

7. Shareholder Structure

7.1) Securities

As of October 31, 2017, the Company's registered capital is THB 2,205,121,824 comprising 4,410,243,648 ordinary shares. The paid up capital is THB 2,205,116,309.50 dividing into, comprising 4,410,232,619 paid up shares, at par value of THB 0.50.

7.2) Debentures

Non-subordinated and Unsecured Debentures

Name	Tenor	Expiry Date	Total Value (million THB)
KSL185A	3 yrs	7-May-18	2,000
KSL189A	3 yrs	25-Sep-18	1,000
KSL192A	2 yrs	24-Feb-19	1,000
KSL198A	5 yrs	5-Aug-19	1,000
KSL199A	5 yrs	18-Sep-19	1,000
KSL202A	3 yrs	24-Feb-20	1,000
KSL203A	5 yrs	13-Mar-20	2,000
KSL206A	3 yrs	20-Jun-20	500
Total Long Term Debentures			9,500

7.3) Shareholders

On October 31, 2017, the top 10 major shareholders of the Company are as follows:

as of 31 October 2017			
Rank	Shareholder	No. of Shares	% of total
1	KSL Sugar Holding Co., Ltd.	1,466,916,928	33.262
2	Thai NVDR Co, Ltd.	126,550,166	2.869
3	Mr. Chanachai Chutimavoraphand	115,355,499	2.616
4	Ms. Duangkae Chinthammit	99,683,643	2.260
5	Ms. Duangdao Chinthammit	99,599,954	2.258
6	Mr. Kamondanai Chinthammit	99,022,448	2.245
7	Mr. Chamroon Chinthammit	96,796,331	2.195
8	Mr. Somchai Chinthammit	96,225,726	2.182
9	CREDIT SUISSE AG, SINGAPORE BRANCH	95,563,336	2.167
10	Mr. Piripon Chinthammit	92,647,024	2.101
	Total	2,388,361,055	54.155
11	Others	2,021,871,564	45.845
	Grand total	4,410,232,619	100.000

Note: A major shareholder of KSL Sugar Holding Co., Ltd. is the Chinthammit family which holds 33 % of shares. However, proportion of shareholding does not indicate that members of the Chinthammit family are voting in the same way.

The registered capital and paid up capital of KSL Sugar Holding Company Limited consists of 100 million shares at par value of THB 10 per share or THB 1,000 million.

On October 31, 2017, the top 10 major shareholders in KSL Sugar Holding Company Limited's shareholder register are as follows:

31-Oct-17			
Rank	Name	No. of Share	Percentage
1	Ms. Nareerat Chinthammit	12,105,268	12.11
2	Ms. Duangdao Chinthammit	7,847,944	7.85
3	Ms. Duangkae Chinthammit	7,764,650	7.76
4	Mr. Chanachai Chutimavoraphand	6,971,788	6.97
5	Mr. Chamroon Chinthammit	5,370,580	5.37
6	Mr. Somchai Chinthammit	5,169,890	5.17
7	Mr. Sarun Chinthammit	4,246,828	4.25
8	Mr. Kamondanai Chinthammit	2,906,000	2.91
9	Mr. Piripon Chinthammit	2,906,000	2.91
10	Ms. Yaovanuth Dejvitak	2,900,000	2.90
	Ms. Yaovaluck Chutimavoraphand	2,900,000	2.90
	Total share of Top 10 Major Shareholders	61,088,948	61.09
11	Other shareholders	38,911,052	38.91
	Total Registered Paid Up Capital	100,000,000	100.00

Note: The 10th major shareholders are Ms. Yaovanuth Dejvitak and Ms. Yaovaluck Chutimavoraphand who both hold equal number of shares.

7.4) Dividend Payment Policy

The company pays dividends at a rate of not less than 50 % of its net income after tax and legal reserves of separate financial statement if there is no necessity for the use of the money, and if the dividend payment does not have an adverse effect on corporate operations significantly. Factors that are considered include corporate operation results, financial position, liquidity, and business expansion plans. The dividend payment requires approval from corporate shareholders and/or the Board of Directors. Dividend payment of the subsidiaries and associates to Khon Kaen Sugar Industry Public Company Limited depends on their cash flow, liquidity, suitability, and necessity for the use of the money. No minimum rate is specified.

