<b>Plearn Patt Co., Ltd. (Subsidiary) :</b>			
Teachers	239	230	224
Other staff	101	104	103
<b>BaesLab Co., Ltd. (Subsidiary) ** :</b>			
Staff	-	9	9
<b>Total</b>	<b>1,814</b>	<b>2,142</b>	<b>2,348</b>

Remarks : \* Excluding Outsourced Workers

\*\* Stop to operate the business since April 2019.



The Company offered compensation in the forms of salary, wage, and benefits of employees (consolidated financial statements). In 2019, 2018 and 2017 the compensation accounted for a total of THB 540.03 Million, THB 578.22 Million and THB 648.34 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 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:

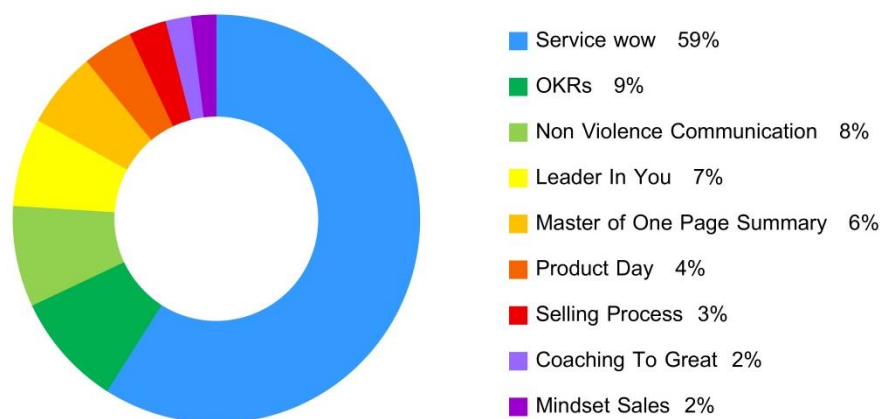
- **Continuous Improvement of Human Resources:** The Company has followed up on the productivity rate of the human resources using Key Performance Indicator or KPI to ensure the continuous improvement of the human resources' productivity. The Company emphasized on organizing a proper operation structure 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. 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
Executive	18	To set and achieve the goals of every unit to align with the organization's. To drive the Company to achieve those goals.
Manager	12	To set the goals of his/her unit. To encourage his/her leadership. To build effective communication and presentation skills.

Level of Employee	Training Hours	Objectives
Operation Staff	6	To develop his/her job training skills. To increase strong customer service mindset for creating excellent customer relationships. To be able to provide product's info and give recommendations to customer. To effectively increase sales.

Employee Training Programs in 2019



- 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 / LED TV 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 / LED 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.

Moreover, the Company also organizes trainings and seminars in "Service Wow" 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 Board of Directors has appointed the Audit Committee 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.

As the company stressed the importance of developing good corporate governance, the determination to participate in business transparently has resulted in 2019, in winning Corporate Governance Report of Thai Listed Companies in 2019 as an "excellent" or "five-star" listed company assessed by Thai Institute of Directors (IOD), Stock Exchange of Thailand (SET), and Securities and Exchange Commission, Thailand (SEC). The Company was the only one listed company from service industry under publishing business classified in a level of "excellence" for 12 years consecutively (2008 - 2019).

### **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.

#### **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 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 no less than 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 2019, 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, 2018 to December 31, 2018 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 2020, the Board of Directors has specified the date of request from September 30, 2019 to December 31, 2019, 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, 2019.

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.

### **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. 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 2019, the Company will openly post an invitation message, annual report for 2019 and all related documents in Thai and English version be fully released calling for a shareholders' meeting on the Company's website over 30 days in advance., and invitation message to shareholders via stock registrar in advance no less than 21 days.

### **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 2019 was convened in Meeting Room 11A, Interlink Tower 9<sup>th</sup> Floor. (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 the Company's secretary to attend the meeting and vote in representation.

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) 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 2019, 7 out of 9 (77.78% ) directors attended the meeting. However, Acting Chairman of the Board of Directors, Managing Director, and Chairman of every subcommittee attended the meeting. The Company's executives in accounting, finance, internal auditor and auditors were also in attendance to answer questions of the shareholders. In addition, the Company invited a neutral auditor, Mr. Somjit Kanokseriwong 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, disagree, abstention and invalid ballot immediately.

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 which agree, disagree abstention and invalid ballot. 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 2019, the Board of Directors proposed the names of 4 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 minor children who hold security 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 minor children - 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.

#### Cases of Workplace Accidents in 2019

<b>Nature of Accident</b>	<b>No. of Injured Person (s)</b>
Slightly injured without leaving	1 person
Injured with three-day leaving or less	- none -
Injured with leaving more than three days	1 person

The Company decided to reduce the risk of accidents at work by not ignoring any accidents or unsafe situations affected health and safety of its employees. The Company will help its employees and tackle the problems immediately. To prevent the accidents to happen again, the investigation and resolution will take place accordingly.

