



## PART 2 MANAGEMENT AND GOOD CORPORATE GOVERNANCE

## 7. Securities and Shareholder Information

## Company Security

## 7.1 The Registered Capital and Paid-up Capital

As of December 28, 2018, the Company's registered capital was 1,400,000,000 Baht. The paid-up capital was 1,253,821,000 Baht, comprising 1,253,821,000 shares at the par value of 1 Baht per share.

## 7.2 Major Shareholders

(a) At the closing date of registrar book dated on December 28, 2018, the top ten major shareholders are as follows:

No.	Name of shareholders	No. of shares (shares)	%
1	Sirimongkolkasem Family <sup>(1)</sup>	678,551,640	54.12%
2	THAI NVDR CO., LTD.	69,917,973	5.58%
3	NICHIREI FOODS INC.	56,716,050	4.52%
4	Ms. Wonngarm Kittanamongkolchai	40,000,000	3.19%
5	STATE STREET EUROPE LIMITED	23,110,445	1.84%
6	Mrs. Piangjai Chayawiwatkul	20,000,000	1.60%
7	Mr. Kongphob Limsong	20,000,000	1.60%
8	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	17,082,900	1.36%
9	NORTRUST NOMINEES LTD-CL AC	13,183,580	1.05%
10	SE ASIA (TYPE B) NOMINEES LLC	10,830,200	0.86%
Top 10 Major Shareholders		949,392,788	75.72%

**Note:** <sup>(1)</sup> Sirimongkolkasem family have 27 members (as acting in concert Re: Acting in concert as a result of the nature of a relationship or behavior and requirements under Sections 246 and 247)



Lists of Sirimongkolkasem Family are as follows:

No.	Name of shareholders	No. of shares (shares)	%
1	Mr. Prasit Sirimongkolkasem	33,000,000	2.63%
2	Mr. Virach Sirimongkolkasem	30,349,500	2.42%
3	Dr. Anan Sirimongkolkasem	4,134,080	0.33%
4	Mrs. Somsiri Ingpochai	2,500,000	0.20%
5	Ms. Wannee Sirimongkolkasem	10,100,000	0.81%
6	Mr. Sujin Sirimongkolkasem	59,801,080	4.77%
7	Mrs. Pranee Parksook	1,193,930	0.10%
8	Ms. Nisa Sirimongkolkasem	44,857,200	3.58%
9	Mr. Kajorn Sirimongkolkasem	37,400,000	2.98%
10	Ms. Wipawadee Sirimongkolkasem	37,400,000	2.98%
11	Mr. Jedsada Sirimongkolkasem	37,621,000	3.00%
12	Mr. Kittichai Sirimongkolkasem	37,400,000	2.98%
13	Ms. Wiwanya Sirimongkolkasem	35,939,000	2.87%
14	Ms. Papinya Sirimongkolkasem	35,350,000	2.82%
15	Ms. Warisara Sirimongkolkasem	36,375,300	2.90%
16	Mr. Wongsakorn Sirimongkolkasem	60,000,000	4.79%
17	Mrs. Chonlada Sirimongkolkasem	56,399,200	4.50%
18	Mr. Pisanu Sirimongkolkasem	64,000,000	5.10%
19	Mr. Jarongkij Sirimongkolkasem	12,200,410	0.97%
20	Mr. Jarongkorn Sirimongkolkasem	12,265,910	0.98%
21	Ms. Aleena Sirimongkolkasem	5,000,000	0.40%
22	Mr. Achira Sirimongkolkasem	5,000,000	0.40%
23	Ms. Jutamas Ingpochai	5,000,000	0.40%
24	Mr. Pongsathorn Ingpochai	5,059,830	0.40%
25	Mr. Win Parksook	5,105,000	0.41%
26	Mr. Worapath Parksook	5,100,000	0.41%
27	P. Chareonphan Produces*	200	0.00%
<b>Sirimongkolkasem Family</b>		<b>678,551,640</b>	<b>54.12%</b>

**Note:** \* P. Chareonphan Produces Co., Ltd. operates real estates for rent. The shareholders are Sirimongkolkasem family.



(b) As of December 28, 2018, the major shareholders who have significant influences on the Company's management policy or operation are:

No.	Name of shareholders	No. of shares (shares)	% Shareholding
1	Mr. Prasit Sirimongkolkasem	33,000,000	2.63%
2	Mr. Virach Sirimongkolkasem	30,349,500	2.42%
3	Dr. Anan Sirimongkolkasem	4,134,080	0.33%
	<b>Total</b>	<b>67,483,580</b>	<b>5.38%</b>

(c) Shareholders' agreement

-None-

7.3 The issuance of other securities

-None -

7.4 Dividend Payment Policy

7.4.1 Dividend Payment Policy of GFPT Public Company Limited

The dividend payment policy of GFPT Public Company Limited is "to pay dividend at the rate of not more than 50% of net profit of the Company's separate financial statement after all deductions as required by law or by the Company, subject to the Company's cash flow, liquidity, future investment plans of the Company and its subsidiaries, and economic situation."

Dividend Payment Information

	2013	2014	2015	2016	2017
Earnings per Share – separated financial statement (THB/share)	0.43	0.61	(0.17)	0.41	0.26
Dividend per Share (THB/share)	0.35	0.40	0.25	0.30	0.30
Dividend Payout Ratio – separated financial statement (%)	82.14	65.63	N/A <sup>(1)</sup>	73.38	117.48

**Note:** <sup>(1)</sup> The Company paid dividend in 2015 in amount of 0.25 Baht per share, however, the separate financial statements in 2015 showed net loss; then, dividend payout ratio in 2015 cannot be calculated.

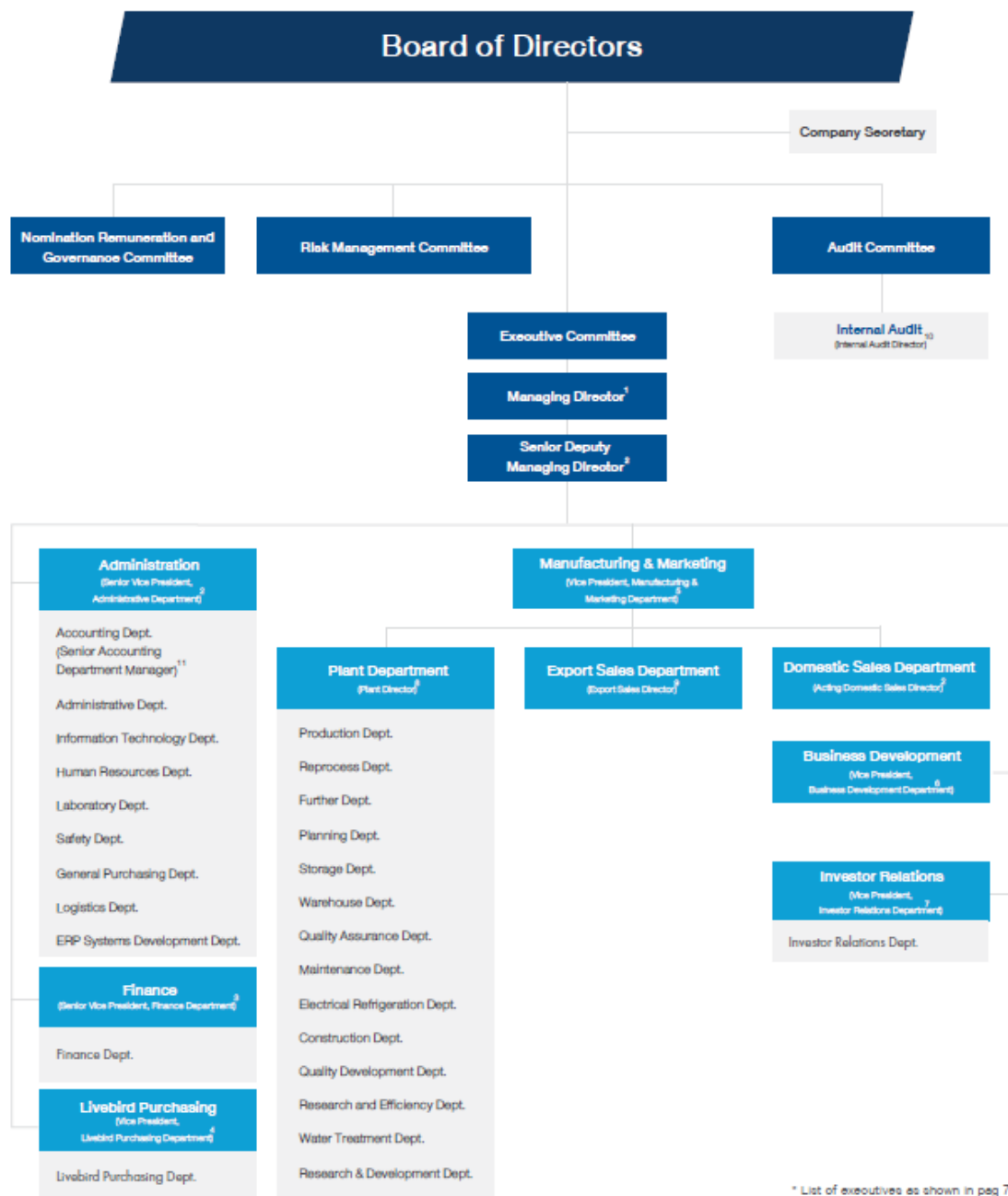
7.4.2 Dividend Payment Policy of Subsidiaries and Joint Ventures

The dividend policy of subsidiaries and joint ventures is to pay from net profit after deduct legal reserves requirement, and subject to the Company's cash flow, liquidity, future investment plans of each company, without designated dividend payout ratio policy. In 2018, the Company received dividend from subsidiary company in amount of THB 393.04 million and a joint-venture company in amount of THB 49.00 million.



## 8. Management Organization

Organization Chart (as of 31 December 2018)



Note: <sup>1-7</sup> are the executives as the definition of the Security and Exchange Act

<sup>8-11</sup> are the executives as the Company's criteria



## Management

In 2018, the management structure of GFPT Public Company Limited composes of 1) the Board of Directors 2) 4 Sub- Committees ( The Audit Committee, The Nomination Remuneration and Governance Committee, The Risk Management Committee and The Executive Committee) 3) The Executives

### 8.1 Board of Directors and Sub-Committees

#### Board of Directors

As of 31 December 2018, the Board of Directors of GFPT Public Company Limited comprised of 9 directors as follows:

Name - Surname		Title
1. Mr. Prasit	Sirimongkolkasem <sup>(1)</sup>	Chairman
2. Mr. Virach	Sirimongkolkasem <sup>(1)</sup>	Vice Chairman
		Member of Executive Committee
		Managing Director
3. Dr. Anan	Sirimongkolkasem <sup>(1)</sup>	Director
		Chairman of Executive Committee
		Member of Nomination Remuneration and Governance Committee
		Senior Deputy Managing Director
		Senior Vice President, Administration Department
4. Dr. Sathit	Karanes	Independent Director
		Chairman of Audit Committee
		Chairman of Nomination Remuneration and Governance Committee
5. Mr. Paramet	Hetrakul	Independent Director
		Member of Audit Committee
		Member of Nomination Remuneration and Governance Committee
6. Mr. Thanathip	Pichedvanichok	Independent Director
		Member of Audit Committee
		Member of Nomination Remuneration and Governance Committee
7. Mrs. Somsiri	Ingpochai	Director
		Member of Executive Committee
8. Ms. Wannee	Sirimongkolkasem	Director
9. Mr. Sujin	Sirimongkolkasem	Director
		Member of Nomination Remuneration and Governance Committee
		Member of Risk Management Committee
		Member of Executive Committee
		Vice President, Live-Chicken Purchasing Department

**Note:** - Ms. Jutamas Ingpochai is a Secretary of the Board of Directors.

- <sup>(1)</sup> Being authorized directors of the Company. The Company requires at least 2 out of 3 authorized directors to sign on behalf of the Company with the Company's seal.

**Sub-Committees****Audit Committee (AC)**

As of 31 December 2018, the Audit Committee of GFPT Public Company Limited comprised of 3 directors as follows;

Name - Surname		Title
1. Dr. Sathit	Karanes	Chairman of Audit Committee
2. Mr. Paramet	Hetrakul <sup>(1)</sup>	Member of Audit Committee
3. Mr. Thanathip	Pichedvanichok <sup>(2)</sup>	Member of Audit Committee

**Note :** - Mr. Chatchai Ratanawalai is a Secretary of the Audit Committee

- <sup>(1)</sup> Audit committee who has extensive knowledge and experiences in reviewing financial statement.

- <sup>(2)</sup> Audit committee who has extensive knowledge and experiences in legal aspect

**Nomination Remuneration and Governance Committee (NRGC)**

As of 31 December 2018, the Nomination Remuneration and Governance Committee of GFPT Public Company Limited comprised of 5 directors as follows;

Name - Surname		Title
1. Dr. Sathit	Karanes	Chairman of Nomination Remuneration and Governance Committee
2. Mr. Paramet	Hetrakul	Member of Nomination Remuneration and Governance Committee
3. Mr. Thanathip	Pichedvanichok	Member of Nomination Remuneration and Governance Committee
4. Dr. Anan	Sirimongkolkasem	Member of Nomination Remuneration and Governance Committee
5. Mr. Sujin	Sirimongkolkasem	Member of Nomination Remuneration and Governance Committee

**Note:** Mr. Chatchai Ratanawalai is a Secretary of the Nomination Remuneration and Governance Committee

**Risk Management Committee (RMC)**

As of 31 December 2018, the Risk Management Committee of GFPT Public Company Limited comprised of 8 directors as follows;

Name - Surname		Title
1. Mr. Jedsada	Sirimongkolkasem	Chairman of Risk Management Committee
2. Mr. Sujin	Sirimongkolkasem	Member of Risk Management Committee
3. Ms. Wipawadee	Sirimongkolkasem	Member of Risk Management Committee
4. Mr. Kittichai	Sirimongkolkasem	Member of Risk Management Committee
5. Ms. Wiwanya	Sirimongkolkasem	Member of Risk Management Committee
6. Ms. Papinya	Sirimongkolkasem	Member of Risk Management Committee
7. Mr. Wongsakorn	Sirimongkolkasem	Member of Risk Management Committee
8. Ms. Jutamas	Ingpochai	Member of Risk Management Committee

**Note :** Mr. Theerasak Piamsuphakphong is a Secretary of the Risk Management Committee

**Executive Committee (EC)**

As of 31 December 2018, the Executive Committee of GFPT Public Company Limited comprised of 7 directors as follows;

Name - Surname		Title
1. Dr. Anan	Sirimongkolkasem	Chairman of Executive Committee
2. Mr. Virach	Sirimongkolkasem	Member of Executive Committee
3. Mrs. Somsiri	Ingpochai	Member of Executive Committee
4. Mrs. Pranee	Parksook	Member of Executive Committee
5. Mr. Jedsada	Sirimongkolkasem	Member of Executive Committee
6. Mr. Sujin	Sirimongkolkasem	Member of Executive Committee
7. Mr. Wongsakorn	Sirimongkolkasem	Member of Executive Committee

**8.2 The Executives**

As of 31 December 2018, GFPT has 11 executives\* as follows:

Name - Surname		Title
1. Mr. Virach	Sirimongkolkasem	Managing Director
2. Dr. Anan	Sirimongkolkasem	Senior Deputy Managing Director** Senior Vice President, Administration Department and Acting Domestic Sales Director
3. Mrs. Pranee	Parksook	Senior Vice President, Finance Department
4. Mr. Sujin	Sirimongkolkasem	Vice President, Livebird Purchasing Department
5. Mr. Kittichai	Sirimongkolkasem	Vice President, Manufacturing and Marketing Department
6. Ms. Wipawadee	Sirimongkolkasem	Vice President, Business Development Department
7. Ms. Jutamas	Ingpochai	Vice President, Investor Relations Department and Company Secretary
8. Mr. Thiti	Wanachate	Plant Director
9. Mr. Artorn	Uapopol	Export Sales Director
10. Mr. Theerasak	Piamsuphakphong	Internal Audit Director
11. Ms. Ratchaneegorn	Pavitrpok	Senior Accounting Department Manager

**Note:** \* Definition of Executives is according to the Security and Exchange Act with the Company's criteria

\*\* Senior Deputy Managing Director is responsible for Finance Department and Administration Department – Accounting Department, also serves as Chief Financial Officer: CFO.



Securities Holding Report of Directors and Executives as of 28 December 2018

Name – Surname		Amount (Shares)					
		As of 29 December 2017		As of 28 December 2018		Increase / Decrease	% Shareholding
		Direct	Indirect	Direct	Indirect		
1. Mr. Prasit	Sirimongkolkasem	33,000,000	-	33,000,000	-	-	2.63%
2. Mr. Virach	Sirimongkolkasem	30,349,500	-	30,349,500	-	-	2.42%
3. Dr. Anan	Sirimongkolkasem	4,134,080	-	4,134,080	-	-	0.33%
4. Dr. Sathit	Karanes	-	-	-	-	-	0.00%
5. Mr. Paramet	Hetrakul	50,000	-	50,000	-	-	0.004%
6. Mr. Thanathip	Pichedvanichok	-	-	-	-	-	0.00%
7. Mrs. Somsiri	Ingpochai	2,500,000	-	2,500,000	-	-	0.20%
8. Ms. Wannee	Sirimongkolkasem	10,100,000	-	10,100,000	-	-	0.81%
9. Mr. Sujin	Sirimongkolkasem	59,801,080	-	59,801,080	-	-	4.77%
10. Mrs. Pranee	Parksook	1,193,930	-	1,193,930	-	-	0.10%
11. Mr. Kittichai	Sirimongkolkasem	37,400,000	-	37,400,000	-	-	2.98%
12. Ms. Wipawadee	Sirimongkolkasem	37,400,000	-	37,400,000	-	-	2.98%
13. Ms. Jutamas	Ingpochai	5,000,000	-	5,000,000	-	-	0.40%
14. Mr. Thiti	Wanachate	-	-	-	-	-	0.00%
15. Mr. Artorn	Uapopol	1,000	-	1,000	-	-	0.0001%
16. Mr. Theerasak	Piamsuphakphong	1,000	-	1,000	-	-	0.0001%
17. Ms. Ratchaneegorn	Pavitrpok	-	-	-	-	-	0.00%
Total		220,930,590	-	220,930,590	-	-	17.62%





### 8.3 The Company Secretary

The Board of Directors has appointed Ms. Jutamas Ingpochai as the Company Secretary on 16 October 2008, under Section 89/15 of the Act. Securities and Exchange Commission Securities and Exchange Act B.E. 2535 amended by Act No. 4 in B.E. 2551. The information of the Company Secretary is in the Attachment 1

The details of management structure, qualification, duties, responsibilities, meeting attendance and the remuneration of Board of Director, Sub-Committees, Executive Committee and Company Secretary are shown in the Good Corporate Governance Report, Chapter 5 Responsibilities of the Board of Directors.

### 8.4 Remuneration of the Board of Directors and Executives

#### 8.4.1 Monetary Remuneration

Monetary Remuneration of directors and executives is shown in the Good Corporate Governance Report, Chapter 5 Responsibilities of the Board of Directors.