7.5) Dividend Payment Record

Year	2012	2013	2014	2015	2016
Cash (THB per share)	0.50	0.35	0.0811111111	0.0555555556	0.10
Dividend stock (THB per share)	-	-	0.10	0.05	-
Percentage of dividend to net profit	34	35	37	51.90	30.92

8. Management Structure



8.1 Board of Directors

As of October 31, 2017, the Company's Board of Directors consists of:

1.	Mr. Manu Leopairote	Chairman and Independent Director
2.	Mr. Chamroon Chinthammit	Director
3.	<i>[Mr. Prapas Chutimavoraphand</i>	<i>Director (Resigned 1 April 2017)]</i>
	Mr. Chanachai Chutimavoraphand	Director (Appointed 1 April 2017)
4.	Mr. Pornsin Thaemsirichai	Director
5.	Mr. Sukhum Tokaranyaset	Director
6.	Mr. Thawatchai Rojanachotikul	Director
7.	Ms. Intira Sukhanindr	Director
8.	Ms. Duangdao Chinthammit	Director
9.	Mr. Somchai Chinthammit	Director
10.	Ms. Duangkae Chinthammit	Director
11.	Mr. Chalush Chinthammit	Director
12.	Mr. Chatri Chinthammit	Director
13.	Mr. Somchat Chinthammit	Director
14.	Mr. Tachpong Pakornsiriwongse	Director
15.	<i>[Mr. Pramoon Vichiensin</i>	<i>Independent Director (Resigned 1 June 2017)]</i>
	Ms. Anchalee Pipatanasern	Independent Director (Appointed 29 September 2017)
16.	Pol. Gen. Boonpen Bumpenboon	Independent Director
17.	Mr. Sitti Leelakasamelurk	Independent Director
18.	Mr. Karun Kittisataporn	Independent Director
19.	Mr. Worapatr Todhanakasem	Independent Director
20.	Ms. Nongluck Phinainitisart	Independent Director
21.	Mr. Trakarn Chunharojrit	Director

Chairman is responsible for leading the Board and has the following duties.

- (1) Oversee, monitor, and ensure that the Board efficiently carries out its duties to achieve the Company's main objectives.
- (2) Ensure that all Directors contribute to the Company's corporate culture and good corporate governance.
- (3) Set the Board meeting agenda by discussing with the Chief Executive Officer and set up procedures to ensure that important matters are included in the agenda.
- (4) Allocate sufficient time for management to propose topics and for Directors to debate important matters thoroughly and encourage Directors to exercise good discretion and pay attention to relevant issues brought to the meeting including corporate governance issues.
- (5) Promote good relationship between the Board and management.

8.2 The Executives

As of 31 October 2017, the corporate top executives include:

- | | | |
|-----|--------------------------------|--|
| 1. | Mr. Chamroon Chinthammit | CEO and President |
| 2. | Mr. Pornsin Thaemsirichai | Senior Vice President – Innovation Office |
| 3. | Mr. Sukhum Tokaranyaset | Senior Vice President – Accounting & Finance |
| 4. | Mr. Thawatchai Rojanachotikul | Senior Vice President – Administration |
| 5. | Ms. Intira Sukhanindr | Senior Vice President – Business Development |
| 6. | Ms. Duangdao Chinthammit | Vice President – Human Resources |
| 7. | Mr. Chalush Chinthammit | Vice President – Office of President |
| 8. | Mr. Chanachai Chutimavoraphand | Vice President – Accounting & Finance |
| 9. | Mr. Theera Sanguandeekul | Vice President – Sugar Production |
| 10. | Mr. Dhajjai Subhapholsiri | Company Secretary/ Vice President – Office of
Company Secretary and Legal |
| 11. | Mr. Dhanapat Na Chiangmai | Vice President – Administration |

Remark: Person 1-5 are executives of the Company according to the definition of SEC.

Scope of Duties and Responsibilities of CEO and President:

1. Decide on important matters related to the Company. Determine the corporate missions, objectives, guidelines, and policies. Supervise the overall work. Be responsible for the Board of Directors.
2. Have the power to employ, appoint, and transfer personnel as necessary and appropriate to be the management or staff members for corporate operations. Define appropriate functions, responsibilities, and remunerations of employees. Have the power to dismiss, lay-off, and discharge employees as appropriate.
3. Have the power to determine business terms and conditions, such as credit limits, payment terms, trade agreements, and trade term changes.
4. Have the power to act and appear as a corporate representative to outsiders regarding affairs related and advantages to the Company.
5. Approve the appointment of advisors needed in the corporate operations.
6. Deal with affairs concerning the Company's general operations.