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. The Company has also set up a provident fund to promote saving for that employees can have a happy retirement life, annual health check-up, Provide financial support to employees affected by natural disasters etc. In 2019, the Company did not receive any complaints against the human rights abuses from employees, business partners, and local communities.

The Company also supported the employees to improve and strengthen their knowledge and potential. The further details of these trainings were shown in the item No.8 the Management Structure, the sub item employee development.

Regarding the Anti-Bribery and Corruption Policy, the Company has intention to operate its business transparently and legally in order to be one of the exemplar companies in Thailand. To align with corporate governance (CG), the Company pledged not to participate or support any kinds of corruption. Further, the Company not only supports every employee to live and behave legally as a good citizen of Thailand, but also supports its business partners to operate their businesses transparently and legally. By this, the Company created the network of cooperation in industrial level

to develop business procedures transparently and legally. Since the Company is truly aware that corruption is the great obstacle in developing the country and national security, its anti-corruption policy in writing is launched to be guidance in its operating businesses, the Company was certified to be a member of the Private Sector Collective Action Coalition against Corruption Council as of August 2017. 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.

Regarding Intellectual Property Infringement, the Company has tremendous spirit against copyright infringement, the Company clearly announced its determination to strictly follow the Intellectual Property law and will never commit any violation on rights, patents, trademarks, or software. In 2019, 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 Directors 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, Debaratna Road, Bangna Tai, 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.

## **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 minor children 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, 2019.



**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. 66-2826-8000 ext.8, 66-2826-8690, fax. 66-2826-8699, 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 2019 have no local investor and foreign investor asked to meet up the management.

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**

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.

The Board of Directors already disclosed the role and duty of the Board of Directors and sub-committee and number of times the Directors attended the meeting under the topic '8. The management'.

## **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 evaluation of the Board of Directors received the average score of 4.53 out of 5, which is considered to be in an Excellent level.
- The evaluation of the Audit Committee received the average score of 4.61 out of 5, which is considered to be in an Excellent level.
- The evaluation of the Recruitment & Remuneration Committee received the average score of 4.45 out of 5, which is considered to be in an Excellent level.
- The individual (self) evaluation of the directors received the average score of 4.62 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 4.53 out of 5, which is considered to be in an Excellent level.

- The individual (self) evaluation of the Recruitment & Remuneration Committee received the average score of 4.17 out of 5, which is considered to be in a Good level.

### **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 2019 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 follow;

1. Joined the seminar in the program "Preparing and Understanding for apply the Auditor quality management and Audit office to enforce" by Asst.Prof.Tippawan Pinvanichkul Ph.D.
2. Joined the seminar in the program "TFRS16 LEASE" by Asst.Prof.Tippawan Pinvanichkul Ph.D.
3. Joined the seminar in the program "Thai Accounting Standards class no. 2/2019" by Asst.Prof.Tippawan Pinvanichkul Ph.D.
4. Obsevational study and International conference at the Nantes, France, " IASP Word Conference 2019, THE 4<sup>th</sup> INDUSTRIAL REVOLUTION : AREAS OF INNOVATION AND SCIENCE PARKS AS KEY BOOSTERS FOR A SUCCESSFUL TRANSITION", Asst.Prof.Tippawan Pinvanichkul Ph.D.
5. Joined the seminar in the program "All TFRS in 2019 class no. 2/2019 (sub-course 602)" by Asst.Prof.Tippawan Pinvanichkul Ph.D.
6. Joined the seminar in the program "Actuarial Valuation of Employee Benefits" by Asst.Prof.Tippawan Pinvanichkul Ph.D.

**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. The sub-committee 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 & 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 '8. 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 & Remuneration Committee 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 & Remuneration Committee 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 & Remuneration Committee 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 4 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 from Major Shareholders:** as of December 31, 2019. The company had one director representing from Major Shareholders is Mr. Wutthiphum Jurankool, Director, Recruitment & Remuneration Committee and Authorized Signing Director.

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

For the position of Managing Director Deputy Managing Director and senior executive in financial & accounting, 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 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 Committee.

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

In 2007, the Audit Committee 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.

Moreover, The 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 current the Board of Directors consists of 10 members:

- Directors that are in the management team : 2 persons
- Directors that are not in the management team : 4 persons
- Independent Directors : 4 persons



Therefore, the 4 Independent Directors which are accounted for 44.44% 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. On May 18, 2017. The Subsidiary had decrease in registered capital from 169,475,500 Baht, Baht 10 par value each to 151,850,500 Baht, Baht 8.96 par value each.