#### 8.4.2 Non-Monetary Remuneration

-None-

### 8.5 Personnel

In 2018, the Company employs a total of 5,453 persons with a total benefits in amount of THB 1,431.56million. The benefits paid to employees were salary, overtime payment, cost of living subvention, bonuses, special subvention, social security payment etc. Furthermore, the subsidiaries paid similar benefits as the Company in amount to THB 1,437.89 million. The details of personnel and benefit are shown in the following table:

Year 2018	GFPT (Chicken Evisceration, Processed Chicken Food Products)	The subsidiaries				
		KT (Feed Mill and Parent Chicken Farm)	GP (Grandparent Chicken Farm)	FKT (Parent Chicken Farm)	MKS (Broiler Farm)	GFF (Processed Food)
Staff in Line Operation / Service (Persons)	5,322	1,050	291	1,537	2,889	372
Staff in Management level (Persons)	13	101	6	13	41	25
Staff in Headquarter Office (Persons)	118	244	4	37	25	142
<b>Total (Persons)</b>	<b>5,453</b>	<b>1,395</b>	<b>301</b>	<b>1,587</b>	<b>2,955</b>	<b>539</b>
<b>The Benefits (million THB)</b>	<b>1,431.56</b>	<b>541.07</b>	<b>68.84</b>	<b>198.85</b>	<b>490.08</b>	<b>139.05</b>

In the past 3 years, the Company has no labor legal dispute and there is no significant change in staff number. The HR policy for training and development is shown in the Annual Integrated Report; Human Resources Training and Development Policy.



## Good Corporate Governance

### Good Corporate Governance Policy

GFPT Public Company Limited (the “Company”) realizes the importance of good corporate governance and believes that a good management system, a Board of Directors and executives with vision and responsibility, a control mechanism, a balance of power for transparency and accountability, the equitable treatment of shareholders, and respect for the interests of all stakeholders are key factors in adding value and maximizing returns to shareholders of the Company in the long run.

The Company has constructed the Good Corporate Governance policy under the criteria of the Stock Exchange of Thailand<sup>1</sup> and the regulations of the Organization for Economic Co-Operation and Development<sup>2</sup> (OECD), and also has adopted the Corporate Governance Code for listed companies 2017<sup>3</sup> that was designed by the Securities and Exchange Commission, Thailand to use as a guidance for directors, executives, and employees of the Company in operating our business. The Company reviews its principles of Good Corporate Governance policy annually so as to be appropriate with any changes that may occur from the operation, environment, situation, or laws.

Therefore, the Board of Directors, as a governing body, acknowledged the CG Code to create sustain value for the Company. The Board of Directors accessed its CG practice and performance according to the CG Code recommended by NRCG Committee, to ensure appropriateness and suitability for our business.

The Board of Directors regularly monitors compliance with good corporate governance. The Company’s corporate governance policy is announced to all employees through the Company’s intranet system and also to public through the Company’s website ([www.gfpt.co.th](http://www.gfpt.co.th)) under the “Corporate Governance” section.

With strong dedication and determination of all personnel to comply with the Company’s CG policy, the Company received Corporate Governance Report (CGR) of “Excellent” in year 2018 along with 5-star in CG Score. The rewards were given by the Thai Institute of Directors Association (IOD) accompany with the Stock Exchange of Thailand (SET), and the Securities and Exchange Commission (SEC). In addition, the Company maintained CGR of “Excellent” for 3 consecutive years.

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<sup>1</sup> Good Corporate Governance for listed companies B.E. 2555, Corporate Governance Center, the Stock Exchange of Thailand

<sup>2</sup> Corporate Governance of The Organization for Economic Co-Operation and Development (OECD) 2004

<sup>3</sup> Corporate Governance Code for listed companies 2017



## Compliance with the Good Corporate Governance Policies in the year 2018

### Chapter 1 Rights of Shareholders

#### 1.1 Shareholders' Rights Protection Policy

The Board of Directors values the rights of shareholders and encourages shareholders to exercise their rights including basic rights of the shareholders by law namely the right to sell, buy, or transfer shares; the right to receive the dividend equally; the right to receive sufficient information; the right to attend shareholders' meetings; the right to propose an agenda; the right to vote at shareholders' meeting to appoint or dismiss directors; determine the remuneration of directors; appointment of auditor and determine the audit fee; and determine issues that fundamentally affects the Company, which may include any changes to the articles of association, memorandum of associations and the decrease or increase share capital and the approval of any special items.

The Board of Directors also set the best practice to look after the interest of shareholders beyond their basic legal rights by providing the right to get any significant Company information on a timely and sufficient basis such as the results of operations, analysis of its operations, the credit rating, and newsletter to shareholders via the company's Home Page that is accessible and convenient.

In addition, the Board of Directors shall not act in any way which violates or deprives the rights of the shareholders.

#### 1.2 Shareholders' Meeting

The Company has scheduled Annual General Meeting of Shareholders 1 time within 4 months after the fiscal year. If there is an urgent matter that relates to certain conditions, rules or applicable law that needs shareholders' approval, the Company will call an Extraordinary General Meeting of Shareholders.

The Board of Directors have a policy to support and encourage all types of shareholders, including institutional shareholders to attend the shareholders' meeting by requiring the invitation letter of Annual General Meeting of Shareholders to clarify on details about registration procedures and documents used to register for each type of shareholders including 3 types of proxy consisting of Form A, Form B and Form C. Meeting documents can be downloaded through Company's website at least 30 days before the meeting. The Company will facilitate the shareholders to exercise their rights to attend and to vote at the meeting and will not take any action to limit the opportunity to access information of the Company.

The Company has complied with the law and the best practices of the AGM Checklist of the SEC, as well as, considered to the rights of shareholders and the equitable treatment of shareholders according to the principles of good corporate governance.

##### 1.2.1 Pre-Proceeding of the Meeting

- 1) The Company gives an opportunity to shareholders to propose agenda of the meeting, nominate qualified persons for appointment as a director, and send questions related to the agenda,



prior to the Annual General Meeting of Shareholders under the criteria set by the Board of Directors and disclosed to shareholders through SEC's News the Company's Home Page.

2) The Company discloses the resolution of the Board of Directors on the meeting date through SET news. The resolution includes the date of the Annual General Meeting of Shareholders, the record date, the closing date of the share registration book and dividends payment.

3) The Company prepares the Notice of the Annual General Meeting of shareholders and related documents in both Thai and English languages (for the convenience of foreign shareholders) with complete details, including information about the date, time, and location of the meeting, meeting agenda with a statement indicating the reasons and opinion of the board of directors, issues to take into consideration, proxy forms as set by the Ministry of Commerce, rules and procedures in attendance and the process of voting on each agenda.

4) The Company discloses the Notice of Annual General Meeting of Shareholders to shareholders and enclosures through the SET's news and Company's Home Page at least 30 days before the meeting. The Company sends the Notice and enclosures to the shareholders by registered mail at least 21 days before the meeting, which is over the time period set by law. The Notice of Annual General Meeting of Shareholders will be advertised in the daily newspapers in the English version and Thai version for 3 consecutive days and 8 days before the meeting.

#### **1.2.2 Proceeding of the Meeting**

1) The Company sets date, time, and place of the meeting of shareholders with consideration to the convenience of the shareholders. The place of the meeting is conveniently accessible by various public transportations.

2) The Company allows shareholders to register for the meeting 2 hours before the meeting starts and organizes easy document checking system.

3) The Company provides the use of a proxy form by shareholders who are unable to attend the meeting to appoint a person or an independent director to attend the meeting and cast votes on their behalf. Shareholders can use the Proxy Form A., B., or C. (for Custodian) as specified by Department of Business Development or the Proxy Forms provided in the Company's Website. The Company encourages shareholders to use Proxy Form B, which send together with the Notice of the AGM, the required documents/evidence, and the proxy instruction to shareholders. In addition, shareholders can download Proxy Forms via the Company's website.

4) The Company uses information technology (computer systems and barcode) and the ballot (every agenda) at the shareholders' meeting for the registration of shareholders, vote counting, and vote result for fast, accurate, and reliable information.



5) Chairman, directors, managing director, Chairman of various committees, chief financial officer, and auditors are required to attend the shareholders' meeting to provide answers to any questions related to their scope of work.

6) Volunteers from the meeting of shareholders (independent parties) act on behalf of the meeting to count or check the votes at the Annual General Meeting or the Extraordinary General Meeting of shareholders.

7) Voting is separate for each matter. For example, for the election of directors, the shareholders can vote for each director individually.

8) The Company notifies the guideline of the procedure of the meetings of shareholders, including the procedure of casting vote and the right to vote (with shareholders having 1 vote for 1 share), to the shareholders at the start of the meeting,

9) The Chairman of the meeting allocates sufficient time and provides opportunities for shareholders to independently comment and ask questions on matters related to the agenda or to the Company in the shareholders meeting.

10) The Company holds clear and transparent vote counting and disclosure of voting results in each agenda at the meeting of shareholders.

11) Agenda other than those specified in the Notice of meeting must not be raised and no significant changes may be made to the agendas specified without prior notice to the shareholders.

### **1.2.3 Post-proceeding of the Meeting**

1) The Company publishes the resolutions of the shareholders' meeting and voting results of each agenda item through the Stock Exchange of Thailand and the Company's Home Page on the date of the Annual General Meeting of shareholders.

2) The Company prepares minutes of shareholders that are accurate and complete for submission to the Stock Exchange of Thailand and publish on the Company's Home Page within 14 days from the date of the meeting.

3) The Company publishes record of each agenda in the webcast to ensure transparency and accountability.

### **Annual General Meeting of Shareholders 2018**

The General Meeting of Shareholders for the year 2018, the Company provided an opportunity for shareholders to propose agenda items, nominate candidates for director appointment, and send questions in advance for 3 months before the end of the year during 28 September to 29 December 2017. At the end of such period, there were no shareholders proposing agenda, candidate, or submit question in advance of the meeting.



On 28 February 2018, the Company published the resolution of the Board of Directors regarding the General Meeting of Shareholders via SET's news and the Company's website and scheduled the 2018 Annual General Meeting of Shareholders on 5 April 2018 at 9.30 AM. The Company set the Record Date, on which shareholders have the rights to attend and to cast vote in the 2018 AGM and have the right to receive dividend, on 14 March 2018 and dividend payment on 25 April 2018.

The Company published the Notice of the 2018 Annual General Meeting together with the meeting's supporting documents in both Thai and English languages via SET's news and the Company's website on 2 March 2018 or 34 days before the meeting. Thailand Securities Depository Company Limited (TSD) was appointed to be registrar to send the Notice of the Annual General Meeting to shareholders through registered post since 21 March 2018, or 14 days before the meeting.

The Company held the Annual General Meeting of Shareholders for the year 2018 on Thursday, 5 April 2018 at 9.30 AM at GFPT Building, No. 312, Rama 2 Road, Kwang Bangmod, Khet Jomthong, Bangkok 10150. There were 702 shareholders attending the Meeting in person and by proxy, accounted for 857,322,672 shares representing 68.38% of the shares sold. The Company published the resolution of the meeting and the voting results of each agenda on 5 April 2018. The minutes of AGM 2018 and the video recording are disclosed through SET's news and the Company's website on 18 April 2018.

For the Annual General Meeting of Shareholders for the year 2018, the Company was assessed the quality of the Annual General Meeting of Shareholders (AGM Assessment) by Thai Investors Association and received 97 score categorized in the "good".

## **Chapter 2 Equitable Treatment of Shareholders**

The Company realizes the importance of equitable treatment of shareholders both major and minor shareholders. No shareholder shall have any special privileges over other shareholders. The Company undertakes the following actions:

### **2.1 Measures to prevent the use of inside information**

The Company has measures to prevent the use of inside information. The directors, executives, employees and stakeholders are not allowed to the use inside information to benefit themselves or others to avoid unfair action of trading securities by using inside information and determining the use of inside information policy and regulations of data retention as well as securities trading of directors, executives, and employees in the Company's Code of Ethics that will be granted to directors, executives and employees on the job. It can be summarized as follows:



### The Use of Inside Information Policy

Directors, executives, employees, persons who can access inside information of the Company<sup>4</sup>, persons from the Securities and Exchange Act (No. 5) B.E.2559, Section 243, and persons from the Securities and Exchange Act (No. 5) B.E.2559, Section 244, who can access inside information, must not disclose, distribute, or use inside information which is sensitive to the stock price or investment decision and also not yet disclose to public or SET to trade the Company's stock or the commitments under future contract related to the securities whether for themselves or others'. Those who fail to follow will be guilty for the Securities and Exchange Act (No. 5) B.E.2559, Section 240 and 242.

- Directors, executives and employees at all levels must keep important business information confidential as well as confidential information about the Company and the stakeholders of the Company. The information will not be disclosed to those who are not involved, both inside or outside the Company, or must not be used to seek benefits for themselves and others. This also applies in cases of retirement, resignation or termination of work from the Company, unless the information is already required by law to be disclose to third parties involved.

- The Company's regulations on the security of computer systems and information technology need to be very strict in order to prevent important information from being revealed in the case that directors, executives, employees of the Company use inside information.

- Third party with an opportunity to get involved or obtain inside information needs to sign an agreement to keep the information confidential (Confidentiality Agreement) to ensure that they will take precautions to maintain the confidentiality of inside information in the same manner of the employees of the Company.

- Disclosure of key business information must be made by authorized personnel of the Company. When unauthorized personnel are asked about the Company's information, they should recommend the enquirer to contact the authorized persons.

- The directors, executives, employees and persons who can access inside information of the Company and persons under Section 243 of the Securities and Exchange Act (No.5) B.E.2559 and persons under Section 244 of the Securities and Exchange Act (No.5) B.E.2559 who are related persons of persons under Section 243 cannot use inside information including the Company's financial statements or other information that may affect the share price of the Company that is undisclosed to the public or to the Stock Exchange of Thailand for their own personal benefit or for the benefit of related persons.

- The directors, executives, employees and persons who can access inside information of the Company and persons under Section 243 of the Securities and Exchange Act (No.5) B.E.2559 and persons under Section

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<sup>4</sup> Directors, executives, employees, and persons who can access inside information of the Company such as Directors, executives as defined by Capital Market Supervisory Board and the Company's regulations, employees at all levels, auditors, financial advisors, legal counsels, other consultants, and appraiser of the Company and its subsidiaries which can access inside information of the Company, subsidiaries, related companies, including parents, brothers, sisters, descendants, spouse or cohabit as husband and wife, etc.



244 of the Securities and Exchange Act (No.5) B.E.2559 who are related persons of persons under Section 243 who have inside information are prohibited to trade securities of the Company during the period of 1 month before disclosing information to the public and within 24 hours after disclosure (Blackout Period).

- Any directors, executives or employees who have inside information and breach the code of conduct, or behave in a way that will damage the Company, will be punished whether by a warning, cutting wages, suspension without pay or termination.

- Directors and executives (as defined by the SEC and SET) and related persons (spouse, minor children and juristic person wherein oneself including spouse and minor children hold shares at an aggregate amount exceeding 30 percent of the total voting shares of such juristic person and such aggregate shareholding is the largest proportion thereof) are required to report holdings of securities of the Company<sup>5</sup> to the SEC under Section 59 of the Securities Exchange Act of B.E. 2559 (No. 5) within 3 days from the date of changing ownership. Also, the change in ownership will have to be notified to the Company Secretary to record the changes and summarize the securities held by each director and executive individually. The changes will be informed to the Board of Directors in the next meeting and shall be disclosed in the annual report and Annual Registration Statement (Form 56-1).

For the year 2018, the Company has no events that directors, executives, employees, and related persons violated rules of the use of inside information or traded securities by using inside information.

In addition, directors and executives have strictly complied with the Company's Code of Conduct in regard to reporting the purchase and sale of securities of the Company at least 1 day before and after the actual trading date and the changes in the holding securities of the Company to the SEC under Section 59 of the Securities Exchange Act of B.E. 2559 (No. 5).

## **2.2 Governance on the conflict of interest**

The Company may in the course of its operation create a conflict of interest with its directors, executives, managers, and employees. Such conflict of interest may appear in different forms. Therefore, for the best interest of the Company, the following guidelines regarding the conflict of interests are stipulated as follows:

### **2.2.1 Receiving Money or Other Remuneration**

The Company's directors, executives, managers, and staff members at all levels shall not personally receive any money or benefits from the Company's customers or business partners, or from any other people when working on behalf of the Company.

### **2.2.2 Giving Gifts, Entertainment and Gratuities**

The Company has no policy on offering money, incentives or any other special benefits to its business partners, suppliers, customers, creditors or any other people in exchange for business deals,

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<sup>5</sup> Report of Conflict of Interest of Directors





except for providing normal business entertainment, trade discounts or promotional campaigns. Such practices have been applied in setting the anti-corruption policy of the Company as shown in the Company's website ([www.gfpt.co.th](http://www.gfpt.co.th)) under "Anti-Corruption Policy" section.

### **2.2.3 Outside Directorships**

Any directors, executives, managers, or employees who participates as a shareholder or the management of the Company's competitors which may cause a conflict of interest, shall notify to the Board of Directors in writing except for a directorship of the non-profit organization. Nevertheless, such directorship must not infringe on any related laws or regulations governing the business of the Company. In addition, the involved person shall not use his or her position in the Company to promote any outside businesses.

### **2.2.4 Engaging in Other Business Outside of the**

Company and the Subsidiary Companies Directors, executives, managers and staff members at all levels shall not engage in any other businesses that affects their performances, duties and working hours in the Company and are prohibited from participating in any other businesses which are in competition with the companies in the group, regardless of whether they get direct or indirect benefit from that business.

### **2.2.5 Engaging in Business with Companies within the Group**

For connected transactions where directors, executives, managers and employees may have a conflict of interest, such persons shall disclose any conflict of interest to the Company prior to engaging in the connected transaction. Director, manager or employees, who have conflict of interest, may not participate in the consideration or approval of the connected transaction. The authorized person who acts on behalf of the Company shall investigate and review whether the Company's directors, executives, managers, or employees have any relationship and conflicts of interest on such transaction. The definition of relationships shall be in accordance with "the Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions" set by the Stock Exchange of Thailand and The Office of The Securities and Exchange Commission.

### **2.2.6 Related party transactions amongst companies within the Group**

The consideration of related party transactions shall be taken under the conditions and procedures of the Notification of the Board of Governors of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC). The connected transaction shall be dealt on a fair and arm's length basis. The pricing policy is based on normal business operations and taking into account of the Company's best interests. The stakeholders who have conflict of interest must not participate in



the approval or consideration the transaction. The related party transactions are disclosed in the annual report and Annual Registration Statement (Form 56-1).

In 2018, there is no directors, executives, or related persons violate connected transaction regulations.

### 2.3 Conflict of interest of Directors

The Company has stipulated that the directors and executives, including their related persons must prepare and submit a report on the interests, connected transactions and acquisition or disposal of assets belonging to themselves or their related persons to the Company under the Capital Market Commission's and the Stock Exchange of Thailand's regulations. Then the report will be proposed to the Board of Directors' or shareholders' meeting for approval. The directors will not participate or vote on the agenda related to their own interests. The Company Secretary is responsible for collecting and delivering copies of the report on interests to the Chairman of the Board of Directors and Chairman of the Audit Committee within 7 working days from the date of the receiving of the report

## Chapter 3 Roles of Stakeholders

### 3.1 Policy on practice to the stakeholders

The Board of Directors is committed on providing stakeholders with equal rights as stipulated by law or as agreed with the Company such as human rights, environmental management, and etc. by having a policy on practice towards the stakeholders as follows:

**Shareholders :** The Company is committed to create sustainable growth and provide reasonable economic over the long term returns to shareholders by taking into account of current and future risks, shareholders, provide accurate information, and treat shareholders equally.

**Employees :** The Company is committed to treat employees and workers fairly, respectfully, equitably, and professionally with respect to human rights so that its employees will have reasonable and fair salary and benefits according to labor laws, personal career development, good quality of life, training, and safeguard at work and respect of privacy rights of all employees.

**Customers :** The Company is committed to gain highest customer satisfaction through continued improvements of product and service quality and to ensuring that our customers receive good quality products and services at reasonable prices, as well as to develop and maintain a sustainable relationship. Customer satisfaction survey is conducted regularly to improve products and services qualities. It also provides a system for monitoring the implementation of work that is provided to the customers and treats customers honestly and fairly.