The duties and responsibilities of CEO and President shall comply with legislation and the Company's regulations. The approval of CEO and President does not apply to approval of transactions that would allow CEO and related persons to have interest or cause conflict of interests affecting the Company and its subsidiaries.

A summary of approved financial amounts of transactions according to the Company's authorization manual

No.	Approved Financial Amounts for Important Transactions	BOD	EXC	PSD
1	Approval of Annual Budget	More than THB 500 Million	Not over THB 500 Million	Not over THB 100 Million
2	Approval of Changing/Increasing of Annual Budget or Investment Budget	More than THB 100 Million	More than THB 100 Million	Not over THB 100 Million

Note : (1) The power to approve the financial amounts mentioned is governed by legislation and regulations of the Company, the Stock Exchange of Thailand and Securities, and Exchange Commission.

(2) BOD means Board of Director, EXC means Executive Board, PSD means CEO and President.

8.3 Company Secretary

The Board of Directors appoints Company Secretary whose duties includes giving advice to the directors as to the compliance with laws and regulations regarding their responsibilities, arranging Board of director meeting, shareholder meeting, and meeting reports and all other works required by law. The Company supports the Company Secretary to gain more knowledge and training in law and company secretary duties.

Currently, the Company Secretary is Mr. Dhajjai Subhapholsiri who graduated with law degrees and has experience in legal practice for a long period. He also attended a number of courses on duties of Company Secretary and other relating courses. Description is in Details of Directors, Executives, Controlling Persons and Company Secretary.

8.4 Directors' and Executives' remuneration

8.4.1 Directors' Remuneration

The Board of Directors determines clear policies and guidelines for payment of directors' remunerations. For transparency, the remunerations are proposed to the shareholders' meeting annually for approval. They are adequate and motivational so that the Company is able to keep highly qualified directors. Directors serving in committees receive appropriate remunerations based on their duties and responsibilities for those committees. Remunerations are divided into 3 parts:

- 1) Regular remunerations are paid monthly to directors.
- 2) Meeting remunerations are paid for directors who attend a Board meeting.

- 3) Directors' Bonus is a special remuneration paid once a year in accordance with the corporate annual operating results.

The Company determined the directors' remuneration which is approved by the shareholder's meeting on February 24, 2017 as follows:

	Not exceeding the amount of THB per year	
1. Remuneration for Chairman of Board of Directors	540,000	THB
2. Remuneration for Chairman of Audit Committee	540,000	THB
3. Remuneration for 19 directors	8,550,000	THB
THB 25,000 / person / month + bonus		
4. Meeting allowance for members in Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Corporate Governance Committee who attend the meeting.		
Chairman of sub-committee who attends the meeting THB 7,200/ meeting.		
Each member of sub-committee who attends the meeting THB 6,000/ meeting.		
5. Meeting allowance for Chairman of Executive Board	THB 1,200/ meeting,	
Executive director THB 1,000 / meeting		

No remunerations to be paid to directors other than above-mentioned information.

* Noted: the directors' remuneration does not include the remuneration from subsidiary companies.

8.4.2 Managing Director's Remuneration

The Company prescribes the managing director's remuneration by taking into account qualifications, duties and responsibilities in comparison with the amount paid by other companies in the same industry offered by businesses operating in the same industry listed in SET as well as operating result and size of business so as to be an incentive for developing the Company in a continuous and sustainable manner.

8.4.3 Remuneration for Top Executives

Remuneration for Executives is in line with the Company's principles and policies, and relates to the operating result and each individual's performance. The remuneration is prescribed to motivate and sustain the qualified executives with the Company.

Remuneration in Cash

1. Remuneration for directors in 2017

No.	Name of Directors	Position in Board of Directors	Year 2016				Year 2017			
			Remuneration		Meeting Allowance	Total (THB)	Remuneration		Meeting Allowance	Total (THB)
			Yearly	Bonus			Yearly	Bonus		
1.	Mr. Manu Leoparote	Chairman	360,000	124,500	-	484,500	360,000	129,000	-	489,000
2.	Mr. Chamroon Chinthammit	Executive Director	300,000	103,750	11,800	414,550	300,000	107,500	14,400	421,900
3.	<i>Mr. Prapas Chutimavoraphand (resigned 1 April 2017)</i>	<i>Executive Director</i>	<i>300,000</i>	<i>103,750</i>	<i>11,000</i>	<i>414,750</i>	<i>125,000</i>	<i>-</i>	<i>6,000</i>	<i>131,000</i>
3.	Mr. Chanachai Chutimavoraphand (appointed 1 April 2017)	Executive Director	-	-	-	-	175,000	62,708	6,000	243,708
4.	Mr. Pornsin Thaemsirichai	Executive Director	300,000	103,750	11,000	414,750	300,000	107,500	12,000	419,500
5.	Mr. Sukhum Tokaranyaset	Executive Director	300,000	103,750	11,000	414,750	300,000	107,500	12,000	419,500
6.	Mr. Thawatchai Rojanachotikul	Executive Director	300,000	103,750	11,000	414,750	300,000	107,500	12,000	419,500
7.	Ms. Intira Sukhanindr	Executive Director	300,000	103,750	11,000	414,750	300,000	107,500	12,000	419,500
8.	Ms. Duangdao Chinthammit	Executive Director / Nomination & Remuneration Committee	300,000	103,750	23,000	426,750	300,000	107,500	35,000	442,500
9.	Mr. Chalush Chinthammit	Executive Director / Risk Management Committee	300,000	103,750	35,000	438,750	300,000	107,500	28,000	435,500