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 minor children - 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 Committee 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, 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 2019 to Dharmniti Auditing Co., Ltd. in the amount of THB 1,200,000 (excluding traveling/accommodation fees, and expenses in witnessing the stock counting). 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 Dharmniti Auditing Co., Ltd. for the fiscal year 2019.

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

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 2017, the Company getting Certified to be the Companies of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) since August 2017.

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

In 2019 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:** Even though the Company does not form the CG Committee as shown in the organizational structure, the Audit Committee consistently perform the task in checking the good corporate governance 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**

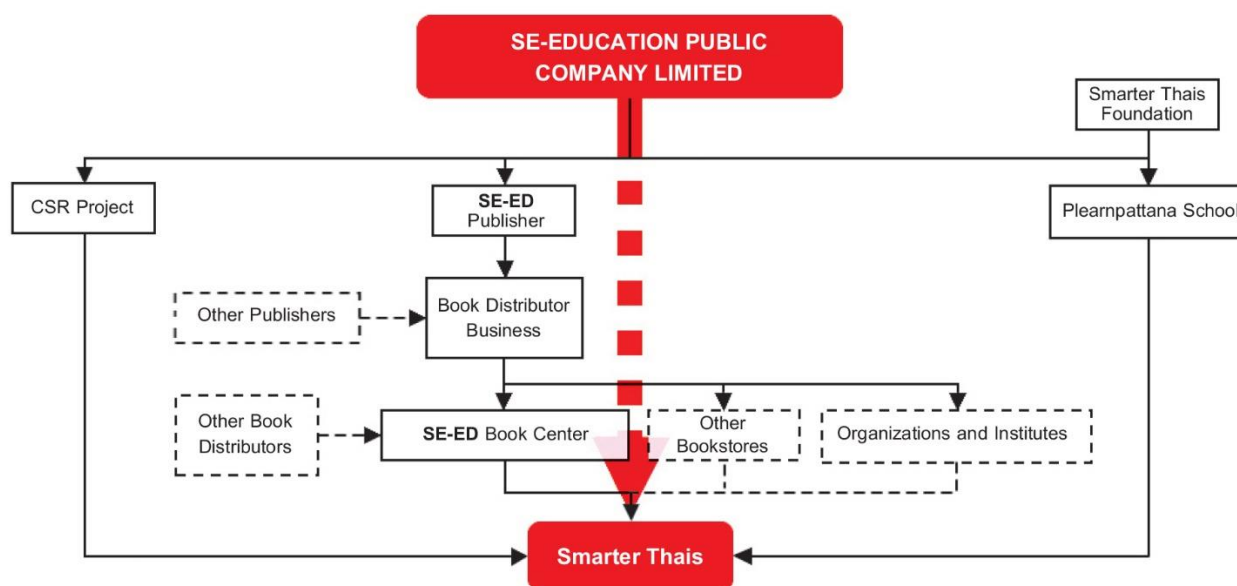
The Company was established by a group of ten electrical engineers. Each of them had experiences in knowledge promoting activities from their participation in Academic Club as a student at the Faculty of Engineering, Chulalongkorn University. They realized that Thailand needed to develop many more of 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 that is necessary to the development of the nation. It operates the business that will make 'Thais smarter' 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 the happy staff, 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 Thais smarter'. 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 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 in house 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.
- **Plearpattana 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.

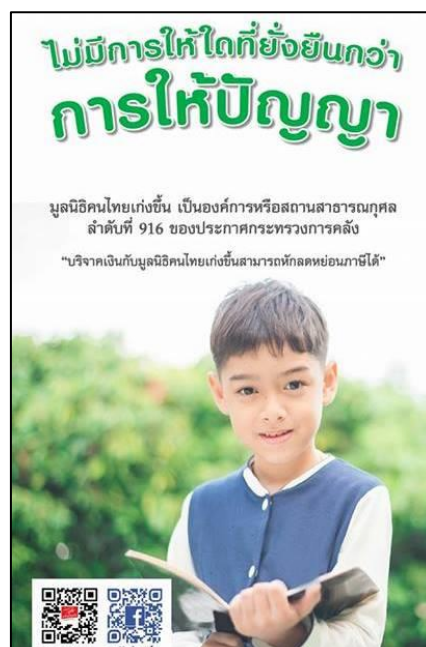




- **CSR Project:** The Company takes its corporate social responsibility as a part of the driving strategy and business operation. CSR, or 'CSR in Process', has become the core operation of the organization, in which there is no department directly responsible for CSR activities. However, the Company 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, can 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, mostly pilot projects, or projects that give opportunities to children in need 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.