**Business partners :** The Company is committed to treat suppliers and partners fairly and equally to establish mutual trust, fair agreement and procedures and to provide monitoring systems that will prohibit the disclosure of the business partners' information or any use of its information by illegal means. The Company also has a transparent and fair selection process of suppliers by considering partner's business strategy that comply with the Company's business strategy. The Company also informs business partners to respect human rights, treat their workers fairly and be responsible for society and environment.

**Creditors :** The Company intends to strictly comply with the terms of contracts it enters into and any financial obligations including debt repayment, loans, interests that may have especially regarding guarantees and event of default payments.

**Competitors :** The Company is committed to operating business with openness and transparency, do not unfairly take advantage over competitors and comply with international trade rules and promote fair competition. The Company shall not perform any illegal or unethical transaction nor shall it allege any defamation towards its competitors without real information.

**Communities, Social and Environment :** The Company is committed to conduct business that benefits the economy, society and consciously preserve and protect the environment together with sustainable development of the Company by preventing, reducing, managing, and ensuring that the Company shall not create or affect the environment in negative ways. The Company promotes a spirit of social responsibility of its employees at all levels by supporting its employees to join social activities. The Company welcomes feedback and suggestions from all parts of society to achieve a common approach in the implementation of sustainable business alongside the development of community society and environment.

Referring to the practices of the Company to its stakeholders, the study of relationship between the Company and the various groups of its stakeholders in 2018 is shown in the Company's Integrated annual report on the Company's website ([www.gfpt.co.th](http://www.gfpt.co.th)) under "Corporate Governance" section.

### 3.2 Whistle-Blowing Service

The Board of Directors has set out processes and provided channels for receiving and dealing with complaints of stakeholders through various means as follows:

- **Contact Independent Directors**

Email : [independentdirectors@gfpt.co.th](mailto:independentdirectors@gfpt.co.th)

Facsimile : 0 2473 8398

Mail : Independent Directors

GFPT Public Company Limited



GFPT Tower, 18th Floor No. 312 Rama 2 Road,  
Bangmod, Jomthong, Bangkok 10150

- **Contact Board of Directors**

Email : [bod@gfpt.co.th](mailto:bod@gfpt.co.th)

Facsimile : 0 2473 8398

Mail : Directors

GFPT Public Company Limited

GFPT Tower, 18th Floor No. 312 Rama 2 Road,

Bangmod, Jomthong, Bangkok 10150

- **Contact Nomination Remuneration and Governance Committee**

Email : [nrgc@gfpt.co.th](mailto:nrgc@gfpt.co.th)

Facsimile : 0 2473 8398

Mail : Nomination Remuneration and Governance Committee

GFPT Public Company Limited

GFPT Tower, 18th Floor No. 312 Rama 2 Road,

Bangmod, Jomthong, Bangkok 10150

When Independent Directors, directors, Nomination Remuneration and Governance Committee, or any other related persons receive complaint from stakeholders, the Company will primarily consider the matter of the complaint. If the complaint relates to corporate governance or code of conduct, the complaint will be reported to the Nomination Remuneration and Governance Committee to consider and investigate. If the complaint is about fraud or corruption, the complaint will be forwarded to the internal audit department to investigate and further report to the Audit Committee.

The Company has a process in place for dealing with complaints from employees by considering whether the complaint concerns a wrongful act and how serious the offense is in order to impose a fair and accurate penalty to build confidence in protection measure and the confidentiality of the complainant. The employees can report complaints or feedback directly through various channels such as comment box, internal online system (intranet), the Company's e-mail, or send a letter to related departments of the Company such as Human Resource Department, and/or Internal Audit Department as described in the Code of Conduct of the Company. All employees are informed and acknowledge about the complaint process and the Code of Conduct during their orientation.

The Company discloses the process and channels on its Home Page and annual reports to provide confidence for the person who report complaints, the Company strictly keeps all complaints confidential and establishes a process of receiving a complaint and an investigation procedure where the complaints will be only be disclosed to the relevant people.



In 2018, the Company had no complaint in relation to fraud or ethical misconduct or any incident that may cause negative reputation to the Company as the result from the administration of the Board of Directors. Non-executive directors of the Company did not resign due to any CG misconduct. There is no legal dispute on labor issue, consumer right, or business trading activity.

## **Chapter 4 Disclosure and Transparency**

### **4.1 Disclosure Policy**

The Board of Directors discloses all important information including both financial and non-financial information<sup>6</sup> correctly, timely, and accurately in accordance with regulations of the “Securities and Exchange Commission” (SEC), the “Stock Exchange of Thailand” (SET) re: Rules, Conditions and Procedures Governing the Disclosure of Information and Other Acts of a Listed Company and the Guidelines on Disclosure of Information of Listed Companies and other state agencies.

In the year 2018, the Company has complied with the principles of good corporate governance. There is no record of delayed report submission under section 56 for both form 56-1 and form 56-2, including quarterly and yearly financial statements.

### **4.2 Channel Disclosure**

The Company provides a wide variety of channels for users to access fairly. The information is published both in Thai and English languages through the following channels:

- 1) SET's news
- 2) Annual Report and Annual Registration Statement (Form 56-1)
- 3) Company's website ([www.gfpt.co.th](http://www.gfpt.co.th)) the Company has provided communication channel “Subscribe to our news” through the Company's website for our shareholders and investors to regularly update news and information of the Company.

### **4.3 Information Disclosure Policy or Interview with the Press or Public**

The Company has policy to provide information, media advertisement, or public release in a clear and correct manner without misinterpretation. The disclosure information is intended to create better understanding about the Company to all stakeholders based on the aspects of completely, timely, and fairly communication.

### **4.4 Investor Relations Department**

The Company has established an IR Department (Investor Relations) to be responsible for the disclosure of information and any activities of the Company to its shareholders, investors, analysts and the general public. The channels include the Company's Home Page, quarterly performance meeting, analysts meeting, conference call, road show in Thailand and abroad, etc. The Company also prepares the Management Discussion and Analysis (MD&A) on a quarterly basis and IR Newsletter, which published on SET's website

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<sup>6</sup> Minimum data specified in the principles of good corporate governance for listed companies in B.E. 2555, Section 4, Clause 2.



and the Company's website, to provide investors and general public for better understanding of the Company's performance. Unauthorized persons are not allow to provide information to the media or the public in any way which may affect the reputation and business operations of the Company.

Investors may contact the Investor Relations Department at 02 473 8000 or [www.gfpt.co.th](http://www.gfpt.co.th) or email [ir@gfpt.co.th](mailto:ir@gfpt.co.th).

In 2018, the Company had investor relations activities to disclose the Company's information to investors continuously throughout the year. The Company evaluated the effectiveness of the information disclosure, which has been assessed by analysts attended the Company's analyst meetings. The results of the information disclosure from the Company's analyst meeting were satisfactory. In addition, investor relations activities of the Company in 2018 are summarized as follows:

Investor relations activities in 2018	No. of time
Analyst Meeting	4
Plant Visit / Company Visit	1
Roadshow	5
Local Roadshow	6
One on One Meeting	36

## Chapter 5 Responsibilities of the Board of Directors

The Board of Directors plays a major role in corporate governance to create the highest benefit to the Company. The Company has established the following guidelines:

### 5.1 Structure of the Board of Directors

#### 5.1.1 Component of the Board of Directors

- 1) The Board of Directors shall consist of at least 5 people but not more than 12 people.
- 2) At least one half of the Board of Directors shall be Thai nationals.
- 3) The Board of Directors shall consist of at least 3 independent directors, and the independent directors' proportion shall be at least one-third of the entire Board of Directors (according to the rules set forth in the Notice No. TorJor. 4/2552).
- 4) The Board of Directors shall have various skills, experience, knowledge and capability that benefit the Company regardless of gender, race, religion, age or other specific qualifications. The Board of Directors shall consist of at least 3 experts in the Company's business, at least 1 expert in law, at least 1 expert in accounting and finance, and at least 1 independent director expert in the Company's industry.
- 5) The Chairman shall not be a President or members of sub-committees or the Managing Director.

As of 31 December 2018, GFPT Public Company Limited has a total of 9 directors consisted of:



- 3 Non-Executive Directors (representing 33.33% of Board of Directors)
- 3 Executive Committees (representing 33.33% of Board of Directors)
- 3 Independent Directors (representing 33.33% of Board of Directors)

#### 5.1.2 The Qualifications of Director and The Criteria for Director Selection

1) The director shall have qualifications and shall not have qualifications as defined by the Section 68 of Public Limited Company Act B.E. 2535, the Section 89/3 of Securities and Exchange Act B.E. 2535 amended by Securities and Exchange Act (No.4) B.E. 2551, the Notification of the Securities and Exchange No. KorJor. 8/2553 concerning stipulation on distrustful characters of company's director, and the Company's Article of Association.

2) The director shall have knowledge, skills and understanding of the nature of Company's business and industry as well as good reputation, ethics, honesty and moral.

3) Directors (including the Managing Director who is the chief executive) shall not take a position of director or chief executive more than 3 Thai listed companies.

4) If the directors are appointed as directors or executives in other companies that are not subsidiaries or joint ventures, they shall report to the Company.

#### 5.1.3 The Qualification of the Chairman

The Chairman should have the following qualifications:

- 1) Be the senior member
- 2) Be knowledgeable and have good understanding of the Company's business
- 3) Be accepted by the other directors

#### 5.1.4 The Qualifications of Independent Directors

The qualifications of Independent Directors of the Company shall be as defined in the Notification of the Capital Market Supervisory Board and other future amendments ( stricter than 1 percent determined by the SEC's definition of independent directors)

1) Hold share in total not more than 0.5 percent of the total voting share of the Group, GFPT, its subsidiaries, associated companies, or related companies which may have any conflict of interest. The shares held by related persons are also included.

2) Not an executive director or an employee or staff or an advisor receiving salary or have control over GFPT, its subsidiaries, associated companies, or related companies that may have conflict of interest at present and prior to being nominated for at least 2 years.

3) Not a related person by blood or legal registration, such as father, mother, spouse, sibling, child, spouse of children of the executives, major shareholders, top manager or any nominator to be executive or top manager of GFPT or its subsidiaries.



4) Do not have any business relationship with GFPT, its subsidiaries, associated companies, related companies or major shareholders who may have conflicts of interest, in the manner that may interfere with his/her independent judgment. Not a major shareholder or an executive officer that has business relationship with GFPT, its subsidiaries, associated companies, related companies at present and prior to being nominated for at least 2 years. The “business relationship” aforementioned includes any normal business transaction, rental or lease of immovable property, transaction related to assets or services, or grant or receipt of financial assistance in the amount of 3 percent or more of the net tangible assets of the Company or more than 20 million Baht. The transaction amount shall be calculated according to the calculation method for transaction value of connected transactions under the Notification of the Capital Market Advisory Board concerning the Connected Transaction. The transaction amount includes any amount incurred during 1 year prior to the date on which the business relationship with the person commences.

5) Not an auditor of GFPT, its subsidiaries, associated companies, or any juristic person who may have conflicts of interest, a major shareholder (hold more than 10% of total shares including related persons), executive director, top manager or partner of an audit firm which employs auditors of GFPT, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest unless the foregoing relationship has ended for at least 2 years.

6) Not any professional advisor including legal advisor, financial advisor, or asset appraiser who receives an annual service fee exceeding 2 million Baht from GFPT, its subsidiaries, associated companies. Not a major shareholder, executive director, top management or partner of the professional advisor unless the foregoing relationship has ended for at least 2 years.

7) Must not be nominated to be a representative of a director, a major shareholder, or a shareholder who is related to a major shareholder of the Company.

8) Must not participate in a company operating in the same business and being a competitor of GFPT or its subsidiaries. Not a partner or executive director or employee or staff member or advisor who receives salary or hold share more than 1% of total voting share of the company operating in the same business and being a competitor of GFPT or its subsidiaries.

9) Must not have any characteristics that make him or her incapable of expressing independent opinions about GFPT’s business.

After being nominated, he or she may be assigned by the Board of Director to take part in the business decision of GFPT, its subsidiaries, its associated companies, same-level subsidiaries, major shareholder, and top manager on the condition of a collective decision. The independent committee shall not be considered as executive committee in order to provide opportunity for him/her to work effectively with other committees in the Company efficiently and also be able to provide opinion freely.





#### 5.1.5 Term and Election of Director

One-third of the Board of Directors who has been in office the longest must be retired by rotation at every annual ordinary general meeting of shareholders. If the number of directors to be retired is not a multiple of three, the number of directors closest to one-third shall be retired. However, any retired director may be re-elected to continue his/her office.

For the appointment of Directors, anyone who has been proposed to be the directors must pass the process of nomination by the Nomination Remuneration and Governance Committee, consisting of 3 independent directors out of 5 Nomination Remuneration and Governance Committee. The Nomination Remuneration and Governance Committee will propose a list of qualified candidates to the Board of Directors in amount of not less than the amount of retired directors by rotation.

The Board of Directors will propose to the Annual General Meeting for the appointment which shareholders can vote to appoint the Board of Directors individually. Anyone who receives the highest number of votes will be appointed as the Board of Directors. The amount of the nominated directors is equal to the number of directors to be elected at that time. In the case of anyone who receives the votes equally which exceed the number of directors to be elected at that time, The Chairman of the Meeting will receive additional vote as the decisive vote.

In case of the Board of Directors' seat is vacant for reasons other than retirement by rotation, the Board of Directors shall elect a person who is qualified and not prohibited by law to be a director unless the available term is less than 2 months. The term of the newly appointed directors will be equal to the remaining term of the former director. The appointment must be approved by a majority vote of at least three-fourth of the remaining directors.

#### 5.1.6 Separation of duties and responsibilities between the Board of Directors and the Executives.

The Company has divided responsibilities between the board and executives clearly as follows:

1) The Board is responsible for setting policies and overseeing the operations of the executive in accordance to the policies.

2) Executives are responsible for managing the Company in various fields. The Managing Director will lead the team to manage business in accordance with the policies that cover the following areas:

- Manage and control the operations related to the general management of the company in order to meet objectives, policies, rules, and regulations of the Company.
- Consider investment plan and present it to the Executive Committee and the Board of Directors for approval.
- Have authority to act for the Company in accordance with "the authorized approval" in the Company's policy and procedure.



- Perform any tasks assigned by the Board of Directors and / or the resolution of the shareholders meeting of the Company.

Delegation of authority and responsibility to the Managing Director shall not authorize or mandate the Managing Director or attorney of the Managing Director to approve connected transactions or any transactions that may incur conflict of interest to the Company's and its subsidiaries unless the approval is in accordance with the policies and regulations of the Board of Directors. The connected transactions will be submitted to the Board of Directors and/or the meeting of shareholders for approval as set out by the Stock Exchange of Thailand's or Office of the Securities and Exchanges Commission's regulations or other related laws.

#### **5.1.7 Separation of duties and responsibilities between the Chairman and Managing Director**

The Company clearly separates the duties of Chairman and Managing Director as follow:

1) Chairman is responsible for the followings:

- Be a leader of the Board to set out the Company's policies and director for business operations as well as monitor the management of sub-committees and executives to perform their duties in accordance with the Company's plan and policies.
- Act as a chairman of the Board of Directors' meeting and a chairman of shareholders' meeting of the Company.
- Cast a decisive vote in the event that the votes in the Board of Directors' meeting are equally divided (no majority vote).

2) The Managing Director is responsible for implementing the Board of Directors' policies.

Therefore, the Chairman and the Managing Director must not be the same person. These 2 positions must be appointed by the Board of Directors.

### **5.2 Roles, Duties and Responsibilities of the Board of Directors**

Roles, Duties and responsibilities of the Board shall cover the followings:

1) Perform duties in compliance with the relevant laws, objectives and regulations of the Company, and the resolutions of the shareholders' meeting with loyalty, care, accountability and ethic. Protect the Company's best interests based on the Principle of Good Corporate Governance, and protect all shareholders' interest equally.

2) Consider and approve matters relating to the operations of the Company, such as vision, mission, strategies, goals, business plans, financial plans, funding, risks, plans, budgets, etc. including monitoring for implementation and set up its subsequent annual review for a revision.

3) Set the direction of business operations including funding, capital management, risk management and governance.

4) Monitor the management to effectively and efficiently implement plans and policies.



5) Consider and approve important matters such as approving the credit line from the financial institutions, borrowing, pledging, new investment project, sale and purchase of assets, connected transactions, and any transactions that may create conflicts of interest between the Company and the subsidiary companies. These matters shall comply with the regulations of the Office of the Securities and Exchange Commission (SEC), and the Stock Exchange of Thailand (SET), other relevant laws, and the regulations of the Company.

6) Approve financial statements prior to a submission to the Stock Exchange of Thailand.

7) Set up a reliable accounting system and financial reports.

8) Set up adequate and effective internal control system and risk management, both operational and financial reporting, that can be assessed, monitored and managed.

9) Supervise the disclosure of financial reporting in a correct, timely and transparent manner. Set up a channel of communication properly for each group of shareholders and stakeholders of the Company.

10) Consider and appoint sub-committee such as the Audit Committee, the Nomination Remuneration and Governance Committee, Risk Management Committee, Executive Committee, management. Define duties and responsibilities of other sub-committees clearly to achieve the Company's objectives. The members of the sub-committee shall mainly consist of independent directors.

11) Evaluate the Company's compliance with the Good Corporate Governance policy and consistently review such policy.

12) Provide a succession plan and human resource development plan for employee, directors and executives.

13) Have authority to define and amend the list of authorized directors.

14) Have authority to authorize one or more directors, or any other persons, to take any action on their behalf within the authority approved by the Board of Directors. Such power of attorney must contain a clear scope of authority of the authorized person.

### 5.3 Sub-Committees

The Company has set up sub-committees to assist in screening relevant issues requiring fair judgment. The Company also defines the authority, duties, and responsibilities of each committee. The majority members of each committee must be independent directors and the Chairman of the committee should be an independent director as well.

GFPT has the following 4 sub-committees: Audit Committee, Nomination Remuneration and Governance Committee, Risk Management Committee and Executive Committee

#### 5.3.1 Audit Committee

##### Structure and Qualifications

1) The Board of Directors has appointed the Audit Committee.

2) The Audit Committee consists of 3 independent directors, at least 1 person must be knowledgeable in accounting and finance.



3) The Board of Directors will appoint 1 independent director as Chairman of the Audit Committee.

4) The Audit Committee can appoint an employee to act as Secretary of the Audit and Risk Management Committee.

**Term of office**

1) Each term of office of the Audit Committee consists of 3 years. The members of the Audit Committee, who retire from office by rotation, may be reappointed by the Board of Directors for another term.

2) The Audit Committee shall hold office for a period equal to the tenure of the Company's directors. Therefore, the term of office will end at the Annual General Meeting of Shareholders at the same time as the end of the director's term of office.

3) If a position in the Audit Committee becomes vacant, the Board of Director shall elect a person who is qualified and not prohibited by law to become a Member of Audit Committee. The term of the newly appointed Member of Audit Committee shall be equal to the remaining term of the former director.

**The Audit Committee has the following duties and responsibilities**

**Financial reporting, disclosure and auditing**

1) Review the Company's financial reports to be accurate, complete, and reliable. The financial reporting and disclosures should be prepared in accordance with the accounting standards, laws and other relevant standards.

2) Consider the disclosure of the Company's information in case of related transactions or the conflict of interest to be accurate, complete, and in accordance with the regulations of the Stock Exchange of Thailand (SET) to ensure that the aforementioned transaction is reasonable towards the Company's interests and correctly maintains accounting records to be complete and transparent.

3) Prepare and publish an Audit Committee Report in the Company's Annual Report and provide comments on the following:

- An opinion on the accuracy, completeness and creditability of the Company's financial report.
- An opinion on the adequacy of the Company's internal control system and risk management system.
- An opinion on the suitability of a financial auditor.
- An opinion about the Company's compliance with the law on securities, the SEC regulations or other laws relating to the Company's business.
- An opinion on transactions which may have potential conflicts of interest and related party transactions.
- A general opinion or observations of the ARC while carrying out its duties.