No.	Name of Directors	Position in Board of Directors	Year 2016				Year 2017			
			Remuneration		Meeting Allowance	Total (THB)	Remuneration		Meeting Allowance	Total (THB)
			Yearly	Bonus			Yearly	Bonus		
10.	Mr. Somchai Chinthammit	Executive Director	300,000	103,750	11,000	414,750	300,000	107,500	12,000	419,500
11.	Ms. Duangkae Chinthammit	Executive Director	300,000	103,750	11,000	414,750	300,000	107,500	12,000	419,500
12.	Mr. Tachpong Pakornsiriwongse	Executive Director	300,000	103,750	10,000	413,750	300,000	107,500	12,000	419,500
13.	Mr. Somchat Chinthammit	Director/ Nomination & Remuneration Committee	300,000	103,750	12,000	415,750	300,000	107,500	24,000	431,500
14.	Mr. Chatri Chinthammit	Director	300,000	103,750	-	403,750	300,000	107,500	-	407,500
15.	Mr. Trakarn Chunharojrit	Executive Director	300,000	103,750	10,000	413,750	300,000	107,500	12,000	419,500
16.	Mr. Sitti Leelakasamelurk	Independent Director / Chairman of Audit Committee / Risk Management Committee	360,000	124,500	52,800	537,300	360,000	129,000	60,000	549,000
17.	Pol. Gen. Boonpen Bumpenboon	Independent Director /Chairman of Risk Management Committee /CG Committee	300,000	103,750	46,800	450,550	300,000	107,500	40,800	448,300

No.	Name of Directors	Position in Board of Directors	Year 2016				Year 2017			
			Remuneration		Meeting Allowance	Total (THB)	Remuneration		Meeting Allowance	Total (THB)
			Yearly	Bonus			Yearly	Bonus		
18.	Mr. Karun Kittisataporn	Independent Director /Audit Committee/ Nomination & Remuneration Committee / CG Committee	300,000	103,750	36,000	439,750	300,000	107,500	67,200	474,700
19.	Mr. Warapatr Todhanakasem	Independent Director /Audit Committee/Risk Management Committee/ Chairman of CG Committee	300,000	103,750	57,600	461,350	300,000	107,500	75,600	483,100
20.	Ms. Nongluck Phinainitisart	Independent Director / Audit Committee / CG Committee	300,000	103,750	30,000	433,750	300,000	107,500	48,000	455,500
21.	Mr. Pramoon Vichiensin (resigned 1 June 2017)	Independent Director / Chairman of Nomination & Remuneration Committee	300,000	103,750	14,400	418,150	175,000	-	21,600	196,600
21.	Ms. Anchalee Pipatanasern (appointed 29 September 2017)	Independent Director	-	-	-	-	26,667	-	-	26,667
	Total		6,420,000	2,220,250	416,900	9,057,150	6,321,667	2,148,208	522,600	8,992,475

* Noted: the directors' remunerations do not include the remunerations from subsidiary companies.

2. Remuneration for executives in 2017

Remunerations for 11 executives (listed as corporate top executives on Section 8.2) include salaries, bonuses and allowances amounted to THB 41.42 million.

Other Remunerations

The Company's regulations prescribe other form of remuneration for top executives, such as company car, fuel and maintenance expense and employee's welfare.

8.5 Personnel

As of October 31, 2017, the Company's personnel information is as follows:

	Consolidated		Separated	
	2017	2016	2017	2016
Average Number of Employees (Persons)				
During Production Season	6,609	6,722	2,375	2,316
During Normal Period	5,160	5,213	1,943	1,912
Expenses related to employees (Million THB)	1,550.80	1,462.41	569.76	557.94

As of 31 October 2017, the Company had no significant labor disputes that may have a potential negative impact on its operations.