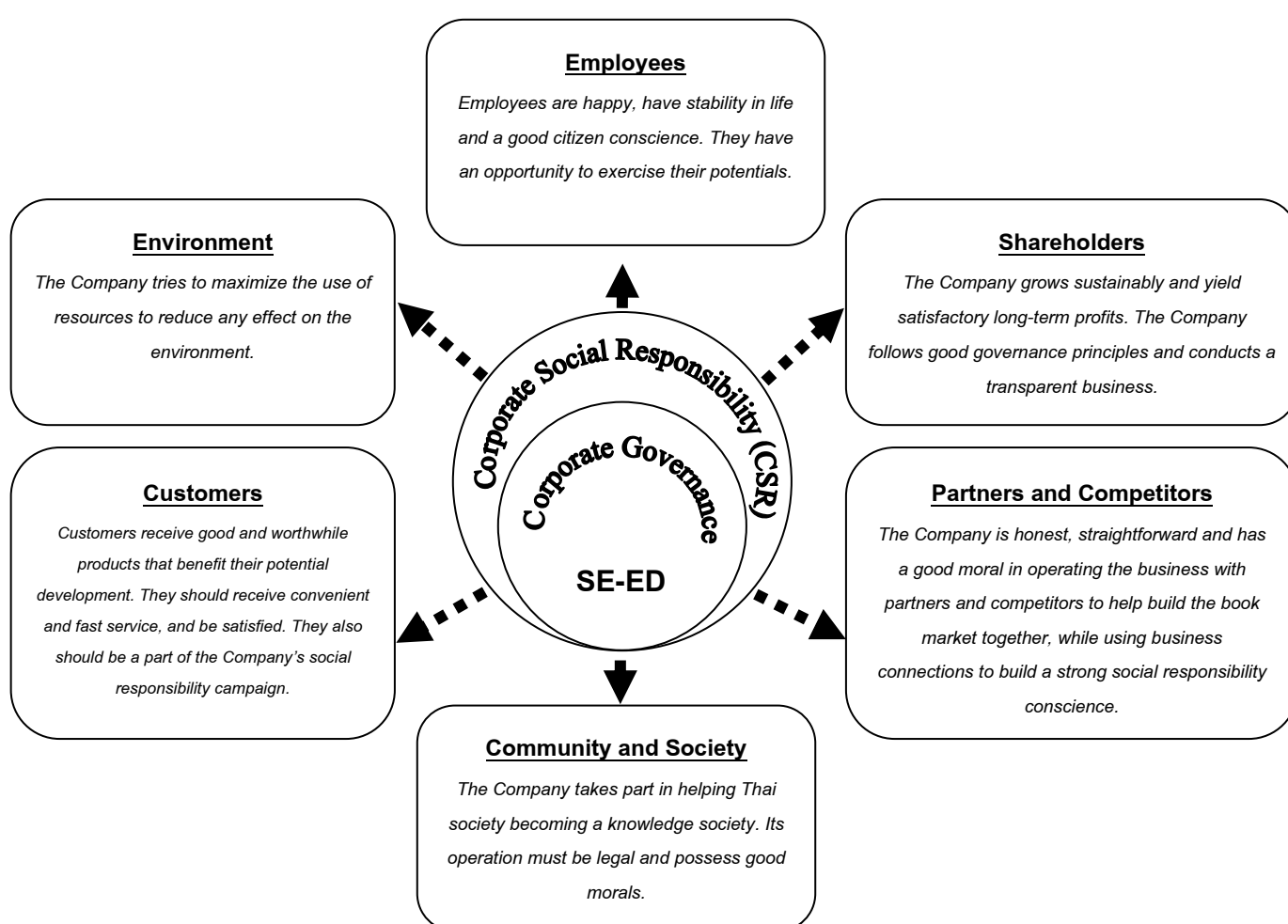
In addition, Smarter Thais Foundation was considered to legally be a public charitable organization no. 916, according to the notification from the Ministry of Finance about Income Tax and Value Added Tax (notification no. 648) issued on 5<sup>th</sup> January 2016.