- Comment about other transactions that shareholders and investors should be aware within the scope of duties and responsibilities assigned by the Board of Directors.

4) Consider, select and nominate an independent person to serve as the financial auditor of the Company including any proposal for the auditor's dismissal.

5) Consider the remuneration of the financial auditors of the Company.

6) Promote independence and no restrictions on the operation of financial auditor.

#### **Internal Audit**

1) Review the Company's internal control system and internal audit to be adequate, appropriate and effective.

2) Regulate policy and anti-corruption measure and construct internal audit model to assure appropriateness and efficiency of the Company's operation.

3) Supervise the internal audit department in both policy and operational level by approving a charter, independence and the scope and audit plan of the internal audit.

4) Ensure that a review of the internal control system by an independent assessor outside of the Company's organization (Independent Quality Assessment Review) is conducted at least every 5 years.

5) Approve the annual internal audit plan and budget for the internal audit to ensure efficiency and effectiveness of conducted activities.

6) Select the appropriate person to work as the internal auditor including the consideration of a rotation or a dismissal of internal auditors.

#### **Risk Management**

1) Access potential risks that could lead to fraud and corruption, and determine preventive measures.

2) Propose risk management policies and guideline to cover risks that may affect the Company's business to the Board of Directors for its consideration.

3) Control, monitor, and evaluate the risk management according to the risk management policy.

4) Review the adequacy and efficiency of the risk management system and the policy as a whole.

#### **Others**

1) Review and amend the Charter of the Audit Committee to be up-to-date and appropriate to the environment of the organization and propose to the Board of Directors for its approval.

2) Review to ensure that the Company's is in compliance with the law on securities and exchange, the regulations of the Stock Exchange, and laws relating to the Company's business.

3) Review to ensure that the Company's is in compliance with the Corporate Governance Policy and the Code of Conduct including the whistle blowing as well as the fraud and corruption.



4) Review correctness and appropriateness of self-assessment and reference document about anti-corruption policy and practice of the Company in accordance with Thailand's Private Sector Collective Action Against Corruption (CAC).

5) Perform any other duties as assigned by the Board of Directors from time to time.

**Meeting(s):** at least 4 times a year

### 5.3.2 Nomination Remuneration and Governance Committee

#### **Structure and Qualifications**

1) The Board of Directors appoints the Nomination Remuneration and Governance Committee.

2) The Nomination Remuneration and Governance Committee consists of not less than 5 members and at least 3 members must be independent directors.

3) The Board of Directors shall appoint 1 independent director as Chairman of the Nomination Remuneration and Governance Committee.

4) The Nomination Remuneration and Governance Committee of the Company can appoint 1 employee to act as the secretary of the Nomination Remuneration and Governance Committee.

#### **Term of office**

1) Each term of office of the Nomination Remuneration and Governance Committee consists of 3 years. The members of the Nomination Remuneration and Governance Committee, who retire from office by rotation, may be reappointed by the Board of Directors for another term.

2) The Nomination Remuneration and Governance Committee shall hold office for a period equal to the tenure of the Company's directors. Therefore, the term of office will end at the Annual General Meeting of Shareholders at the same time as the director's term of office.

3) If a position in the Nomination Remuneration and Governance Committee becomes vacant, the Board of Director shall elect a person who is qualified and not prohibited by law to become a member of Nomination Remuneration and Governance Committee. The term of the newly appointed member of the Nomination Remuneration and Governance Committee shall be equal to the remaining term of the former director.

**The Nomination Remuneration and Governance Committee have the following duties and responsibilities:**

#### **Recruitment**

1) Review the organization structure to be appropriate to the strategic needs of the Company.

2) Establish rules and procedures for the recruitment and selection of directors, members of the sub-committees, president, executive and secretary of the Company and to propose such rules and procedure to the Board of Directors or as an agenda at the shareholders meeting for its approval as the case may be.



3) Review, select and screen names and profiles of those to be nominated as directors, member of committees, managing director, executive and secretary of the Company, in the event of a position vacancy and to further propose to the Board of Directors for its approval in accordance with the procedures for the recruitment or the lack of necessary skills of the Board of Directors (Board Skill Matrix) as well as the reliable database such as The Securities and Exchange Commission (SEC)'s website, IOD Chartered Director, and Thai Institute of Directors (IOD)'s website. In case of nominating former directors, when the term of office is expired, his/her performance will be carefully considered.

4) Disclosure policies and details of the recruitment process in the annual report of the Company.

5) Provide criteria for the succession of into the position as the Company's executive and to further propose it for the Board of Directors' consideration.

6) Prepare an appropriate succession plan and the continuity of the management for the position of Chief Executive Officer, Managing Director, Authorized Management, and high level executives and to further propose it to the Board of Directors for its approval.

7) Determine criteria to evaluate and evaluating the performance of the Board of Directors annually and to report the result to the Board of Directors.

8) Conduct an annual performance evaluation of the Board of Directors and the Chief Executive Officer and to report the result to Board of Directors.

9) Provide an annually self- assessment evaluation of the performance of the Nomination Remuneration and Governance Committee and to report the result to the Board of Directors.

10) Any other duties regarding recruitment as assigned by the Board of Directors.

#### **Remuneration**

1) Set out a clear and transparent criteria and policy of the remuneration for the directors, sub-committees, and the executives and to further propose it to the Board of Directors and/or at the shareholders' meeting for an approval.

2) Recommend the appropriate remuneration for the Board of Directors, sub-committees and the executives as compare to their duties and responsibilities.

3) Disclose the remuneration policy and the various types of remunerations in the Annual Report of the Company.

4) Any other duties regarding selection and remuneration as assigned by the Board of Directors.

#### **Corporate Governance**

1) Set the policy and direction of corporate governance of the Company's operation and to propose such policy to the Board of Directors for its approval.

2) Regulate, advice, and monitor the Company's compliance towards Corporate Governance Policy, the Code of Conduct, and other related laws.

3) Regularly review and update corporate governance policies to ensure appropriateness.



4) Recommend the requirements of corporate governance principles to the Company's directors, management and employees.

5) Promote information about corporate governance policies and best practices towards the Company's employees.

6) Annually issue a report on the corporate governance of the Company.

#### **Business Ethics**

1) Prepare a Code of Conduct ethics handbook to propose to the Board of Directors for its approval.

2) Regulate, advice, and monitor the Company's compliance towards the code of business ethics and other related laws.

3) Regularly review and update the code of business ethics handbook to ensure appropriateness.

4) Recommend the requirements under the Code of Conduct to the Company's directors, management and employees.

5) Handle complaints of any violation of business ethics and to conduct an investigation to clarify facts or doubts in the event of a suspicion of violation.

6) Create awareness and train employees to understand business ethics and promote employees to practice and follow the Code of Conduct ethics.

7) Annually prepare a report on the Company's business ethics to the Board of Directors for their consideration in the event of significant matters that may affect the Company, including providing an opinion on the Company's practice and to suggest actions to appropriately correct such matter.

**Meeting(s):** at least 2 times a year

Remark: According to the BOD meeting no. 1/2018 dated on 18 January 2018, approved to combine the Nomination and Remuneration Committee and Corporate Governance Committee to become Nomination Remuneration and Governance Committee.

### **5.3.3 Risk Management Committee**

#### **Structure and Qualifications**

1) The Board of Directors has appointed the Risk Management Committee.

2) The Risk Management Committee consists of not less than 5 members, including independent directors, directors, executives and/or employees of the Group.

3) The Board of Directors shall appoint 1 Risk Management director as Chairman of the Risk Management Committee.

4) The Risk Management Committee can appoint 1 employee to act as the Secretary of the Risk Management Committee.





#### **Term of Office**

1) Each term of office of the Risk Management Committee consists of 3 years. The members of the Risk Management Committee, who are retired from office by rotation, may be reappointed by the Board of Directors for another term.

2) The Risk Management Committee shall hold office for a period equal to the tenure of the Company's directors. Therefore, the term of office will end at the Annual General Meeting of Shareholders at the same time as the end of the director's term of office.

3) If a position in the Risk Management Committee becomes vacant, the Board of Directors shall elect a person who is qualified and not prohibited by law to become a member of the Risk Management Committee. The term of the newly appointed member of the Risk Management Committee shall be equal to the remaining term of the former director.

#### **Duties and Responsibilities:**

1) Consider and identify significant risks of the Company's business operations such as strategic risk, operational risk, financial risk, compliance risk, and reputational risk as well as consider policy of risk management, risk appetite, risk tolerance, and also conduct risk management manual.

2) Communicate risk management policy and manual to all business units as a risk owner, and also provide risk assessment, analyze and review risk of the Company and its subsidiaries regularly by using key risk indicators.

3) Control, monitor, and evaluate the risk management of each business unit, and also provide prevention and means to reduce risk.

4) Review the adequacy and efficiency of the risk management system and policy then constantly report to the Audit Committee.

5) Review and revise the risk management manual annually to be up-to-date and appropriate for the business environment.

6) Have authority to request information from various departments of the Company and its subsidiaries for further consideration in regard to risk management.

**Meeting(s):** at least 1 time a year

#### **5.3.4 Executive Committee**

##### **Structure and Qualifications**

1) The Board of Directors has appointed the Executive Committee.

2) The Executive Committee consists of Board of Directors, Managing Director, Deputy Managing Director, Company executives, and external qualified persons.



#### **Term of Office**

1) Each term of office of the Executive Committee consists of 3 years. The members of the Executive Committee, who are retired from office by rotation, may be reappointed by the Board of Directors for another term.

#### **Duties and Responsibilities:**

- 1) Specify target and related policy to present to the Board of Directors.
- 2) Consider necessary issues to present to the Board of Directors excluding other unrelated duties of itself.
- 3) Conduct the guideline provided by the Board of Directors including the command, communication, planning, and the Company's operations in accordance with the policies determined by the Board of Directors.
- 4) Have authority to consider operational issues and to appoint or assign other person to perform as executive properly.
- 5) Have authority to adjust plan and budget of any company's projects.
- 6) Have authority to decide practices, rules, and regulations of the Company's operations.
- 7) Have authority to follow up any departments of the Company to achieve goals and plans.
- 8) Suggest, advise, guideline to the Managing Director and working group as assigned.
- 9) Any other duties regarding selection and remuneration as assigned by the Board of Directors.

**Meeting(s):** at least 12 times a year

### **5.4 Board of Directors' Meeting**

#### **5.4.1 Attendance of the Meeting**

The Board of Directors shall have regular meetings every month. The meeting schedule is set out in advance since January of each year and designated to be the last Thursday of each month (not less than 6 times per year). The Company Secretary shall notify each director about the schedule and agenda in advance. However, the schedule of meetings can be changed based on the significance of the agenda items to be considered.

The Company will submit reports of the operational performance to the Board of Directors if no meeting was held in that month. The Board of Director, therefore, can consistently and timely monitor, administer and supervise the operation of the management.



For the year 2018, the directors attended the meetings as follow:

	Name-Surname	Position	Meetings in 2018					
			BOD	AC	NRGC	RMC	EC	AGM
			Total of 10 times	Total of 5 times	Total of 2 times	Total of 2 times	Total of 10 times	Total of 1 time
1	Mr. Prasit Sirimongkolkasem	- Chairman	10/10	-	-	-	-	1/1
2	Mr. Virach Sirimongkolkasem	- Vice Chairman - Executive Committee	10/10	-	-	-	10/10	1/1
3	Dr. Anan Sirimongkolkasem	- Chairman of Executive Committee - Managing Director - Member of Nomination Remuneration and Governance Committee	10/10	-	2/2	-	10/10	1/1
4	Dr. Sathit Karanes	- Independent Director - Chairman of Audit Committee - Chairman of Nomination Remuneration and Governance Committee	10/10	5/5	2/2	-	-	1/1
5	Mr. Paramet Hetrakul	- Independent Director - Member of Audit Committee - Member of Nomination Remuneration and Governance Committee	10/10	5/5	2/2	-	-	1/1
6	Mr. Thanathip Pichedvanichok	- Independent Director - Member of Audit Committee - Member of Nomination Remuneration and Governance Committee	10/10	5/5	2/2	-	-	0/1
7	Mrs. Somsiri Ingpochai	- Director - Executive Committee	9/10	-	-	-	10/10	1/1
8	Ms. Wannee Sirimongkolkasem	- Director	9/10	-	-	-	-	1/1
9	Mr. Sujin Sirimongkolkasem	- Director - Member of Nomination Remuneration and Governance Committee - Member of Risk Management Committee - Executive Committee	10/10	-	2/2	2/2	10/10	1/1



#### **5.4.2 Meeting Agenda**

The Chairman, Chairman of Executive Committee and Managing Director will together determine the agenda to ensure that all significant matters are included. The directors have the opportunity to freely propose agendas at the meeting that will benefit the Company.

#### **5.4.3 Meeting Documents**

The Board of Directors assigns the Company Secretary to prepare and send the supporting documents for the meeting to the directors for their consideration at least 5 working days prior to the meeting.

#### **5.4.4 The Meeting**

The Chairman will allocate sufficient time to consider the issues in each agenda of the meeting. In the meeting, each director is encouraged to cautiously consider the agenda and to provide opinion independently and freely.

#### **5.4.5 The Quorum**

In case of starting the meeting, the Company should follow “Committee meeting rules and regulations” (No.27) stating that the participated committee must be more than a half of all committee. In case of reaching resolution in each agenda, the participated committee must be not less than 2 out of 3 of all participated committee.

#### **5.4.6 Invite Management to Attend the Meeting**

The Board of Directors encourages the invitation of senior management to attend the Board’s meetings to provide additional insights into the agenda items being discussed because of their personal involvement in these areas and to give the opportunity to meet the Board of Directors for their further consideration of a succession plan.

#### **5.4.7 Access to Information**

The Board of Directors will have access to additional necessary information from the Managing Director, the Company Secretary and any other assigned executive management within the scope of the policy and, if necessary, independent opinion from external consultants or specialists can be provided at the cost of the Company.

#### **5.4.8 Meeting with Non-Executive Directors**

The Board of Directors encourages non-executive directors to independently meet and discuss interested matters among themselves without the management participation. The results of the meeting should be notified to the Managing Director (not less than 3 times per year). In 2018, non-executive directors had 4 meeting without the management participation.

### **5.5 Remuneration of the Board of Directors and Executives**

#### **5.5.1 Remuneration for Directors**

The Board of Directors has delegated to the Nomination Remuneration and Governance Committee the matter of considering the appropriateness of the directors’ remuneration for each year.



The directors' remuneration shall then be proposed to the Board for Directors and at the General Meeting of Shareholders for a final approval.

The Nomination Remuneration and Governance Committee shall determine the fair remuneration of directors according to policies and guidelines to be comparable to the practices of the industry, experience, duties, accountability, and responsibilities of the role and to be fair and in accordance with the result of their operations.

The Nomination Remuneration and Governance Committee shall also consider director's remuneration by conducting and considering a remuneration survey to assess a reasonable and competitive remuneration.

In 2018, total remuneration for 9 directors was THB 5,395,000 being monthly remuneration and bonus in compliance with the approval of the shareholder's meeting. In addition, some directors received remuneration from subsidiaries of the Company in total amount of THB 650,000.

The details of monetary remuneration of each director are shown as follows:

(Unit: Baht)

No.	Name-Surname	Remuneration		
		Director and Independent Director of GFPT	Director of Subsidiaries	Total
1.	Mr. Prasit Sirimongkolkasem	650,000	130,000	780,000
2.	Mr. Virach Sirimongkolkasem	585,000	130,000	715,000
3.	Dr. Anan Sirimongkolkasem	585,000	130,000	715,000
4.	Dr. Sathit Karanes	650,000	-	650,000
5.	Mr. Paramet Hetrakul	585,000	-	585,000
6.	Mr. Thanathip Pichedvanichok	585,000	-	585,000
7.	Mrs. Somsiri Ingpochai	585,000	130,000	715,000
8.	Ms. Wannee Sirimongkolkasem	585,000	-	585,000
9.	Mr. Sujin Sirimongkolkasem	585,000	130,000	715,000

#### 5.5.2 Remuneration for Executives

The Board of Directors has delegated the Nomination Remuneration and Governance Committee to be responsible for considering the appropriateness of executive remuneration as compared to their experience, roles and responsibilities of the scope of work each year, and to subsequently propose to the Board of Directors for their consideration and approval under transparent criteria. The remuneration for executives should be consistent with the results of operations of the Company, individual performance and comparable to normal standards in the agricultural and food industry and leading companies in Thailand by using the result of the survey conducted by the Nomination Remuneration and Governance Committee.



In 2018, the Company made a remuneration of THB 56,251,479 to 10 executives for their salary, bonus, and other remunerations (excluding senior accounting department manager).

## **5.6 Performance Evaluation of the Board of Directors, Sub-Committee and the Chairman of Executive Committee**

The Nomination Remuneration and Governance Committee set up evaluation of the Board of Directors, Sub-Committee and Chief Executive Officer at least once a year and disclose criteria, procedures, and result of the evaluation in the annual report.

### **5.6.1 Performance Evaluation of the Board of Directors**

#### **Criteria**

The Nomination Remuneration and Governance Committee shall set up an annual performance evaluation of the Board of Directors as a group and individual (self-assessment) at least once a year based on the self-assessment guideline provided by the Stock Exchange of Thailand<sup>7</sup> and to adapt it to fit the Company's structure. The self-assessment serves as a framework to monitor the performance of the duties of the Board of Directors, promote collaborative analysis of the operational results and problems which occurred in the operation of business, create good corporate governance and to subsequently disclose the criteria, procedures, and the evaluation result in the annual report.

#### **Criteria in the Performance Evaluation of the Board of Directors (Group) are as follows:**

- 1) Structure and qualifications of the Board of Directors
- 2) Roles and responsibilities of the Board of Directors
- 3) Meeting of the Board of Directors
- 4) Act of duties of directors
- 5) Relationship with the management
- 6) Self-development of directors and development of executives
- 7) Thai Institute of Directors' assessment of the Corporate Governance of listed companies

#### **Performance Evaluation Criteria for Individual Director (Self-Assessment) are as follows;**

- 1) Structure and qualifications of the Board of Directors
- 2) Meeting of the Board of Directors
- 3) Roles and responsibilities of the Board of Directors

#### **Procedures**

The Company shall arrange the performance evaluation of the Board of Directors annually to evaluate the previous year operation. The Company Secretary will distribute the evaluation form to each director as a group and individual (self-assessment) and propose to the Nomination Remuneration and Governance Committee and to propose it to the Board of Directors for its consideration. The Company

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<sup>7</sup> Self-evaluation committee, Corporate Governance Development for Capital Markets, February B.E.2558. (attachment 1 and attachment 4)



shall also use any recommendations on the performance evaluation to improve effectiveness of the Board's operation and maximize the benefits of corporate governance.

In 2018, performance evaluation of the Board of Directors as a group and individual in topic of structure and qualifications of the Board of Directors, duties and responsibilities of the Board of Directors, the Meeting of the Board of Directors, relationship with the management, self-development of the Board of Directors and executives, evaluation result categorized in level "good".

#### **5.6.2 Performance Evaluation of the Sub-Committee**

##### **Criteria**

The Board of Directors shall evaluate performance of each sub-committee at least 1 time per year based on the board self-assessment guidance by the Stock Exchange of Thailand<sup>8</sup> including the structure and qualifications of each sub-committee, the meeting of sub-committee, roles, duties, and responsibilities of each sub-committee to consider, review, and perform appropriately.

##### **Procedures**

The Company has evaluated performance of each of the committees annually to analyze the previous year operation. The Company Secretary will distribute the evaluation form to the Chief Executive Officer to evaluate the performance of each sub-committee and present it to the Board of Directors for its consideration.