Director and Executive Development

As for the Directors, the Corporate Governance Policy prescribes that the Company should encourage Directors to have continual training and knowledge development, particularly training in curriculum that is organized by external entities such as the Stock Exchange of Thailand and Institute of Thai Directors (IOD) so as to help the Directors perform their duties and govern the Company's business effectively.

Directors and executives have participated in training courses organized by accredited institutions, such as Chairman Program, Director Accreditation Program (DAP), and Director Certification Program (DCP) provided by Thai Institute of Directors (IOD), also basic courses for the audit committee, courses offered by the Stock Exchange of Thailand, and cutting-edge management courses offered by other professional institutions. In 2017, some directors have participated in training courses, for example, Ms. Duangdao Chinthammit (Director and Vice President) attended SET SD Forum 2/2017: Sustainability Strategy Key Blueprint for Business Growth, organized by SET, Business... Transformation: Reinventing the company for digital disruption, organized by TMA, Mr. Chanachai Chutimavoraphand (Director Vice President) – Orientation course – CFO Focus on Financial, organized by Federation of Accounting Professions.

New directors are required to complete training and orientation providing important knowledge and skills that are crucial for their directorship and receive Manual of Directors. Once there are business expansions or new ventures, the Company invites corporate directors to visit the sites and monitor the progress regularly.

As to the executives, the Human Resources Department has established a policy approved by the Board of Directors regarding personnel and top executives, namely, policy to promote and develop personnel to have knowledge and skills and be efficient to work and create innovation, a succession policy for top executives so as to solve the shortage of important positions by setting procedures of evaluating circumstances and foreseeing the movement, soliciting, developing and preparing potential personnel in the long run.

During 2017, HR has organized training curricula for top and executives under the aforementioned policy, e.g.

- For top executives and potential executives: Key Successor Development Program (KSDP) for the second consecutive year during 1-3 June 2017, 18-19 August 2017 and 11-12 October 2017, totaling 7 days for 25 participants.
- For middle executives (Level 8-10): Manager Development Program (MDP) focusing on innovation during 31 July – 2 August and 31 August 2017 for 40 participants.
- For primary executives (Level 6-7): Supervisor Development Program (SDP) during 6-8 and 20-22 September 2017, totaling 6 days for 38 participants.
- A special workshop for Production personnel by developing specific matters derived from previous training and co-coaching from executives and external expert.

Succession Plan

The Board of Directors realizes that the Company growth depends on personnel who are educated, talented, and decent persons. Therefore, the Board of Directors passes the policy to the executives regarding effective development and management of personnel.

The Company selects personnel who are in the executive position appropriately to ensure that the executive team has ability and is suitable for the position in order to perform the duty effectively. To ensure readiness for the administrative status, the Company prepares its human resources to be able to take on different responsibilities assigned in order to appropriately cover for their colleagues or fulfill their new positions. Executives are given opportunities to learn about the work outside their fields. This is to enable them to fill in assignments for their colleagues who are unable to take on the responsibilities. The Board of Directors has assigned the nomination and remuneration committee to research and coordinate with accredited consulting firms and professional institutions during development and revision of succession plans.

The Company specifies the succession plan as follows:

1. Specify the important position or major position
2. Specify the latency or capability of the major position
3. Finding a successor in succession plan
4. Set a policy for individual personnel development

Personnel Development Policy

The Company always sets high value for its human resources. Policies on continuous training and human resource management have been established. The aims are to help employees reach their potential, ensure effectiveness at work, and allow them to advance in their fields. All employees are required to receive training that is in line with the Company's direction and strategies. Training is well planned and always financially supported by the Company which are held in the Company and outside by other institutions. Also, the Company encourages the communication to transfer and share knowledge between employees in the organization (Knowledge Management).

In addition, the Company focuses on developing better quality of life of employees. Also, the Company focuses more on developing employees' knowledge and understanding about safety, occupational health and environment in the workplace.

The Company discloses information regarding personnel development, safety and occupational health in the Sustainability Report that partly covers injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR) , absentee rate (AR), fatalities rate (FR).