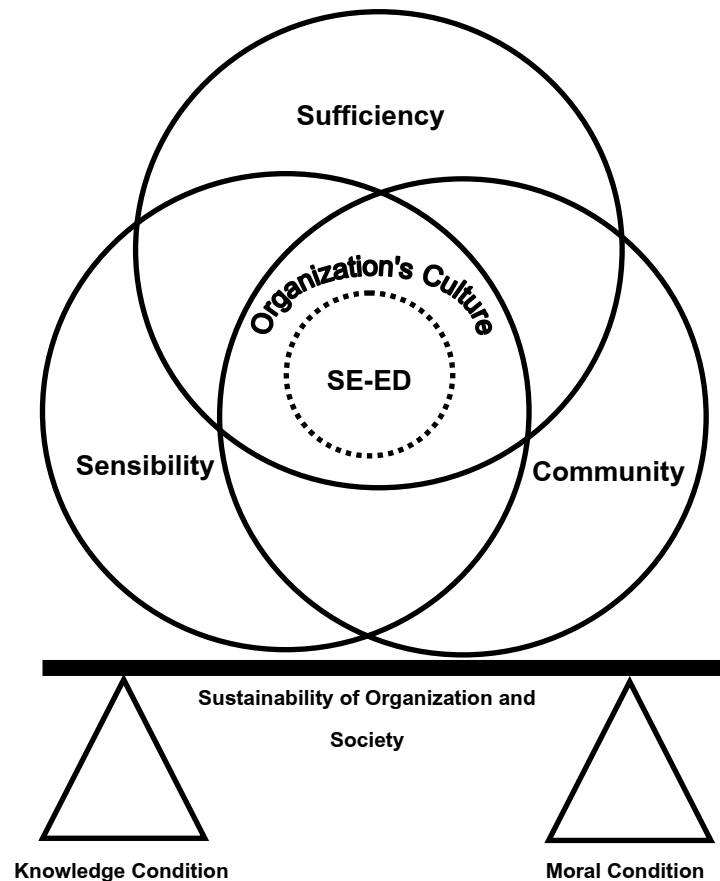
It can be concluded from the above that the Company's business operation has a role in solving major problems of the country and driving the country to a sustainable development. The Company is also the mechanism that supports the development of Thai people's potential until they can become a valuable 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

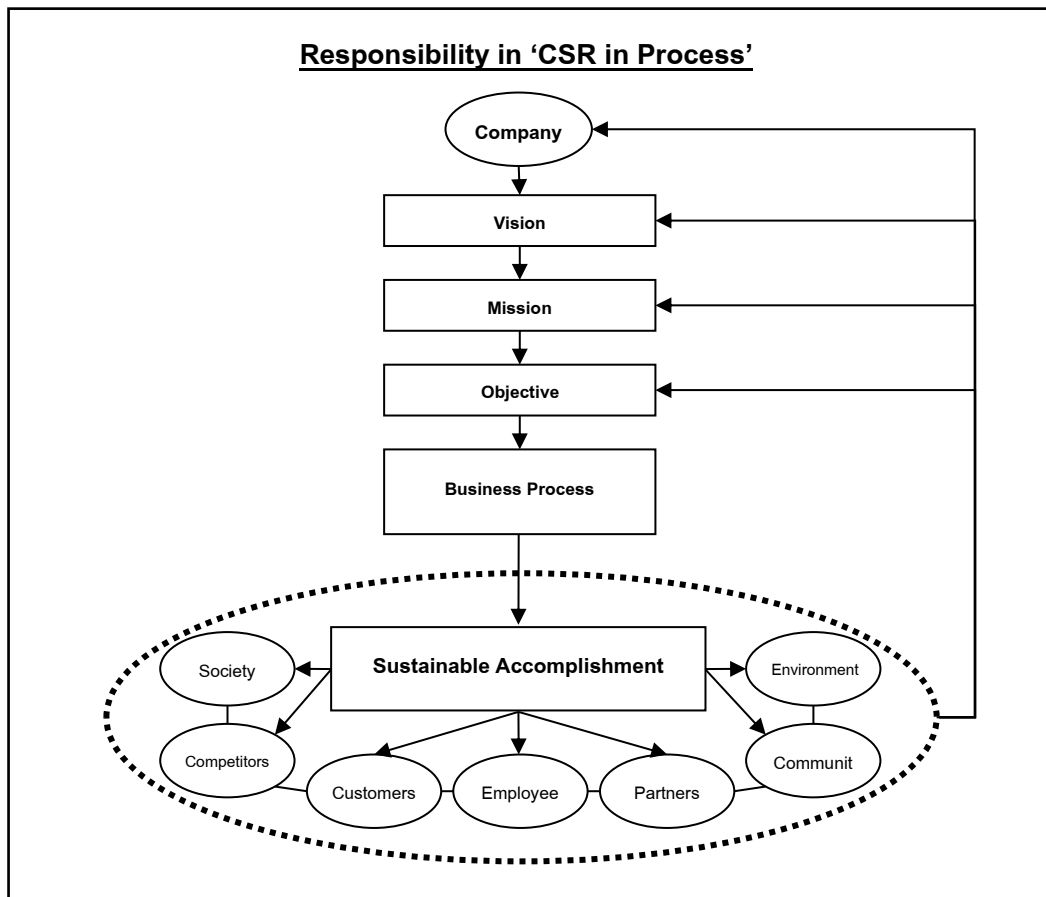
- Be positive towards life and obstacle.
- Be understanding and believe in the goodness in people.
- Ignore showing off but care only what matters.
- Creating positive working atmosphere that encourages people to work hard and have fun with the challenging works.
- Live and love as one family.

## 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 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 organized activities via the 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.