Performance evaluation of sub-committees consist of the Audit Committee, the Nomination Remuneration and Governance Committee, and the Risk Management Committee. In 2018, results of evaluation of all sub-committees categorized in level "good".

#### **5.6.3 Performance Evaluation of the Chief Executive Officer**

##### **Criteria**

The Board of Directors shall evaluate the performance of the Chief Executive Officer at least once a year on their leadership, set up and implementation of strategy, planning and financial performance, relationship with the Board of Directors, outsiders, and employees, operational management and relationship with other personnel, succession plan, knowledge on product and service, risk management and internal control, corporate governance and business ethics, personal characteristics based on the assessment guideline provided by the Stock Exchange of Thailand<sup>9</sup>.

##### **Procedures**

The Company has evaluated the performance of Chief Executive Officer annually to analyze the previous year operation. The Company Secretary will distribute the evaluation form to independent

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<sup>8</sup> Self-evaluation committee, Corporate Governance Development for Capital Markets, February B.E.2558. (Attachment 3)

<sup>9</sup> Evaluation form of the CEO, Corporate Governance Center, B.E.2554



directors or non-executive directors or Nomination Remuneration and Governance Committee to evaluate the performance and to subsequently present it to the Board of Directors for its consideration.

In 2018, the Company performed all of the above performance evaluation. The results of performance evaluation reflected the satisfaction in overall performance in 2018. The results were reviewed and discussed in the Board of Directors' meeting (No. 1/2019) held on 24 January 2019 to improve the effectiveness of the Board of Directors' operation.

## **5.7 Development of Directors and Executives**

### **5.7.1 Orientation**

The orientation will be held every time a new director is being appointed<sup>10</sup> with each new director presented with a Director's Handbook and other useful information in being a director, such as the nature of the Company's business and the direction of the business operation. The Company has assigned the Company Secretary to be in charge of the orientation for new directors.

The orientation will also include presentations by senior management on the Company's information and business.

### **5.7.2 Succession Plan and Knowledge Development**

1) The Board of Directors has determined that management is responsible for the development of a succession plan for the Company's uninterrupted operation in case an executive cannot work assume his/her role.

2) Chief Executive Officer is responsible for regularly reporting to the Board of Directors on the succession plan to ensure that the Company has a good human resource management for any level of management.

3) The Board of Directors has encouraged the training and provision of knowledge for directors, Audit and Risk Management Committee members, Company secretary, and Senior executives about corporate governance principle, duties, and knowledge development to allow on-going improvement of performance of duties and enhance efficiency.

## **5.8 Internal Audit Department**

The Board of Directors established the internal audit department that directly reports to the Audit Committee. The internal audit activities include administrative and operational activities of the business. The internal audit department and the auditor will convene in at least 4 meetings per year with the Audit Committee to report on the review of internal control system, related transactions of the Company, consideration of the nomination and appointment of the auditors, review financial reports, oversee compliance with regulations and policies, and conclusion / opinion of the Audit Committee towards various operations to the Board of Directors.

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<sup>10</sup> Board Orientation Guideline B.E. 2556, The Stock Exchange of Thailand.





The Audit Committee has appointed Mr. Theerasak Piamsuphakphong to be a director of internal audit department. The duties and responsibilities are as follows:

- 1) Report on the review of internal control system and related transactions of the Company.
- 2) Consider the nomination and appointment of the independent auditors qualified in accordance to SEC rules.
- 3) Review financial reports.
- 4) Oversee compliance with regulations and Company policies.
- 5) Prepare both short and long term internal audit plan.
- 6) Control internal audit to ensure compliance with the audit plans and standards.
- 7) Review the internal audit plan.
- 8) Prepare and review the annual budget of the internal audit.
- 9) Training and development agency audit.
- 10) Perform other tasks as assigned.

**Note:** Information of Internal Audit Director is shown in the Attachment 3 of Form 56-1 for the year 2018

## 5.9 Company Secretary

The Board of Directors has appointed Ms. Jutamas Ingpochai as Company Secretary on 16 October 2008, under Section 89/15 of the Act of Securities and Exchange Commission Securities and Exchange Act B.E. 2535 amended by Act No. 4 in B.E. 2551. Ms. Jutamas Ingpochai graduated with a doctoral degree in business management and participated in training courses regarding Company Secretary Role such as Company Secretary Program and Fundamental Practice for Company Secretary. The roles and responsibility include:

- 1) Provide basic advice to the directors on the Company's memorandum of association, laws and rules and regulations of the relevant authorities.
- 2) Manage and coordinate the Board of Directors' meeting, sub-committees' meeting and the shareholders' meeting in accordance with the objective, memorandum of association, board's resolution, shareholders' resolution and other rules and regulations.
- 3) Prepare minutes of the shareholders' meeting and the Board of Directors' meeting and monitor the implementation of the resolutions.
- 4) Prepare and file documents, including the directors register, notice of the meeting and minute of the Board of Directors / shareholders and the annual report of the Company.
- 5) Retain any report on conflict of interest prepared by the directors and executives and to report to the Chairman and Chairman of the Audit Committee within 7 days from the receipt date.
- 6) Ensure that the disclosure and reporting information to the regulatory agencies complies with the relevant laws and regulations.
- 7) Provide training and necessary information to newly appointed directors.



- 8) Provide advice and coordinate with the secretary of the various committees.
- 9) Perform other duties as assigned by the Capital Market Supervisory Board or the Board of Directors.

**Note :** Information of Company Secretary is shown in the Attachment 1 of Form 56-1 for the year 2018



#### Fee of the auditor

Mr. Naris Saowalagsakul, the authorized auditor No. 5369 from SAM NAK-NGAN A.M.C. Co., Ltd. was the auditor of the Company and its subsidiaries for the accounting period of the year 2018.

The Company and its subsidiaries paid the audit fee to SAM NAK-NGAN A.M.C. Co., Ltd. for the accounting period of the year 2018. The detail is shown as follows:

##### 1. Audit fee

The Company and its subsidiaries paid the audit fee for the accounting period of the year 2018 in amount of 3,630,000.00 Baht, as shown in the following detail:

The audit fee of the Company	in amount of	1,250,000.00 Baht
The audit fee of 5 subsidiaries	in amount of	2,380,000.00 Baht

##### 2. Non-audited fee

The Company and its subsidiaries did not have any non-audit fee in accounting period of the year 2018.



## 10. Corporate Social Responsibility Report

### Business Policy

The Company sets business policy to be the leader of the integrated further production of livestock and agriculture. The Company undertakes to provide food safety products and traceability. The Company is committed to operating the business with environmental friendliness and contributing to society.

### Sustainable Development Policy

The Company has a policy to carry out its business by placing importance on all stakeholders under the framework of good corporate governance, business ethics, and compliance to the laws and relevant regulations as well as providing channels of communications to all stakeholders to better understand their needs and expectations in order for the Company and the stakeholders to sustainably co-exist and achieving an equilibrium between economic, social, and environmental factors.

### Sustainability Development Planning

Sustainable development planning is to be used as a framework of the Company's operation. Starting with the business model and strategic direction, which the Board of Directors established in taking into consideration the framework of the existing businesses in order for organization to achieve its goals. The Board of Directors sets out its corporate vision, mission, strategy, and business policy including a corporate governance plan under the principle of good governance along with having an operating mindset of placing importance on the needs and expectation of environmental factors and all stakeholders as well as being mindful to unexpected situation, which may occur, through risk allocation to create beneficial shared values between financial, environmental and social factors and ultimately leading to a sustainable development. The Nomination Remuneration and Governance Committee carries out the planning throughout the process and has a duty to report to the Company's directors.



In addition, the Company supported Sustainable Development Goals (SDGs) which was incorporated in the Company's objectives and operations; for example:



Clean Water and Sanitation - Have appropriate water consumption plan and optimize using of water as well as wastewater is managed responsibly.



Decent Work and Economic Growth - Sets employment policy equally and fairness to its employees at all level including remuneration and encourage employees to work safely and hygiene in workplace.



Responsible Consumption and Production - Focus on quality and safety through supply chain to ensure consumers are confident in the Company's products are safe for consumption and hygienic according to good nutrition principles.



#### The relationship between organization and stakeholders

The Company is mindful of possible direct and indirect impacts towards people or the environment which may occur due to the operation of the Company's business. The Company places great importance on the relationship between the organization and the stakeholders to achieve a balance between the business' needs and all groups of stakeholders of the organization's needs in order to reduce conflicts and avoid the unnecessary creation of problems to one another, to be more environmentally friendly, and to be able to sustainably grow together. Therefore, an ongoing process exists to study the relationship between the organization and the stakeholders so that the Company is able to have present and more relevant information for use in determining important topics to improve the organization's sustainability.

The procedure for studying the relationship between the Company and different groups of stakeholders can be summarized as follows:



1. Set out the different group of stakeholders including stating the major impact from the Company's business operation.

2. Summarize the concerns, needs, and major impacts from the Company's business operation by taking into account concerns and opinions of all stakeholders through multiple communication channels such as customer satisfaction survey, questionnaires, activities and meetings, as well as through complaints management.

3. Evaluate, analyze, and set out in order of importance towards the Company the foregoing information regarding needs, expectancy and impacts of each group of stakeholder.

4. Find viable solutions to such topics in order of importance towards the Company as well as finding viable actions which meets the needs of the stakeholders from available information to the extent that the Company is able to do so without adversely impacting its business operation.

5. Implement the foregoing solutions while at the same time recording information in order to be able to find ways to improve the governance of the organization by the stakeholder approach, as well as using GRI Standard as indicators.

**Table: Relationship between the organization and the stakeholders**

The Company can categorize its stakeholders into 6 groups, there are being: - customers, employees, business partners (including business partners, creditors, and competitors), shareholders, community and society, and environment.

**1. Customers**

Channel of communication	Need / Expectancy	Response of the Company
1. Customer satisfaction review. 2. Channel of communication of complaints and opinions. 3. Customer meetings with the executives in order to solve problems and build lasting relations.	1. Quality and safe product which meets international standards. 2. Justifiable pricing structure. 3. Delivery of products within the set timeframe. 4. Maintain customer satisfaction. 5. Build customer recognition and trust in the product .	1. Strive to improve quality and safety standards throughout the supply chain of the product with an environmentally friendly production procedure that is fully traceable at all stages prior to reaching the customer. 2. Control the manufacturing cost of goods in order to be able to set fair prices. 3. Strive to improve and maintain lasting relations such as having in place an auditing system to ensure that the Company honestly and strictly carries out its obligation as agreed with each customer.



## 2. Employees

Channel of communication	Need / Expectancy	Response of the Company
1. Employee satisfaction review. 2. Channel of communication of complaints and opinions. 3. Provision of training, knowledge improvement, encouraging work related skill improvement. 4. Labor relations activities such as safety week, fire evacuation drill, new year party. 5. Company's Employee Work Rules and Code of Conduct. 6. Notice / news release via activity board or intranet.	1. Remuneration in salary, wages, and benefits. 2. Provision of good, safe, and healthy working environment. 3. Training and improvement of employees' skills. 4. Transparent career path. 5. Trustworthiness from historical conduct in labor disputes. 6. Complaints management and respect of employees' human rights.	1. Equality and just respect towards the employees and labor force's human rights. 2. Set a policy and standard for suitable and fair remuneration. 3. Put in place regular practices to further improve work related knowledge. 4. Provide opportunities and support to all employees and labor workers to show their capabilities and provide opinions regarding business operation. 5. Ensure that the working environment is good, safe, regularly maintained, and supports a better working quality for employees and labor workers. 6. Respect personal rights of all employees and understand the basic demands of employees and labor workers to create good relations within the organization.

## 3. Shareholders

Channel of communication	Need / Expectancy	Response of the Company
1. Shareholder meeting. 2. Information disclosure in accordance to the	1. Shareholder's wealth. 2. Monetary returns (Dividends and capital gains).	1. Carry out and manage the Company's business honestly and ethically. 2. Act in accordance to good corporate governance practices.



Channel of communication	Need / Expectancy	Response of the Company
<p>authorized bodies governing the business.</p> <p>3. Provide a channel to communicate with the Company's secretary and the investor relations department.</p> <p>4. Regular communication through authorized security analysts from the SEC.</p>	<p>3. Managing the business in an ethical way.</p> <p>4. Transparency and accuracy of information.</p>	<p>3. Treat shareholders equally through the responsibilities of the Company's Board of Directors.</p> <p>4. Investor Relations department's duty is to disclose true information and perform with precaution.</p>

#### 4. Business Partners

Channel of communication	Need / Expectancy	Response of the Company
<p>1. Channel for complaints and opinions.</p> <p>2. Clearly disclose the Company's policy and code of conduct towards business partners.</p> <p>3. Executive meeting with business partners to create good relations and to understand any problems and ways to improve.</p>	<p>1. Being honest and transparent in the course of business.</p> <p>2. Set at fair price.</p> <p>3. Strictly act in accordance to the terms and obligations of the transaction in a timely manner.</p> <p>4. Cooperate in all anti-corruption strategies.</p>	<p>1. Manage the Company's business with good governance and in accordance to the Code of Conduct.</p> <p>2. Set up an internal audit committee to watch over and ensure that the Company acts in accordance to the anti-bribery and corruption policy.</p> <p>3. Share and exchange technical help to create trust and transparency of the Company's business as well as cooperate in finding innovative ways to conduct business in an environmentally friendly way.</p>





### 5. Community and society

Channel of communication	Need / Expectancy	Response of the Company
<p>1. Channel to complain and provide an opinion.</p> <p>2. Communal activities and promotion of society.</p> <p>3. Elect a group to engage with local communities to act as a channel of complaint, to help find solutions to problems, and to report any findings.</p>	<p>1. Operate business with consideration to the community and society whether close by or the public as a whole.</p> <p>2. Improve quality of life including generate income for people of the local community.</p>	<p>1. Strictly compliance with the CSR policy.</p> <p>2. Set procedures and responsible person for handling complaints including monitoring and reporting to superiors.</p> <p>3. Set up activities for community and society to build and strengthen relationship; as well as engage and participate in community nearby area in order to build mutual understanding and exchange information.</p>

### 6. Environment

Channel of communication	Need / Expectancy	Response of the Company
<p>1. Channel for complaints and opinions from stakeholders such as customers, the community, the society, the environment, governmental bodies, and public sectors regulating over environmental issues.</p>	<p>1. Operate business with consideration to the environment and not to pollute the environment.</p> <p>2. Effective waste and water drainage management in place to not contaminate any disease.</p> <p>3. Pollution free accommodation.</p>	<p>1. Comply with the Environment policy and regularly review and update the policy.</p> <p>2. Raise awareness and promote organizational culture to be responsible and considerable for environmental impacts.</p> <p>3. Emphasize on assessment, prevention, and control of business operations that can affect the environment.</p> <p>4. Strictly and seriously handling complaints about the environmental impact as well as monitoring result regularly.</p> <p>5. Set responsible person and report to superiors.</p>



## Stakeholder's Analysis

Considering the needs and expectations of the various stakeholders, we can be defined "Materiality" and "Prioritization" for both the role of stakeholders and the role of the Company as follows:



By the result of assessing the most important factors to stakeholders combine with the plan of business risk management, mission and corporate strategy could help the Company has developed, encouraged and re-evaluated to improve its business direction and management approach to place high consideration to the importance of each group of stakeholders including customers, employees, shareholders, business partners, communities, and the environment in order to achieve the business goals and lead to a sustainable development both economically and environmentally.

Moreover, the Company committed to deliver quality product, provide value to customer and have responsibility for society and environment. With these aspects, "GFPT aims for EXCELLENCE" to create value for all stakeholders.





## Sustainable Management

### 1. Being a trusted supplier with customers' acceptance

#### Production

GFPT's core business is to produce chicken meat products; therefore, we believe that delivering good quality products, meeting international standards, and satisfying the customers' needs are the core values and the fundamental factors in achieving the Company's sustainable growth. Over the past 30 years, the Company has improved its chicken meat production process in multiple aspects including: expanding backward integration to become a fully vertical integrated chicken producer, utilizing modern machinery in the production process to increase production efficiency, using nutritious feed in order to obtain nutritious chicken meat, improving feed formula and having effective chicken farming system in order to lower production costs, setting the quality measurement and audit system in every step of production, and having a traceability system in place in order to be able to retrace from the origin of raw materials to the end product sold to customers so that the customers can have greater confidence in the quality of our chicken meat products. The Company's past improvements have been focused on creating greater confidence for customers and consumers that GFPT's chicken meat products are good quality, safe for consumption, and also environmentally friendly.

#### Responsibility towards Customers

As a leading integrated chicken producer, GFPT proactively emphasizes on "food safety and food quality" throughout our food chain as it is essential to our business operations. We demonstrate our commitment to food quality and safety through various dimensions including: knowledge and capable personnel, and rigorous quality assurance measures at every step of the food chain starting from feed materials to finished products. We also communicate with responsibility in order to promote healthy diet and proper nutrition as follows:

#### Food Quality and Safety throughout Our Food Chain

GFPT emphasizes on quality and safety of our feed ingredients and finished products. We implement rigorous feed-to-food quality system in our integrated chicken production starting from feed mill, chicken farm, and chicken processing. We set stringent quality measures on both physical and biological at every steps including sourcing feed materials, feed production, chicken raising, chicken processing, further processing, transportation, and distribution, in order to assure that our chicken meat products are safe. The quality control measures of the key operations are as follow:

#### *Feed Mill*

The origin of our food quality and safety starts at the feed mill. We set up "Feed Laboratory" in both locations of our feed mill facilities to test and certify the quality of feed materials, feed productions, and feed products. The feed laboratories endorse the quality standard of the feed products, test feed nutrition, and identify chemicals or residues in feed ingredients in accordance to law and regulations. Our feed laboratories



have passed ISO 17025 (the general requirements for the competence of testing and calibration laboratories) by the Department of Science Service, Ministry of Science and Technology.

#### *Chicken Processing Plant*

The chicken processing plant is the most importance as it is the last stage of the production before the products end up with customers and consumers. Therefore, food safety and the quality of the chicken meat are strictly controlled in all stages of production before delivering to customers and consumers. In addition to the international standards of food quality inspection systems such as GMP, HACCP, etc., the Company also set up laboratory facilities including a “Chemical Laboratory” to test for pesticide residues, nutrition, and various chemicals; and a “Microbiological Laboratory” to test microbes, pathogens, and residues of antibiotics in order to reassure the food quality and safety of its products. Our laboratories are accredited with ISO / IEC 17025: 2005, which is the international standard certifying the competence of testing and calibration laboratories, being first accredited in 2004. In continually expanding our operations, further accreditation was gained and recently, the Company’s laboratories were accredited for 78 tests of 20 sample types and calibration focusing on the testing method with fast results in order to reduce storage time. In addition, testing methods which uses fewer chemicals have been developed to minimize handling of chemicals and environmental damage but at the same time maintaining the quality of the test and its accuracy.

Moreover, the Company’s laboratories have been registered as competent facilities under the ISO / IEC 17025: 2005 issued by the National Bureau of Agricultural Commodity and Food Standards (ACFS). The laboratories have also been registered as approved laboratories for the analysis of livestock products for the Department of Livestock Development, Ministry of Agriculture and Cooperatives, which allows the Company to utilize analysis of the Company’s products conducted by its laboratories as approved supporting documents for the application for a Health Certificate from the Department of Livestock Development. Furthermore, the Company has also received certification and awards such as:

- Certificate of Excellence for laboratory quality for medical and public health for the year 2011 “Silver” level from the Department of Medical Sciences, Ministry of Public Health
- Certificate of Excellence for laboratory quality for medical and public health for the year 2013 “Gold” level from the Department of Medical Sciences, Ministry of Public Health
- Certificate for medical and health cooperation laboratory year 2013 from the Department of Medical Sciences, Ministry of Public Health
- Commemorative plaque for the Analysis Laboratory of Agricultural Products and Food of the Year 2013 from the National Bureau of Agricultural Commodity and Food Standards (ACFS).

These awards reflect the Company’s development and the maintenance of standards and has continually built our customer’s and consumer’s trusts.



### **Chicken Farm**

Chicken farm is a key process of our integrated chicken production as chicken is the most important assets. Our chicken receives healthy and high nutritious feed, sufficient water, be treated with decent animal welfare, be reared in good environment (Environmental Enrichment), and free of diseases. In addition, we set up “Chicken Veterinarian and Technical Team” to monitor animal welfare practice, set measures to control disease prevention, and regulate the use of drugs and vaccines, in accordance with the laws and international standards. Our Chicken Veterinarian and Technical Team register with the Department of Livestock. The team is responsible in making chicken health check planning, sharing knowledge about animal health and disease preventive protocol to chicken raising operators.

**Environmental Enrichment** in rearing chicken is the promotion of animal welfare to chicken by providing a good environment and the necessary tools to promote chickens to act and show their natural instincts such as providing fodder or grass for the chicken to walk or sleep on or to clinch onto the fodder. Such activities will promote the chicken to be stronger, healthier, less stressful and cause less fear towards the chickens.

### **Animal Welfare**

We recognize the importance of animal welfare. Our chicken farms have followed the standard practices for agricultural animals (Good Agriculture Practices: GAP) as well as standard for agricultural products in regards to animal welfare practice, land transportation by the National Bureau of Agricultural Commodity and Food Standards, Ministry of Agriculture and Cooperatives.

The Company has also been certified for the animal welfare practices in accordance to Genesis GAP, which is the European standard for the meat production for export throughout the chicken supply chain. Under these standards, the Company has taken all steps in regard to the happiness of chickens throughout the raising period. For example, chicken must be free from hunger and thirst, the system shall provide enough food and water, environment shall be free from discomfort, free from pain, injury or illness (a preventive system and catching chicken with care), free to live naturally, free from fear and anxiety (the raising conditions do not cause any distress, for instance, chickens catching process).

In compliance with regulations and standards of the Department of Livestock Development, of Agriculture and animal welfare standards, GFPT’s animal welfare protocol is very strict covering chicken raising farm, feeding system, health management, disease and illness protection, catching live bird, animal welfare, recorded information, and staffs’ and workers’ training. The Company is confidence and assurance that the Company’s products are high quality, hygienic, antibiotics and residue free and safe for consumption in both domestic and international market.

### **Standards for Quality Management**

Each year, our chicken processing plant has been certified by internal audit, customer audit, and third party audit to assure customers’ confidence that the quality of our products including feed, live chicken, chicken



meat, and fully cooked chicken products meet international quality standards. The Company has certified standards the following quality system certification from an accredited agency and the Department of Livestock:

- GMP (Good Manufacturing Practice)
- HACCP (Hazard Analysis Critical Control Point)
- BRC Global Food Safety Standard (The British Retail Consortium)
- ISO 9001 (Quality Management System)
- ISO 14001 (Environmental Management System)
- ISO 17025 (Competence of Testing and Calibration Laboratories)
- Genesis GAP
- HALAL (Food Permitted under the Islamic Law)
- RSPO (Supply Chain Certification Systems)
- EST 11 (Export Establishment Certificate)

#### Traceability from Feed to Food

Traceability system is the essential mechanism to meet the expectation of customer and consumer and to ensure that our products are safe and meet quality standard. Our products can be traced back to every stage of production with the linkage of production information from feed production, farm operation, and food processing. Thus, we can trace back our products to all stages of production as well as its origin of raw materials.

Meanwhile, the information is linked together from the meat processing plant to transportation, to distribution, and to consumers, thus, we can track product status at any point in the food chain. In case of there is any problem occurred with customers and consumers, we can accurately and timely recall our products. Thus, customers can be assured that our products are 100% safe for consumption.

#### Bio-Security System

GFPT focuses on the implementation of bio-security system in our key operations in order to use as a preventive measure for animal disease outbreak. Our strict bio- security system covers many steps of operations, for example:

- **Chicken Feed:** We have nutritionist experts to research and develop high quality feed formula. Our feed mills operate with modern feed production systems and control by computerized system. Our feed products are safe and meet with the dietary requirement of different chicken's aging.

- **Chicken Farming:** Our chicken farm houses are closed evaporative cooling system with ventilation system to prevent any disease carrier. All chicken houses are equipped with mechanical systems to deliver feed and water automatically. The CCTV systems have been set up in the chicken houses to closely monitor the chicken welfare.



- **Personnel and Vehicles:** We have set strict regulations for personnel and vehicles entering into the farm area. Only farm workers and farm vehicles are authorized to enter into the farm area. The authorized person must shower, shampoo, disinfect, and change clothes when entering into the farm house. All vehicles must be washed and disinfected to prevent dust, contamination, or any carrier from outside that may cause disease within the farm.

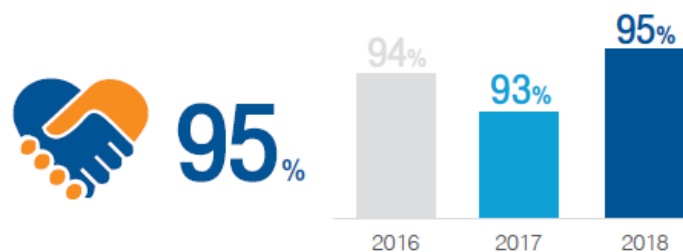
#### Poultry Compartmentalization

In order to mitigate the risk of avian influenza outbreak, GFPT has implemented the poultry compartmentalization according to guideline of the Department of Livestock Development re: the Compartmentalization in Poultry Industry in Thailand B.E. 2554 as follow:

- Set a biosecurity management principle based on Hazard Analysis and Critical Control Point (HACCP) for avian influenza;
- Set the surveillance protocol for avian influenza at the farm site and buffer zone in a radius of 1 km.;
- Set the controlled protocol for avian influenza at the farm site and buffer zone in a radius of 1 km.;
- Set a traceability system.

In 2018, the Company received positive feedback from both local and foreign customers. We had higher satisfaction of customers although number of complaints from customers increased compare to previous year.

#### Local and Foreign Customer's Satisfaction Rate



#### Complaint Rate

(number of complaints from customer per 1,000 tons of production)



## 2. Being a quality workplace to provide security and trust for its employee

### Labor Relations Policy

The Company is committed to treat its employees equally, to provide decent working conditions, to offer appropriate benefits, and to provide fair treatment to its employees at all level. Supervisors must be good role



model and dependable to its subordinates. The Company also promotes employee engagement activity to establish good relationships.

#### **Workforce Equality and Fairness**

GFPT sets employment policy and practice toward equally and fairness to its employees at all level including remuneration, transfer of employee, training, skill development, career advancement, promotion, wellness, health, safety, and labor protection. We set up a Labor Relations unit to responsible for planning, monitoring, and evaluating labor relations activities and also coordinating with other relevant departments.

#### **Human Rights Policy**

The Company has a policy to support and respect the protection of the human rights. The business of the Company will not be involved with forced labor or child labor, fair treatment to all stakeholders on the common practical principles by taking into the consideration human dignity, nondiscrimination, equal treatment without prejudice regardless of their origin, ethnic, gender, age, color, religion, disability or family status. Promote human rights compliance within the Company and subsidiaries and among its joint venture partners, suppliers and all stakeholders based on international standards. Protect the rights of stakeholders that have been violated by the Company's business operations and compensate at a minimum rate of not less than the rate specified by law.

#### **Social Accountability Policy**

The Company accepts and trusts a group of partner companies to proceed on behalf of the Company in acting in compliance with international standards regarding "Ethics of business operators towards employees at the work place having a Social Accountability system" and therein set the Social Accountability Policy as

"acting in principle of human rights pursuant to international standards, law, and ethics of business operators towards employees."

The Company has set a policy of following the Universal Declaration of Human Rights in carrying out any activities, operating within international standards, laws, ethics of business operators towards employees at the workplace, encouraging the improvement of operation quality, being safe and having responsibility towards society and the environment as much as possible, and organizing continuous training, communication, auditing, and evaluation.

In 2018, the Company's chicken processing plant has been certified for having Good Labour Practices (GLP), Thai labour standard by the Ministry of Labour as affirmed by government officials, being a member of SEDEX (organization that facilitates and safety at workplace) and cooperating with NGO Issara Institute, third party agencies, to represented that the Company acted fairly and equally without any bias to its labour and all level of employees. The Company did not receive any complaints regarding a violation of human rights in the course of the business operations of the Company whether from inside or outside of the organization. The

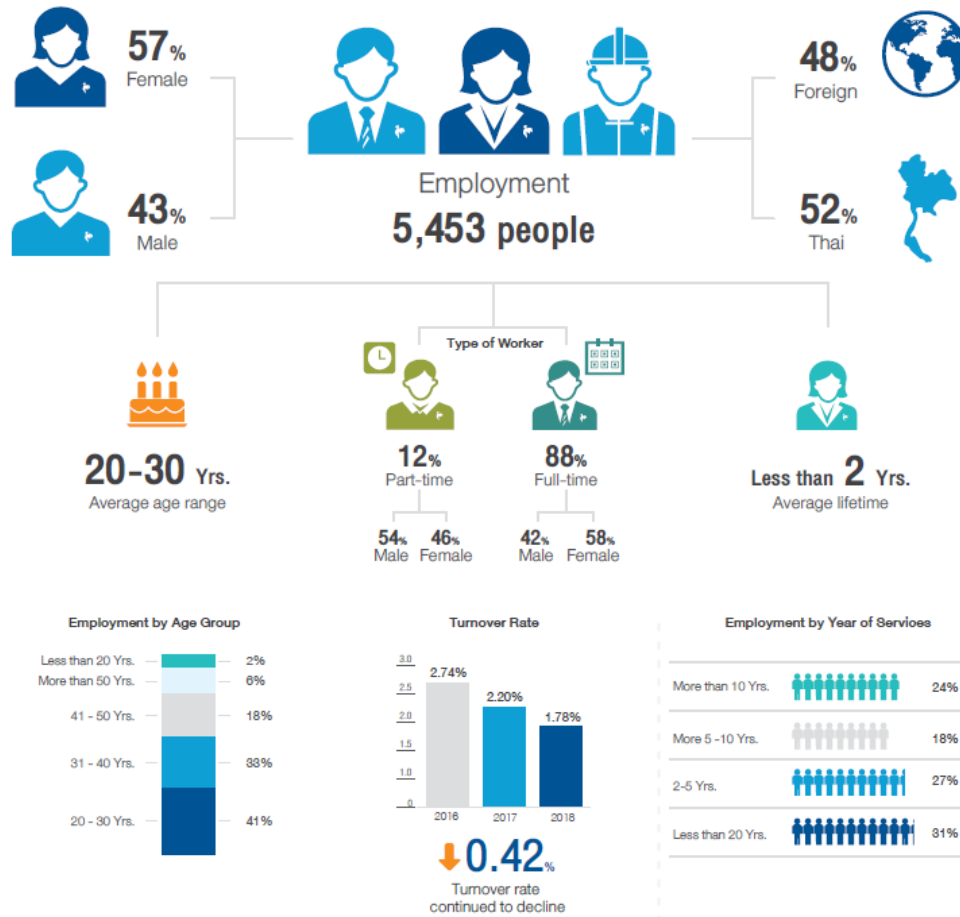




Company did not have any legal disputes regarding labor laws, forced labour or slavery, child labour, consumer rights, or the operation of the Company's business.

## Employment

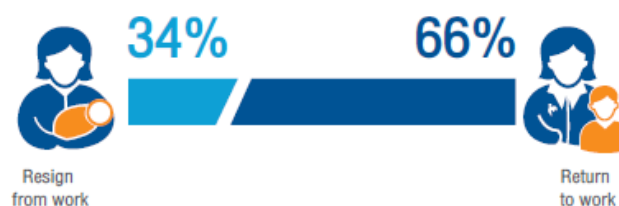
The Company has a policy on equality and diversity employment without any discrimination on gender, race, religion and culture. In 2018, GFPT employed a total of 5,453 people with a diversity of age, gender, level of education, and work tasks.



## Rate of Return after Maternity Leave

In 2018, a total number of 98 out of 3,092 female employees had taken maternity leave, of which 65 employees return to work after their maternity leave representing 66% of total female employees who took maternity leave.

### Rate of Return after Maternity Leave



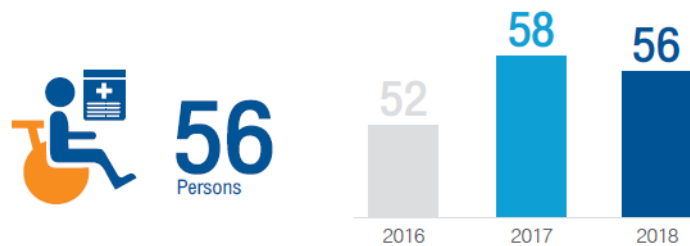


### Employment of Disabilities Policy

The Company recognizes to improve the quality of life of people with disabilities. Encourage disabilities to have the opportunity to earn income, self-reliance and reduce the burden on families and society, as well as, encouraging people with disabilities, especially for the working age group, to be a part in strengthening their own family's financial status and the country's economy. According to the Persons with Disabilities Empowerment Act B.E. 2550 that aims to promote and improve the lives of people with disabilities includes provisions to adopt measures concerning the promotion and protection of the employment of the disabled.

In 2018, the Company employed a total of 56 disabled workers as well as granted concessions, arranged places for products of persons with disabilities, employed sign language interpreters under sub-contracts with other agencies and caregivers in compliance with the Persons with Disabilities Empowerment Act B.E. 2550 section 33 and section 35, which requires a ratio of disabled to normal persons of 1 to 100 pursuant to the law.

**The Empowerment of Persons with Disabilities (Persons)**



### Safety and Working Environment Policy

The Company sets occupational health and safety policy to encourage employees to work safely and to have good hygiene in the workplace. The Company shall prevent any possible accidents at its full capacity and to build the safety awareness of its employees and encourage employees to have strong health (and not act in harmful to the health of customer) as well as to maintain a safe and hygienic workplace.

### Fatal Diseases Prevention

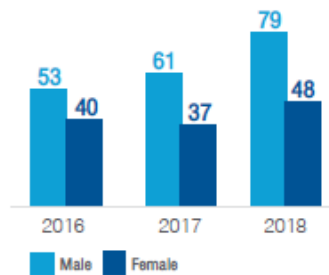
The Company shall prevent illness of employees that arise from working environment. We provide knowledge, consulting advice, expert training, publicity through media and activities to our employees and community. We also implement disease preventive program through encourage employee to get vaccination every year.

### Absence Rate from Injury

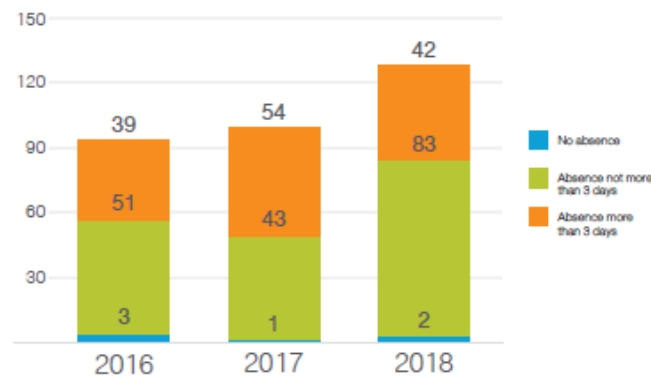
In 2018, the accident rate and absence rate from injury increased from 2017 from higher amount of accidents. The Company has implemented a preventive action against workplace accident in order to lower the accident rate and absence rate from injury. In addition, we monitored safety and environment in workplace to future improvement.



Accident Rate (times per year)

127  
Times

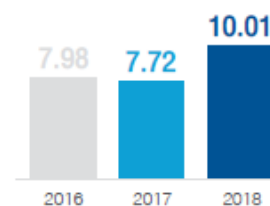
Absence Rate from Injury (times per year)



Lost-Time Injury Frequency Rate (LTIFR) (times / 1 million working hours)



10.01



### Safety Policy

The Company encourages all employees to have awareness of safety in the workplace by providing information, training, encouraging all employees to participate in risk analysis and evaluation of the workplace to create a plan to prevent accidents at work, to identify the root of the cause of accidents to prevent repetitive accidents, and to continually encourage projects which promotes safety awareness.

- **NEAR MISS Project:** To prevent accident from operation based on finding causes to prevent repeat incidents and encouraging all employees to participate in the risk analysis and assessment at workplace.
- **5S Project:** To encourage employee to participate in workplace maintenance and cleanliness.
- **Workplace Safety Week Project:** To organize a safety week event every year to educate employees and encourage awareness about possible accidents in the workplace such as the 18<sup>th</sup> Workplace Safety Week event held on 20-21 November 2018.
- **Safety Training Project:** To provide a training program on safety regarding how to safely use equipment during work and what to do in an unexpected event such as the training for basic firefighting skills and evacuation, safety committee training program, safety at work training, etc.



- **Safety Journal Project:** To provide a monthly journal to promote knowledge about safety standards and preventive method on the unexpected events. The safety journal is available as hard-copy and online version to all employees.



Electricity Operators  
Training for 2018



Safety for Workplace Training  
for Supervisor



Folk-Lift Operators Training



Workplace Safety Week Project for 2018



The Annual Fire Drills and Emergency Evacuation Training for 2018



Fired Safety Training for 2018

### Complaint Channel and Procedure

We provide a channel for complaints to our employees. We set the process to perform when receiving a complaint as well as provide protection and confidentiality of the complainants and informants.

### Complaint Channel

The complainant can report a complaint by providing details of the complaint with name and contact information. The complaint can be submitted to the Audit Committee by two channels:



- 1) Complaint box installed at designed location in the factory.
- 2) Intranet site of the Company in which, this complaint will be sent directly to the Human Resource Manager of the Company for forward to the Audit Committee.

#### **Employees' Compensation and Benefit Policy**

The Company has a policy of paying fair compensation as well as strengthens the vocational and career advancement opportunities; provide welfare for employees as required by law, such as Social Security and apart from the law, such as the health and accident insurance to employees in the sales, information technology department and employees working in other provinces. Provide other support including uniform for employees, financial aid, such as support for the funeral of staff's parents and education scholarships for employees' children.

Moreover, the Company also places importance on the well-being of employees outside of working hours. The Company has provided 3 accommodation projects near the workplace with a total of 22 buildings and more than 1,750 rooms to provide convenience, safety, and other amenities including providing an approved day nursery which meets regulatory standards to accommodate the employees' children during working hours

#### **Human Resources Training and Development Policy**

The Company has a policy of promoting human resources development by supports staff to develop in various areas including expertise, capabilities, positive attitude, moral values, business ethics and teamwork through training, seminars or study trips. The Company focuses to promote the employees from within the organization and assess their performance regularly. This is considered to be an important factor for strong business expansion.

The Company also emphasizes on organizational development and human resources management by focusing on production efficiency, clear roles and job responsibilities, appropriated employee's remuneration, competitive pay structure, and employees' evaluation. The Company has provided various training programs such as company orientation to new employee, leadership, quality management system, etc.

#### **Training**

The Company has designed and updated its training courses to facilitate its short-term and long-term objective and direction. We focus on the development of employees' skill, competences, experiences, technical know-how, managerial knowledge, and other relevant knowledge for new potential business opportunity. In addition, the Company provides information about human rights including the Labor Protection Act B.E. 2551 (amended) Section 11/1 re: the policy change, as well as labor laws. We also support our employees to join external training and seminar; thus, our employees can share and exchange knowledge and experience with other organizational and applied in the Company.