### **10.3 Activities for Social and Environment**

#### **Library for Employees Project**

The Company had a commitment to “empower Thais’ potential and skills” by encouraging its employees to read. To access all the books easily and conveniently, the Company provided the library in the head quarter and distribution center for its employees. Further, the employees can borrow the books. It was for the employees to improve their skills together with their families.







### **Books and Media Production for Country's Development**

Since the establishment until now, the Company unwaveringly fixed to its policy to produce books and media which help country's development. To be specific, the publications and innovation will benefit the youth as the resources for finding their own paths. This would lead to the basic learning method called STEM Education (integrating Science, Technology, Engineering and Mathematics in learning). The young learners will not only learn theories but also get hand on practice. They can apply this method to their ideas, imagination, and inspiration in the future.

### **Audiobook Project:**

Since technology keeps advancing, inevitably reader behavior is affected and it keeps changing. To cope with changing, the Company has converted some print books into "audiobooks" or "digital audio files" in the mp3 format to be available on CDs, DVDs, and for downloading. The Company selected the interesting content from bestselling business books for this audiobook project. The audiobook can reach every targeted reader, especially senior customers, customers with vision impairments, customers who listen to the CDs while driving. The audiobooks in the CD format are available in SE-ED Book Center and other bookstores. Both online downloading and CD/DVD copies can be purchased through the Company's e-commerce channel.



## QR BOOK HIGHLIGHT

To help the customer decide quicker and easier, the Company had developed the system to shortly introduce books via QR Code and it was available in English, central Thai dialect, northern Thai dialect, northern-east Thai dialect, and southern dialect. This system also showed the reviews from all around the country.





## White Bookstore

The Company has bookstores 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. Have 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.



## Improving English Proficiency of Thai Youth

The Company had researched that reading an English graded reader under the concept of an extensive reading can significantly help the young learner to improve their English proficiency. Therefore, the Company started the project called SE-ED: Enjoy Reading in 2008 according to the research. In this project, books with various genres and levels were provided. The Company experimented this project with poor schools first. As a result, the achievement in improving English proficiency was in a satisfactory level. Then the Company expanded to train the key persons and English language teachers across the country. With endorsement from Office of the Basic Education Commission (OBEC) and Office of the Private Education Commission (OPEC), the Company held the teacher trainings under the concept "Total Solution to English Proficiency", aiming to uplift a whole education system.

For the teacher assessment, the students' learning achievement and competency will be measured. The objectives are to develop and improve the learning management system where teachers can effectively

teach English language by Communication Language Teaching (CLT). The four English learning skills (listening, speaking, reading, and writing) will be greatly improved when using CLT with academic English learning, for example, science, mathematics and other subjects.

### **“Raising Learning Achievements by Smarter Thais Foundation” Project:**

This Project was a cooperation between Smarter Thais Foundation and a group of schools with determination to improve their teaching capability beyond impoverished limits and/or the same old teaching framework in order to concretely increase learning achievements. The massively scalable process was applied in this project in search of the best practice for teachers to easily follow in a short time with limited resources. The Foundation sought the methods and techniques for training the teachers and academic departments. All techniques and methods were meant to solve learning problems that Thai education was still struggling with, for example, reading and writing skills, critical thinking skills, English communication skills, mathematic skills for everyday life, innovation skills, and required characteristics and attitudes for 21<sup>st</sup> century. In 2019, the Smarter Thais Foundation visited and followed up with the students' learning achievements from 9 schools in this project.



### **Developing websites supporting retail and wholesale systems:**

With technological advances in communication nowadays and increasing trust in online purchasing, online shopping was growing greatly. The Company therefore developed its website: [www.se-ed.com](http://www.se-ed.com) and [m.se-ed.com](http://m.se-ed.com) to accommodate the new requirements: faster, easily searching and shopping. Online and offline shopping systems are integrated. Also, the e-book management system was upgraded to support its publisher partners and turn into a channel for independent writers to present and sell their work directly to the customer in both print and e-book formats.

Further, to expand to e-book market and satisfy rapid growth of e-book readers, the Company increased the number and variety of e-books from its publishing house and other publishers.

### **Integral developing logistics system:**

The Company strongly paid attention to develop its logistics system to distribute the products effectively. The Company also emphasized on the resources and power consumption by employing power saving campaigns. For example, digitalizing the distribution process can save 500,000 sheets of paper per month and limiting lights where they were only needed.