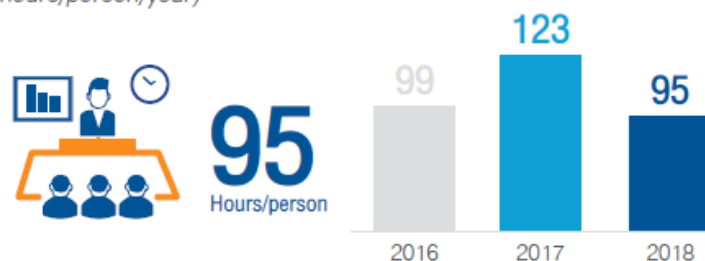
In 2018, the Company's total number of training hours was 612,002 hours which is an average of 95 hours per employee per year. The curriculum of training included a wide array of skills such as Anti-Corruption



Policy, workplace safety training for supervisor, basic knowledge and awareness of energy conservation, training for network development cooperate with Good Labor Practices (GLP), risk management, safety, sanitary, environmental training, etc.

#### Average Employee training per employee per year

(hours/person/year)



Number of training hours per year

2016	2017	2018
653,676	840,882	612,002

### 3. Being a good governance business for its shareholders and being an ethical business to gain trust from its partners

#### Corporate Governance Policy

GFPT recognizes the importance of the Good Corporate Governance and believes that good management system, the board of directors and executives with vision and responsibility, the control mechanism and the balance of power for the transparent administration, accountable, respect the equality of shareholders, and responsible to stakeholders shall be an important factor to add value and maximize returns to shareholders of the Company in the long run.

The Company has constructed the Good Corporate Governance policy under the criteria of the Stock Exchange of Thailand and the regulations of the Organization for Economic Co-Operation and Development (OECD) as guidance in conducting business for directors, executives, and employees of the Company. The Company will review and revise the principles and guidelines of its Good Corporate Governance policy annually so as to be appropriate with any changes that may occur from the operation, environment, situation, or laws. (detail is as shown in [www.gfpt.co.th](http://www.gfpt.co.th) under "Corporate Governance Policy" section)

In 2018, the Company's Corporate Governance was evaluated under the Corporate Governance Report of Thai Listed Companies (CGR) program and obtained "Excellence" ranking and received 5 stars from the National CG Committee with a score of 91% from the Thai Institution of Directors (IOD), the Stock Exchange of Thailand, and the Securities and Exchange Commission. It was also evaluated for the quality of the Annual General Meeting for the year 2018 by the Thai Investors Association, the Thai Listed Companies Association, and the SEC with a score of 97 points.



### **Compliance with Laws, Rules and Regulation Policy**

The Company emphasizes on compliance to laws and regulations that follows the international business ethics. The directors, management and employees must perform within the framework of laws, rules and regulations and will not participate in any action that will violate the law, rules or regulations.

In 2018, the Company did not commit any offense or act which violated the provisions of the Public Company Limited Act or the regulations of governing bodies such as the SEC or the Stock Exchange of Thailand.

### **Business Ethics Policy**

GFPT follows principle to operate business with honesty, integrity and ethics, including compliance with the laws, rules and regulations by equally taking into account the rights of stakeholders such as the shareholders, employees, customers, suppliers, creditors, competitors, community, society and the environment. We also promote free trade competition, avoid any activity that may cause conflicts of interest, intellectual property infringement, and against all forms of corruption including promoting social responsibility in every business chain. (details as shown in [www.gfpt.co.th](http://www.gfpt.co.th) under “Corporate Governance Guidelines” section).

### **Safeguarding of Assets Policy**

Assets of the Company include tangible and intangible assets i.e. movable properties, properties, technology, production formula, rights, patent, copyright and confidential information such as business plan, financial forecast and personnel information.

Directors, management and employees at all levels shall have responsibilities for safeguarding, maintaining and maximizing the use of property and fixed assets that belong to the Company in the best interests of the Company and not for their own or other's benefits including avoiding disclosure of material information that has not yet been disclosed to the public or gaining benefit from the Company's confidential information.

### **Intellectual Property or Copyright Policy**

The Company has policy to comply with applicable laws or regulations relating to intellectual property rights, including patent, copyright, trademark, trade secret and other aspects of intellectual property law, such as the use copyright computer software. All computer software must be audited and installed by the Information Technology Department. Encourage employees to review their work or information that will not infringe the intellectual property of others.

### **Anti-Corruption**

The Company has been certified to be a member of the Collective Action Coalition: CAC of Thailand's private sector in fighting against corruption. The Company has also conducted risk management in corruption,





and set out an anti-corruption policy and proposed to the Directors of the Company for their consideration. In this regard, the Company announces its policy to all employees from their induction as well as set out plans for the development of anti-corruption policies to possible related persons of the Company in the future which presently the Company has proceeded to support its subsidiaries and joint companies in GFPT group to act in compliance with the Company's Anti-Corruption Policy prior to proceeding to engage with our business partners and other stakeholders to jointly act in compliance with the CAC of Thailand's private sector in fighting against corruption.

#### **Anti-Corruption Policy**

"No board of directors, executives and employees of the GFPT Public Company Limited and its subsidiaries shall commit or approve of fraud and corruption in all its forms, both directly and indirectly, to gain personal benefits or the benefits of their family, friends, acquaintances, either as recipients or provider, or offer bribes whether with money or non-monetary forms.

This anti-corruption policy applies to all businesses and all sectors whether inside or outside of GFPT Public Company Limited and its subsidiaries. An assessment of employees' conducts in accordance with the policy shall be conducted on a regular basis, as well as regular reviews of practices and work regulation to be in accordance with any changes in the Company's business and the relevant laws."

Details, definition, practices, and communication channels are published on [www.gfpt.co.th](http://www.gfpt.co.th) under "Anti-Corruption Policy" section.

In 2018, the Company has no issue or deficiency in relation to the litigation charges involving anti-competition, discredit, monopoly trading, discrimination, and corruption. The Company has no fine or non-monetary penalty due to the illegal action, not comply with the applicable law, or violation of business ethics.

When Independent Directors, directors, Nomination Remuneration and Governance Committee, or any other related persons receive complaint from stakeholders, the Company will primarily consider the matter of the complaint. If the complaint relates to corporate governance or code of conduct, the complaint will be reported to the Nomination Remuneration and Governance Committee to consider and investigate. If the complaint is about fraud or corruption, the complaint will be forwarded to the internal audit department to investigate and further report to the Audit Committee.

#### **Action after Receive the Complaint**

Once received the complaint, the Audit Committee will consider the complaint and inform the relevant parties to investigate facts about the complaint and resolve the complaint appropriately. The Audit Committee will periodically monitor the progress of complaint. The relevant parties will notify the result to the complainant within a reasonable period. The Audit Committee shall report to the Board of Directors.

#### **Protection and Confidentiality of the Complainant**

To protect the rights of complainant and relevant informants who acts in good faith, the Company shall keep all information of complainants and informants in confidentiality. Only the persons who are responsible in





conducting inspection about the complaints can have access to such information. The assigned persons to handling the complaint are responsible for keeping all information regarding the complaint, relevant documents as confidential and shall not disclose such information to other persons unless the disclosure is required by laws.

#### **Whistle-Blowing Service**

The Board of Directors have set out processes and provided channels for receiving and dealing with complaints of stakeholders through various means as follows:

- **Contact Independent Directors**
  - Email : independentdirectors@gfpt.co.th
  - Facsimile : 0 2473 8398
  - Mail : Independent Directors  
GFPT Public Company Limited  
GFPT Tower, 18th Floor  
No. 312 Rama 2 Road,  
Bangmod, Jomthong, Bangkok 10150
- **Contact Board of Directors**
  - Email : bod@gfpt.co.th
  - Facsimile : 0 2473 8398
  - Mail : Directors  
GFPT Public Company Limited  
GFPT Tower, 18th Floor  
No. 312 Rama 2 Road,  
Bangmod, Jomthong, Bangkok 10150
- **Contact Nomination Remuneration and Governance Committee**
  - Email : nrgc@gfpt.co.th
  - Facsimile : 0 2473 8398
  - Mail : Nomination Remuneration and Governance Committee  
GFPT Public Company Limited  
GFPT Tower, 18th Floor  
No. 312 Rama 2 Road,  
Bangmod, Jomthong, Bangkok 10150

#### **4. Being a socially responsible business for its community**

##### **Corporate Social Responsibility Policy**

The Company sets the Corporate Social Responsibility Policy (CSR) under the ethical principles to be fair for all stakeholders and apply the principle of Good Corporate Governance practices to maintain the stability



of the community, society, economy, and environment that led to the development of sustainable business success.

### **The Initiative Projects on Youth, Community, and Society**

In 2018, the Company has implemented projects and activities for the community and society as follows:

#### **1. Promoting youth for the quality of society**

The Company believes that “youth are the pillars of tomorrow’s society”. The Company recognizes the importance of children and youth by supporting its chicken eggs and cooked chicken products, the Company provides scholarships, educational tools and equipment to youth to improve quality of life of primary school students in local communities and the Scholarship program for GFPT group employee’s children to incentivizes and encourage its employees. Additionally, The Company also encourages social activities for local communities and remote communities by focusing on knowledge development of youth to be the quality person in the society as well as encouraging youth to express themselves creatively through various projects with a total of 68 activities such as the National Children’s Day at around 33 communities and schools and many activities to promote quality of life for youth including: the “GFPT: a bike to school” activity at Lamoonrodsiri School” activity at Lamoonrodsiri School, education activity to the Faculty of Pharmacy, Mahidol University, cycling charity activity “Spinning and Sharing for Orphans” by Alkawthar foundation, etc.

#### **2. Creating a good society**

The Company has a policy of supporting the disadvantaged in the rural and challenged areas and those affected by disasters. The Company also has a policy of improving the quality of life of the surrounding community and also those further away to have a good quality of life, protecting the environment, and therefore the Company has through its own activities, government agencies, charitable organizations, and non-profit organizations. The Company participates with community to understand and to inform the impact that they may affected from the Company’s operation. Moreover, there are several conservative activities that the Company does with community in which a total of 39 activities were done in 2018 such as joining the “Thai Niyom Yangyuen Project” which is an activity to listen to problems of communities in nearby areas held by government agencies, purchased consumer goods to poor and disabled people in Bang Sao Thong Subdistrict Administrative Organization, etc.

#### **3. Promote religion and Thai culture**

Religion and culture are important institutions in the society which have strong influence in people’s beliefs, values and behaviors as a way of life of the individual in the society. The Company recognizes that Thai society is influenced by the religion, and therefore, places importance on the support and preservation of Buddhism as well as the continuous support for Thai arts and culture. The Company has organized activities related to promoting religion and Thai culture through government agencies, charities, and non- profit organization with a total number of 80 activities.



Photo: The Children Day activity



Photo: joining the “Thai Niyom Yangyuen Project”



Photo: activities with communities



Photo: donation to the Ramathibodi hospital



Photo: the religious events and activities



In 2018, The Company has joined The Good Environmental Governance of the industrial estates together with Industrial office, Samutprakarn province at Watjawrakeyai school, Sisa Chorakhe Yai sub-district, Bang Sao Thong district, Samutprakarn province.



The Good Environmental Governance of the industrial estates, Samutprakarn province aims to support and encourage business operators to gain knowledge and understanding about the good environmental governance practices which can be applied to business operations to be socially responsible and to sustainably live within the community. This concept can be achieved through the creation of the public participation process; and the collaboration between business operator, and people in the community living nearby the factory to jointly develop anti-pollution and safety program.



the Company is involved as a member of the “Thai Broiler Processing Exporters Association” acting as a regulating and service agency for the large number of Thai chicken meat producers and exporters. The Association provides support, news, relevant economy statistics, academic abstracts and researches in order to improve the quality of rearing broiler chicken, the quality of processed food from chicken meat, as well as innovating and improving manufacturing procedures to meet export standards, to act as a place to exchange knowledge, information, warnings, and safety procedures to protect against pathogenic diseases, to act as an intermediary helping negotiation of terms and solving problems and relevant obstacles to its members, and to promote team work between its members. All of the foregoing helps promote income from the chicken meat export industry and therefore helps out the local and foreign economies to be more sustainable, improves the quality of society through more employments opportunities created and through creating more valuable and better consumer goods, including to help business operators to be more aware of environmental impacts through its operation, which is one of the sources of pride for the Company.

## 5. Being an eco-friendly business

### Environmental Policy

The Company committed to produce products and services with good quality, realizing resources scarcity and environment impact; hence, the Company purposed to manage environment as follow;

"Reduce resources usage, environmental protection, strictly comply with law  
and regulation and cultivate environmental awareness and social responsibility "

### Resources Utilization Policy

The Company encourages directors, management and employees at all levels in the organization to use resources efficiently and maximize efficiency and effectiveness. The Company communicates, educates,



supports, and creates awareness to employees and related parties to fully utilize and manage the resources for the benefit of the Company.

In addition, the Company has established an environmental management structure to effectively support the implementation and also required all departments to perform their activities in accordance with the laws.

The Company has been accredited for the environmental management standard including ISO14001 by the independent auditor. The Company communicates its activities on the environmental management through various internal and external channels.

In 2018, the Company carried out activities and projects related to environmental management as follows:

### Resource and Environmental Management

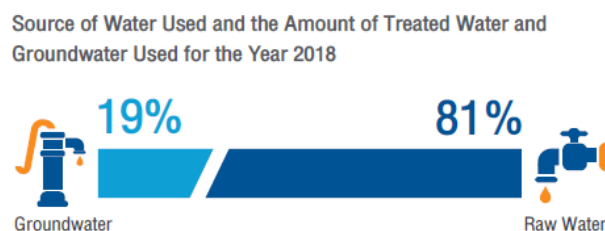
The Company focuses on the use of resources effectively with maximum benefits as it is a significant cost of the integrated production process. Effective uses of resource also produce less impact on environment and climate change.

### Water Resource

Water resource is an important component in our chicken production. We set appropriate plans and measures for water usage in every production process. We use information system to analyze and control water consumption. We also focus on production improvement, process development, and production technology to reduce water consumption and efficiently use of water resources.

Water used in the production and operation of the Company are both sourced from treated water and ground water. The Company has acquired an approval permit from the Bureau of Groundwater Control, Department of Groundwater Resources, to carry out its industrial operation in total of 3,360 cu.m.

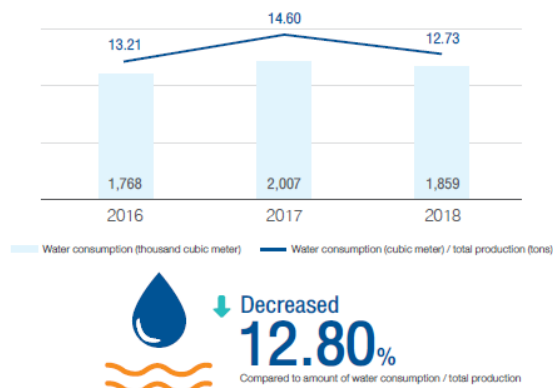
In 2018, the water consumption was in amount of 1.859 million cubic meter, decreased by 7.34% from last year.







### Water Consumption



### Energy

The Company continuously focuses on efficient energy consumption and energy conservation by using information system to analyze and control energy consumption in the production process; meanwhile, the machines, equipment, and production process are designed for maximum efficiency with minimal energy consumption.

In addition, the Company promotes energy-saving activities such as replacing 250w metal-halide light bulb with 120w LED light bulb in storage room and production line, changing motors with high efficiency to save electricity usage, applying VDO Conference, and controlling limitation of electricity usage. By doing these, electric bill will be lower and the environment will be better.

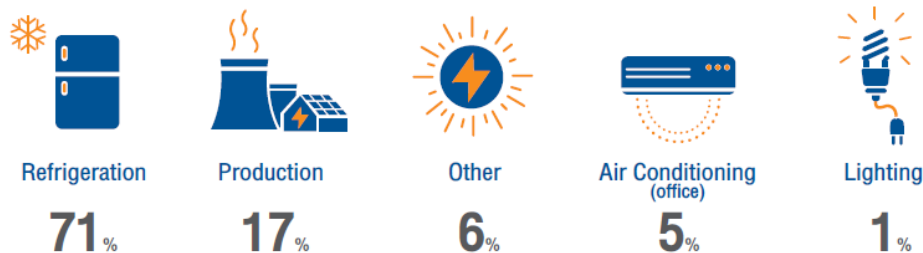
In 2018, the electricity utilization was in amount of 64.34 million kilowatts, increased by 0.94% from last year, electric usage being 71% use in cooling system and 17% use in production process. The Company changed motors with high efficiency of 375 kilowatts and 220 kilowatts instead of old motor with low efficiency to save electricity usage.

### Electricity Consumption





Electricity Source of Consumption for the year 2018



### Source of Consumption

The energy conservation policy is set as a guideline for the implementation of energy consumption to effectively utilization and maximizes benefit. The Company set the energy conservation policy as part of the operation. We continue to improve the efficiency of energy usage by setting energy conservation measure annually, and communicating to all employees to understand and practice properly. We view energy conservation as the responsibility of executives and all employees who all must set a policy and cooperate in carrying it out as well as following up and reporting to the Energy conservation committee. The Company supports the energy conservation in terms of human resources, budget, training, and others to improve the energy management. The policy and implementation plan of the energy conservation is annually reviewed and updated.

### Pollution and Waste Management

#### Air Pollution

The Company uses pollution elimination system before releasing the pollution outside the plants and monitors level of pollution in applicable to the laws. The pollution level is monitored and measured twice a year by the authorized person of the Department of Industrial. In 2018, the level of contaminants in the air such as dust, nitrogen oxides, sulfur dioxide, carbon monoxide, and the opacity of all units. We found that the air pollution control system of the factory has decreased efficiency since it has been used for a long time, resulting in higher emissions from previous year. Therefore, the Company changed air pollution control system in order to control emissions effectively.

#### Water Pollution

The wastewater treatment of the Company complies with the standard defined by law. The Company uses high technology of wastewater treatment technology and closely monitors the level of wastewater before releasing to outside. Upflow Anaerobic Sludge Blanket (UASB) and Activated Sludge (AS) were applied. The level of wastewater release to outside is comply with the law and does not affect the overall ecosystem. In addition, we focus on recycling treated wastewater within the plant. However, the use of treated water after recycling is limited due to the food safety laws and customer's specification. The wastewater from daily production and normal consumption, is at an average of 4,200 cubic meters per day. The Company's wastewater treatment plant can treat up to 7,000 cubic meters per day. The treated water which passes



regulatory standard is released about 3,500 cubic meters per day. The treated water is reused about an average of 300-500 cubic meters per day.

### Noise Pollution

The Company measured the voice quality in the atmosphere (Ambient noise measurement) to measure the 24 hours a weighted Equivalent Continuous Sound Level and Annoyance noise. The level of noise must be in accordance with the law and shall be assessed by the authorized person from the Department of Industry. In 2018, the result of the measurement found that the 24-hour average noise level at measurement points is below legal thresholds.

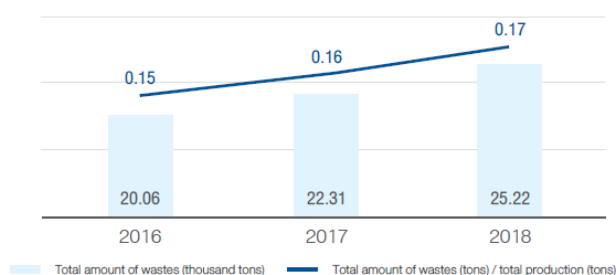
### Wastes

The Company has classified wastes in accordance with the law and set up the protection system of environmental contamination starting from wastes storage, wastes transportation, and wastes displacement, hazardous wastes management, and wastes segregation. The Company sets up the internal wastes management system to collect the amount of wasted generated in a monthly basis. The wastes data is properly gathered and submitted to the authorized Wastes Management Company registered to the Department of Industrial, Ministry of Industry. The wastes data can be traced back for the whole system as follows:

- Hazardous wastes such as used solvent, decadent bulbs, contaminated container, used lubricant, sent to the Wastes Management Company by recycling and landfilling.
- General waste (not hazardous wastes) such as plastic bags, paper, steel scrap, stainless steel scrap, sent to authorized wastes recycling company; sorting for resale, feed mill, fertilizer, and others.

A summary of total amount of waste, sewage waste for the year 2018 is as follows:

#### Wastes



**0.17**  
Tons / production

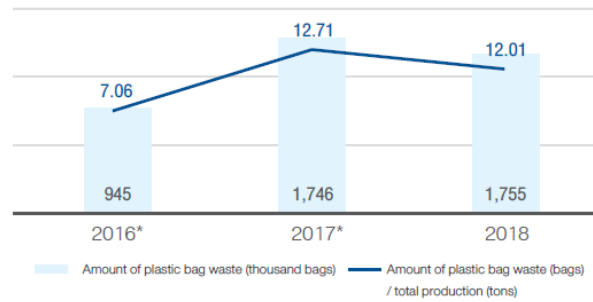
In addition, the Company also promotes use of resources for maximum benefit such as plastic bag usage reduction project. This project encourages employees to carefully use and reduce mistakes of plastic bag packaging process in order to reduce cost and plastic bag usage.





Amount of plastic bag waste / Amount of product (bag/kg.)

GRI 301-1



Decreased

5.46%

Compared to amount of plastic bag waste / total production

*\*Updated year 2016 and 2017 according to current database system*

In 2018, the Company had no legal disputes in regard to emissions and waste or environmental impact from their operations, including not being fined for violating any environmental laws and regulations.



## 11. Internal Control

Board of Directors and executives of the Company emphasize on having effective internal control system in order to mitigate business risks and prevent possible damage. The Company has set measurable goals and action plans as guidance for operations. The organization structure is set up to support and encourage the management to operate efficiently and effectively in accordance with the regulations and policies.

In addition, The Company also authorize the Audit Committee to oversee appropriateness of internal control system of the Company and its subsidiaries. The Audit Committee regularly review work of internal audit, monitors the operation of the Company and its subsidiaries in order to prevent conflicts of interests as well as related transactions to safe guard the Company's assets; reviews the effectiveness of operational control of the Company in various aspects. The Company sets up an independent internal audit department to evaluate operational efficiency and adequacy of the internal control system.

### **Summary of the Company's internal control system and risk management:**

1. The Company has defined the duties and authority of the executives and employees in written policy. The separation of duties and line of authorities among workers and supervisors as well as evaluation process can promote check and balance system, enhance business transparency, prevent business fraud, avoid intellectual property, and set up anti-corruption measures. The Company defines operational procedures by considering the benefit of the Company.

2. The Company recognizes the importance of developing an information system and IT security policy that provides update, correct, and sufficient information to the executives and Board of Directors to make decisions.

3. The Company reviews its actual operational performance to the target in a quarterly basis. In case that the actual is significantly below target, the management will assign the internal audit team to investigate for possible causes, provide suggestions, and report to the Board.

### **Audit Committee**

The key activities of the Audit Committee and the Risk Management Committee during the year 2018 under the duties and responsibilities assigned by the Board of Directors are summarized as follows:

1. Review quarterly and annual financial statements and audited financial statements for the accounting period which covers review of compliance of accounting standards, selection of accounting policies and disclosures in notes to financial statements.

2. Review transactions and disclosures on related transactions between the Company and the related parties that may have conflict of interest during the year 2018.

3. Review independency of performance of internal audit department carried out during the year including adequacy and appropriateness of internal controls and risk management.

4. Review legal compliance with rules and regulations related to Securities and Exchange, regulations of the Stock Exchange and other laws related to the business of the Company.



5. Review appropriateness of transactions and disclosures on related transactions between the Company and the related parties that may have conflict of interest during the year 2018. The transactions had to be justified and adhere to guidelines published by the Capital Market Supervisory Board.

6. Review policies and practices of the Company to ensure compliance with Good Corporate Governance of the Company as guideline given by the Stock Exchange of Thailand.

7. Review policies and anti-corruption policy including defined the practice of internal audit system to ensure the Company's operation is concise, appropriate, and effective.

8. Review independence, result and opinion of auditor. Also, propose an appointment of auditor of the Company and related audit fees to the Board of Directors to propose to the shareholders' meeting for consideration.

9. Meeting with auditor without any executives of the Company to enable auditor to report freely on events and information about the Company. This includes opinion on internal control system of the Company.

10. Review internal audit charter to be consistent with the practices and laws once a year.

After reviewing risks discussed above, the Audit Committee have an opinion that the Company and its subsidiaries maintained appropriate and effective internal control system. Therefore, the Audit Committee reasonably believes that financial statements of the Company are reliable and presented fairly. The related transactions that may have conflicts of interest were reasonably executed. The related transactions that are considered being normal business or supporting normal business with general commercial conditions were performed in accordance with the principles approved by the Board of Directors. The related transactions that are considered not being normal business or not supporting normal business were executed under regulations and guidelines of the Securities and Exchange Commission. The information of the related transactions is disclosed in notes to the financial statements of the interim and annual financial statements. For compliance with various laws, there was no material breach or non-compliance. The Audit Committee can perform their duties independently.

In addition, the Board of Directors has evaluated the adequacy of the internal control system annually in accordance with internal control framework of the Stock Exchange of Thailand which is based on COSO (The Committee of Sponsoring Organizations of the Tread Way Commission) which consists of 5 elements that cover the following areas:

1. **A controlled environment** - the Company had set up a good internal control environment by defining clear organizational structure, business goals, and Key Performance Indicators (KPI) to evaluate efficiency of operational performance to be in line with the Company's goals. The Company had written working manual as guideline for business operations. In addition, the Company encourages management, employees, and its affiliates to recognize the importance of Good Corporate Governance by having business ethics for directors, executives and employees. The Company also encourages anti-corruption by providing training to employees on an annual basis. As a result, the operation will be fair and transparent to all stakeholders.



**2. Risk assessment** – The Company realizes the importance of potential risk management that may affect objectives and goals of the Company. The Company has established risk management policy, the Risk Management Committee is responsible for monitoring risk management process and risk assessment of the Company regularly by setting up the Risk Management Committee meeting at least once a year and report risk assessment results to the Board of Directors to consider and acknowledge. The Company evaluates and analyzes both internal and external risks by preparing Key Risk Indicator (KRI) to be used as a tool for early warning for all significant enterprise risks and department risks including strategic risk, operational risk, financial risk, compliance risk, reputational risk, other risk, and emerging risk. The results will be reported to the Risk Management Committee regularly. In addition, risk factors that may affect the Company are reviewed on annual basis.

**3. Control activities** - The Company has appropriate and adequate control measures. The Company clearly separates duties and responsibilities of each position. The Company also had operational guideline that suits its operational structure and current practices. The operational performance is regularly reviewed in compliance with the rules, regulations, article of associations and authorization and working manual. This is to ensure that the performance had adequate internal control system and operational efficiency.

**4. Information Technology (IT) and data communication** - The Company realizes the importance of IT and communication system and continuously encouraged improvement of the system, security system has been tightened and standardized to ensure that all information is accurate and up-to-date. An efficient and modern IT system is adopted to guarantee the safety of the information. Therefore, information will be used to make business decisions properly and accurately. Intranet function is initiated as a communication channel within the organization to broadcast policy, regulations and working manual and other bulletins. In addition, there is an Investor Relations department which is responsible for coordinating with various investors to obtain information about the operation and investment of the Company through a quick and easy access channels such as the Company's website, E-mail, etc.

**5. Tracking system and evaluation** – The Company continuously monitors and evaluates effectiveness of internal control process, the Board of Directors conducts an internal control system that covers all fields such as accounting and finance, operation, compliance with laws and regulations, Information Technology, and safe guard of assets. Internal audit department was assigned to be in charge of this duty and evaluated performance according to annual audit plan in order to ensure that what is detected in an audit or review have been appropriately updated.

From above internal control system areas, the Audit Committee proposed to the Board of Directors meeting No. 1/2018 dated 18 January 2018 to consider the Company's internal control system. The Board of Directors has evaluated internal control system and a review of the management with same opinion as the Audit Committee that the internal control of the Company and its subsidiaries is sufficient and appropriate with the Company's operation. The Company has provided adequate personnel to implement the system effectively to



minimize business risk and prevent Company's assets from misuse of executives by defining guidelines for Human Resource management in accordance with anticorruption policy, guidelines for internal control to prevent the corruption to government officials as well as any transactions with persons who may have conflicts of interest and related persons sufficiently. The sufficiency of internal control is evaluated annually and compliance with regulations of the Securities and Exchange Commission including fundamental law, section 123/5, anti-corruption policy B.E. 2542 and B.E. 2558 (revised No.3). In addition, internal control department reviews and monitors operations of each department within the Company to ensure compliance with internal control practices. In case that significant error is found, internal control department will report to the Executive Committee and the Audit Committee and Risk Management Committee for resolutions.

In addition, SAM NAK-NGAN A.M.C. Co., Ltd., the Company's auditor audited the quarterly and annual financial statements of the Company and its subsidiaries for year 2018 and had an opinion that no material deficiency found to be impact on results of the Company.

The Board of Directors has appointed Mr. Theerasak Piamsuphakpong to be Director of Internal Audit Department of the Company since January 1, 2011 because he has extensive experience in performing internal audit and attended training courses related to internal control practices. He has good understanding in Company's business and operations. He also passed selection process by the Audit Committee. Therefore, the Company considered it to be appropriate to appoint him to perform such duties.

However, the Company appreciates recommendations and comments from the auditor, the Risk Management Committee and the Audit Committee and to improve internal control system to be more efficient and effective.



## 12. Risk Management

Board of Directors and executives of the Company emphasize on having effective internal control system and risk management in order to mitigate business risks and prevent possible damage. The Company has set measurable goals and action plans as guidance for operations. The organization structure is set up to support and encourage the management to operate efficiently and effectively in accordance with regulations and policies. The organization structure is divided into divisions where the Managing Director is responsible for overseeing operations. Written policies and procedures are maintained. Training courses are provided to employees to improve skills and understanding. The Company also provides employee handbooks and code of conduct to employees in order to work efficiently.

The Company realizes the importance on risk management whereby the management will analyze and assess risk and inform purpose of risk management policies to each department. Each department can use as a guideline for risk assessment such as identifying type of risk, measuring risk, controlling risk, reducing risk, monitoring and evaluating risk. Thus, the Company can manage risks more efficiently. The operational result can achieve to goals and objectives. And, the Company's resources are effectively utilized.

In addition, the Company also authorizes the Risk Management Committee to oversee appropriateness and effectiveness of risk management of the Company and its subsidiaries as well as comply with relevant laws and regulations. The Risk Management Committee regularly review work of risk management functions; monitors operation of the Company and its subsidiaries in order to reviews the effectiveness of operational control of the Company in various aspects, evaluate operational efficiency and risk management based on COSO-ERM (The Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management) framework and enterprise risk management framework in order to maximize operational efficiency.

### **Risk Management Committee**

Key activities of the Risk Management Committee during year 2018 under duties and responsibilities assigned by the Board of Directors are summarized as follows:

1. Consider and identify significant risks of the Company's business operations such as strategic risk, operational risk, financial risk, compliance risk, and reputational risk as well as consider policy of risk management, risk appetite and risk tolerance, and also conduct risk management manual.
2. Communicate risk management policy and manual to all business units as a risk owner, and also provide risk assessment, analyze and review risk of the Company and its subsidiaries regularly by using key risk indicators.
3. Control, monitor, and evaluate the risk management of each business unit, and also provide prevention and means to reduce risk.



4. Review the adequacy and efficiency of the risk management system and policy then constantly report to the Audit Committee.

5. Review and revise the risk management manual annually to be up-to-date and appropriate for business environment.

6. Have authority to request information from various departments of the Company and its subsidiaries for further consideration in regard to risk management.

**For enterprise risk management, the Company categorized the risks that may affect the business directly into 7 areas:**

**1. Strategic Risk**

Strategic risk is risk arising from strategy and policy of the Company, which result from inappropriate strategic plan and inappropriate implementation of strategy. This also includes inconsistencies between policy, goals, strategies, organizational structures, competitive environment, resources, implementation of plan and environment. The Company consistently monitors significant strategy and policies that may affect business operation in order to achieve strategic goals.

**2. Operational Risk**

Operational risk is risk arising from operation, covering every step of factors related to process, equipment, information technology and personnel that may affect performance of organization. The Company applies risk management method with continuous development by identifying significant risk, evaluating effectiveness of control, and establishing a plan to reduce or prevent risk so that such risk is at an acceptable level which is suitable for business. For significant risk, a risk team will identify key risk indicator to monitor risk and to ensure that risk is at an acceptable level or is managed in time in case of any damage.

**3. Financial Risk**

Financial risk is risk arising from insufficient budget, financial problems, including risks that affect operating results and financial position of organization. The Company has to take into account that source of fund must sufficient and obtainable on a timely basis in order to minimize risks that may affect the Company's investments. For foreign exchange rates risks, the Company has financial transactions in both local and foreign currency. The Company has financial plans for several situations to prevent the risk that may occur. The Company also uses financial instruments to hedge such risks i.e. forward contract and others.

**4. Compliance Risk**

Compliance risk is risk arising from not following rules, regulations or related laws that may obstruct business operations. The Company strictly complies with rules (both inside and outside of the Company) and related laws by constantly monitoring and reviewing operations.

**5. Reputational Risk**

Reputational risk is related to perception of public, which is difficult to identify or evaluate clearly because it may be influenced or involved in political, economical, and social issues. The Company therefore adheres to principles of participation of the Board and senior management to manage reputational risk in order



to receive information from many aspects and various experiences which will be useful for assessing reputational risk that may occur.

#### **6. Other Risk**

Other risk is that the Company has major shareholder which influences management policy, authorized to manage, and control majority votes in the shareholders' meeting.

#### **7. Emerging Risk**

Emerging risk is a loss that arises from risk which has not happened but may occur in the future due to change in environment. This type of risk is a risk that occurs gradually with low frequency of occurrence. However, when it happens, it will affect severely. Emerging risk is a result from changing in politic, law, society, technology, physical environment, and natural change. Occasionally, the impact of this risk may not be able to identify such as cyber-attacks risk, climate changing risk, and digital transformation risk, etc.





### 13. Connected Transactions

#### Inter-Transactions of the Company and Its Subsidiaries

The Company and its subsidiaries had inter-transactions within the group which are normal business transactions between the Company and its subsidiaries in accordance with general trading conditions.

#### Procedure for Approval of Inter-Transactions

The Board of Directors carefully and properly considers potential conflict of interest or related transactions under ethical framework which moderated by the Audit Committee in order to comply with requirements of the Securities and Exchange Commission, The Stock Exchange of Thailand, and the accounting standards set by the Federation of Accounting Professions. The Board of Directors also considers to disclose information about related transactions that may have a conflict of interest to the public with accuracy and completeness. The management has mandate to execute the related transactions, as considering being a general trading transaction in which the transactions are undertaken without the influence of their status as being directors, executives, or related persons. The transactions are carried out as normal business transaction with fair and proper price as if they are undertaken with other third parties.

#### Reason for Inter-Transactions

According to the approval process of the inter-transactions, the Company shall execute the inter-transactions similarly to other normal business transaction which allows the authorized persons to approve within credit limit. Moreover, the Audit Committee is responsible for reviewing the inter-transactions of the Company, its subsidiaries, and related persons quarterly to eliminate conflicts of interest for the best interest of the Company. For the inter-transactions occurred in 2018, the term and condition of the inter-transactions were fair and reasonable which were approved by the management or the Board of Directors before the transaction occurred. For the year ended December 31, 2018 and 2017, the Company and its subsidiaries had the inter-transactions which were disclosed in the notes to audited financial statements by the Company's auditor. The Audit Committee reviewed and had opinion that all inter-transactions were carried out as normal business transaction with normal terms and conditions.

#### Inter-Transactions in the Future

In the future, the inter-transactions of the Company shall be carried out as normal business transactions in compliance with the regulations of the Stock Exchange of Thailand or other related organizations strictly. The inter-transactions shall be considered under the reasonableness and commercial appropriateness to treat shareholders and stakeholders equally according to the "Good Corporate Governance Policy". However, the inter-transactions, that may be carried out in the future, shall be executed according to the approval process as mentioned above.



### Inter-Transactions in the Current Year and the Previous Year

For the year 2018 and 2017, the Company and its subsidiaries had inter-transactions disclosed in notes to audited financial statements, note 5: Inter-transactions with related companies, details are as follows:

Related Companies/ Relationship among the Companies	Type of transactions	Value of Inter-Transactions for the year ended Dec. 31, 2018 (MB.)		Value of Inter-Transactions for the year ended Dec. 31, 2017 (MB.)		Reasons and Necessity of the Transactions / Pricing Condition
		Separate FS.	Consolidated FS.	Separate FS.	Consolidated FS.	
1. P. Charoen Phan Feedmill Co., Ltd. / Common Management	1. Sales	-	537.98	-	530.39	- Selling broiler / Pricing by Contract Price based on Market Price - Providing rental office building / Pricing by Independent Appraiser
	2. Purchases	-	651.27	-	767.41	
	3. Rental Income	-	0.60	-	0.60	
	4. Other Income	0.93	23.89	0.42	22.20	
	5. Rental Expenses	7.92	17.82	7.92	17.82	
	6. Expenses	2.16	63.55	2.11	75.46	
2. P. Charoen Phan Produce Co., Ltd. / Common Management	1. Rental Expenses	1.12	2.62	1.12	2.62	Providing rental farms / Pricing by Contract Price
3. P. Charoen Phan G.P.Farm Co., Ltd. / Common Management	1. Other Income	-	-	-	0.02	Providing land lease for broiler farms / Pricing by Contract Price
	2. Rental Expenses	-	0.48	-	0.48	
4. Krunghthai Aqua- Culture Co., Ltd. / Common Management	1. Sales	-	20.46	-	-	Expertise in corn supply for feed production / Pricing by Market Price
	2. Purchases	-	2,237.37	-	2,021.79	
	3. Other Income	-	6.47	-	-	
5. M.K.S.Condotown Co., Ltd. / Common Management	1. Other Income	1.47	1.47	1.34	1.34	Providing rental accommodations / Pricing by Market Price
	2. Rental Expenses	0.36	0.36	0.36	0.36	
	3. Expenses	0.07	0.07	0.05	0.05	
6. Nichirei Foods Inc. / Major Shareholder of joint venture	1. Sales	1,133.11	1,133.11	1,549.64	1,549.64	Purchasing Chicken Processing Products / Pricing by Market Price
	2. Other Income	0.21	0.21	0.02	0.02	



Related Companies/ Relationship among the Companies	Type of transactions	Value of Inter-Transactions for the year ended Dec. 31, 2018 (MB.)		Value of Inter-Transactions for the year ended Dec. 31, 2017 (MB.)		Reasons and Necessity of the Transactions / Pricing Condition
		Separate FS.	Consolidated FS.	Separate FS.	Consolidated FS.	
7. KEYSTONE FOODS (AP) LTD. / Shareholding by Keystone Foods Inc.	1. Sales	888.71	888.71	869.31	869.31	Purchasing Chicken Processing Products / Pricing by Market Price
8. Surapon Foods Public Co., Ltd. / Related to the Associated Company by Shareholding of Surapon Nichirei Foods Co., Ltd.	1. Sales	1.73	1.73	1.29	1.29	Purchasing Chicken Meat Products / Pricing by Market Price
9. Related Persons / Directors and Shareholders and Related Persons with Directors and Shareholders	1. Interest Expenses	44.74	91.24	35.49	86.21	According to the Minutes of Extraordinary General Meeting No.1/2013 dated December 12, 2013, the Company and its subsidiaries were approved to receive financial assistance from related persons to help the Company's liquidity. The amount of credit line was not exceeding Baht 2,000 million with annual interest rate of not over 5.50%, maturity at January 2024