### **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.

### **Building Libraries for Underprivileged Schools:**

Renovation for Underprivileged School Libraries project by SE-EDUCATION PUBLIC COMPANY LIMITED: the Company has donated book shelves and renovated In 2019, the Company had renovated 79 school libraries in Thailand



## Cultivating a Reading Society project

- **“Pay Less, Read More”** Project is encouraging reading habits in students in primary and secondary levels by paying for the books in installments. With this way, the young learners can read as much as they want. They can go to the nearest branches of SE-ED Book Centers to join this project. Moreover, this project included the members of The Government Pension Fund of Thailand (GPF) and will be expanded to include more members in the future.
- **“Friend of SE-ED : the most enjoyable job for teenagers”** It was the first time ever in Thailand for the event like “Friend of SE-ED” to look for the great inspiring reader. The winner would be the first Brand Ambassador of SE-ED and have the one year privilege with complimentary books. The Company opened up for applicants not older than 18 years old. The applicants can participate by sharing their passion in reading and their inspiration to inspire other readers.
- **The Greatest Readers in “Read A Thon by SE-ED” event** : This event was the competition starting from midday to midnight with the candidates more than 215 candidates from every corner of the country, divided into 43 teams. All these candidates were “The Greatest Readers” that will lead the bookworm society together with SE-ED.



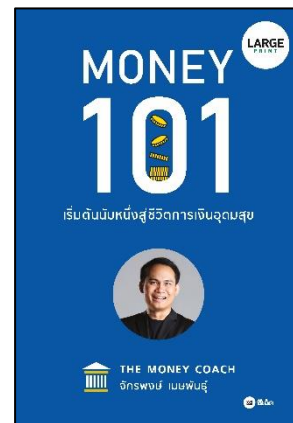
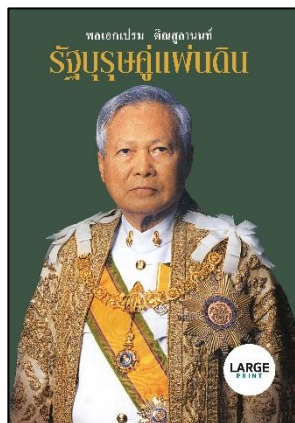
- **Read for Books “Reading is Giving” through Bookmobile “Red Truck Red Troop”** Books are knowledge resources. The reason why SE-ED created the bookmobile was to be the trucks with an easy access to books and learning material under the concept of Reading is Giving. Reading is Giving means the more you read, the more you give. It was the donation to all the libraries nationwide without any charges. The readers can turn their time reading books into a point. Every 10 minutes of reading equals one point and 10 points can be converted to one book for donation. The books which the Company donated were from the partner publishers in Thailand with various genres of books. SE-ED was responsible for book selection for each library. Therefore, the “Red Truck Red Troop” was practical medium that can approach the target readers directly.

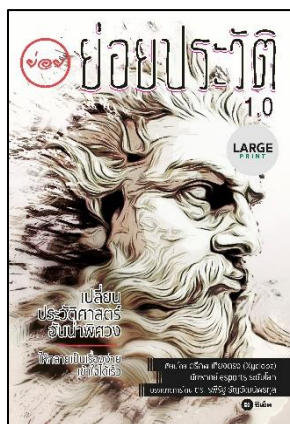






- The Large Print Project** : Thailand was entering the aging society. In order to support the elders and people who have eyesight problems to easily read more books, SE-ED started the Large Print Project. The Large Print Project was the book with a larger font. They were the books that already published. The Company also used eye-friendly papers for printing. The elders would be comfortable reading this edition and they can read longer.





#### 10.4 Corruption-connected Protection

The Company had strongly determined to legally conduct the business with transparency to be a good role model. Also, the Company had committed not to support all kinds of corruption in order to align with the Corporate Governance (CG). Apart from this, the Company had the policies to encourage the employees to be a good citizen of the nation, transparently operate business, and encourage business partners to do the same. The Company had tried its full capabilities to create a network in an industrial level to move forward businesses together without corruption. The Company was fully concerned that corruption is the great danger and threat to the country development and the obstacle to the maintenance of the country. Therefore, the Company issued an “Anti-Corruption Policy” to be its protocol operation.

##### Anti-Corruption Policy

The Directors and employees of the Company are prohibited to engage in any kinds or any forms of corruption in every business activities both directly and indirectly. In case of charity, business gifts exchange or sponsor, the Company must operate it transparently without intentions to exchange of reciprocal benefits or to convince the government officers or private units to operate inappropriately. By this, the Company has thoroughly defined the procedures against corruption with a mean to regularly review these procedures in order to be consistent with changes in business, rules, regulations, and law.

##### Anti-Corruption Operation

The Company gives emphasis on carrying out the anti-corruption policy. In 2012 the Company avowed to join the Collective Action Coalition against Corruption (CAC) and always sends its staff to join the anti-corruption trainings in order to improve the knowledge about the issue, and the Company was certified to be a member of the Private Sector Collective Action Coalition against Corruption Council as of August 18, 2017 by the Thai Institute of Directors (IOD)

### **Rewards of being a good governance**

- Was evaluated **Excellence or 5 Stars**, from corporate governance evaluation for 12 consecutive years (2008 – 2019). From Thai Institute of Directors (IOD).
- **Outstanding Investor Relations Award**, in SET Awards 2017 by Stock Exchange of Thailand (SET).
- **Honor Trophy for being a private organization with excellence in Corporate Social Responsibility**, from Ministry of Social Development and Human Security (MSDHS) in the 15<sup>th</sup> Anniversary of MSDHS. (2017).
- **The 6<sup>th</sup> Tara Award (2017)**, a prize for individuals or organizations with the Heart of Bodhisattva and perform a good deed for society in a micro level (family, community, and local) and in a macro level (Thai and international societies).
- **SET Social Enterprise Investment Awards**, from SET in SET Sustainability Awards 2015.
- **SET Award of Honor**, in Corporate Governance for the four times from SET Awards 2014. The award is for the excellence in corporate governance for 6 consecutive years.
- Was evaluated **5 TIA**, in organizing the Annual General Shareholders Meeting for 7 consecutive years (2009 – 2015). From Thai Investors Association (TIA).
- **Investors' Choice Award**, for receiving 100% scores from the evaluation of the Annual General Shareholders Meeting for 6 consecutive years (2009 - 2014). From Thai Investors Association (TIA).
- **Board of the Year for Distinctive Practices Award 2006/2007 and 2010/2011**, from Thai Institute of Directors (IOD).
- **Outstanding Corporate Social Responsibility Awards**, from the SET Awards 2011.
- **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.
- **CSR Awards 2009 – 2010**, (awarded for outstanding listed company who operates responsibly toward society and environment).
- **The Top Corporate Governance Report Awards 2009 – 2010**, ( Outstanding in Good Governance Report).
- **Best Shareholder Treatment Awards 2008**
- **Outstanding network bookstore 2002 – 2003**
- **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 2019, there were 5 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:

The Company had significant business transactions with related parties. These parties are directly or indirectly related through common shareholding and/or directorship. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

The related companies include the following:

Company	Relationship
SE-ED Book Center Co.,Ltd.	Subsidiary company by direct shareholders (Completion of liquidation on June 20, 2019)
Plearn Patt Co.,Ltd.	Subsidiary company by direct shareholders
BaesLab Co., Ltd.	Subsidiary company by direct shareholders
M AND E Co., Ltd.	Associated company by direct shareholders

The significant transactions with related parties for the years ended December 31, 2019 and 2018, can be summarized as follows:

Transfer Pricing Policy		Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
<b><u>Transactions in the statements of income</u></b>					
<b><u>Subsidiary companies</u></b>					
Sales of goods	Market price	-	-	141,933	608,976
Service expenses	Mutually agreed				
	agreement	-	-	117,196	422,784
Interest income	MOR per annum	-	-	86,282	129,600
Service revenue	Mutually agreed				
	agreement	-	-	76,682	224,299
Dividend income	As declared	-	-	-	7,470,000
<b><u>Transactions in associate company</u></b>					
Dividend income	As declared	-	-	1,000,000	1,000,000
<b><u>Related companies</u></b>					
Service revenue	Mutually agreed				
	agreement	4,260,950	201,869	4,260,950	201,869
Purchases of goods	Market price	3,056,024	484,753	3,056,024	484,753
<b><u>Shareholder and directors of subsidiary companies</u></b>					
Lease land	Mutually agreed				
	agreement	1,116,555	1,015,050	-	-
Amortised leasehold rights on land	Mutually agreed				
	agreement	285,259	285,258	-	-
Interest expenses	5% - 6% per annum	60,000	60,000	-	-

As at December 31, 2019 and 2018 Significant outstanding balances with related companies are as follow:

	Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b><u>Outstanding balances at the statements of financial position</u></b>				
<b><u>Subsidiary companies</u></b>				
Trade and other receivables	-	-	14,925	25,846
Short-term loans	-	-	-	1,800,000
Interest receivable	-	-	-	32,666
Prepaid expenses	-	-	-	436,257
<b><u>Related companies</u></b>				
Trade and other receivables	1,495,068	3,353,197	1,495,068	3,353,197
Trade payable	1,137,794	1,508,183	1,137,794	1,508,183
<b><u>Shareholder and directors of subsidiary companies</u></b>				
Leasehold rights on land	5,524,264	5,809,523	-	-

Short-term loans to subsidiary which is due within 1 year. The subsidiary obtained such loan for the purpose of funding product development. Interest is charged at MOR per annum of a commercial bank.

#### Directors and management's benefits

For the years ended December 31, 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

	Baht			
	Consolidated financial		Separate financial statements	
	statements		statements	
	2019	2018	2019	2018
Short-term employee benefits	22,982,402	18,703,382	19,737,210	15,846,113
Post-employment benefits	2,332,510	231,676	2,166,378	85,386
Total	25,314,912	18,935,058	21,903,588	15,931,499

**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).