9. Corporate Governance

9.1 Corporate Governance Policy

The Board of Directors approved the first Corporate Governance Policy on 3 February 2014. Afterwards, the Board of Directors by the Meeting No. 3/2015 on 26 June 2015 approved the first revision of the CG Policy which became effective on 27 June 2015. Soon after, the Securities and Exchange Commission, Thailand (SEC) announced the new Corporate Governance Code effective from 17 August 2016 which is somewhat different from the former principles which the Company has adopted. The Corporate Governance Committee deems it appropriate to revise the said CG Policy (1st revision) to conform the new CG Code and submits a new draft to the Board. The Board of Directors in the meeting No. 7/2016-2017 on 29 September 2017 resolved the approval of the CG Policy (2nd revision) and makes it effective from 1 October 2017 onwards.

There are some principles suggested in the Corporate Governance Code for listed companies 2017 that the Company has adopted in the Corporate Governance Policy (2nd revision) (Policy) and the Charter of Board of Directors (Charter) approved by the Board as follows.

1. A good practice indicating business achievement has been adopted in the Policy, Chapter 5 (Roles and Responsibilities of the Board of Directors) that the Board should take into account ethics, social and environmental impact in addition to financial impact.

2. The Practice 3.2.3 prescribing roles and duties of Chairman has been adopted in the Policy, Chapter 5, Clause 6. (Chairman and Managing director not the same person)

3. The Practice 3.5.2 suggesting that a director should not hold position in not more than 5 listed companies has been adopted in the Charter as a qualification of director that a director has enough time to well perform his/her duties as a director of the Company and the directorship in other companies shall not hinder the performance of director's duties, provided that a director should not hold directorship in more than 5 listed companies at the same time.

4. The Practice 5.4 regarding the governance and management of information technology has been adopted in the Charter as a duty of the Board to take care of the risk management system and internal control that conform to standards and respond to the achievement of objectives and goals of the Company in the long run, including the prevention of information leakage which could be done by using information technology.

As regards other principles and practices, the Company has considered and applied by using other approaches such as disclosure of information, Board's resolution, intra-practices among internal units, etc.

The policy of Corporate Governance consists of 7 Chapters as follows: 1. Rights of shareholders, 2. Equitable treatment of shareholders, 3. Role of stakeholders, 4. Disclosure and transparency, 5. Role and Responsibilities of the Board of Directors, 6. Anti-Corruption, and 7. Reporting Information on Misconduct and Fraudulent Activities.

In addition to the CG Policy, the Company has made the Company's Business Ethics (1st revision) B.E. 2558 which are consistent with the CG Policy (1st revision). At present, the Company's Business Ethics (1st revision) is still consistent with the CG Policy (2nd revision). The Business Ethics apply to all groups of the Company's personnel, namely, directors, executives and staffs. The Company disseminates the CG Policy and the Business Ethics in the Company's website and the intranet. As to the dissemination in the intranet, the Company adds guidelines of practices for each item in the Ethics so that the personnel can understand them easily and

also encourages the compliance with the Ethics as well as organizes training or activities that induces the staff to acknowledge and comply with the Ethics.

9.1.1 Rights of Shareholders

1. The Company proposes a complete notice of a meeting both in Thai and English on the Company's website 30 days prior to the meeting day. A notice of a meeting and supporting documents shall deliver to shareholders 7 days prior to the meeting day in case of general agenda and 14 days prior to the meeting day in case of special agenda.

2. The Company's website where corporate shareholders and those interested may download corporate financial information, corporate profiles, and meeting information is www.ksigroup.com. Inquiries and requests for further information may be e-mailed to ir@ksigroup.com and secretary@ksigroup.com

3. The Company facilitates and encourages its shareholders to exercise their rights and votes. There are two closing times of the transfer book. The Shareholders Register is first closed for shareholders' right to attend a shareholders' meeting, allowing the shareholders to consider and approve the annual dividend payment. The Register is closed again for shareholders' right to receive dividends, allowing the shareholders to choose whether they will hold the stocks for the dividends or not. Shareholders meetings are organized at convenient venues which is easily accessible by public transportation. The Company has chosen to hold annual general meetings at hotel in the middle of Bangkok, near the Company's head office. Shareholders can submit the registration form prior to the meeting day. For more convenient way, the Company uses barcode for registration. Stamps for proxy are prepared for shareholders. The meetings are notified in newspapers.

4. The Company held the Annual General Meeting 2016, No. 1/2017 on February 24, 2017. Corporate shareholders were given opportunities to directly inquire the corporate directors and committees. The Company does not deprive its shareholders of access to corporate information. All important information is included in distributed notices without any last-minute addition of agendas or changes in important matters. Shareholders who arrive late are always allowed to attend meetings. The meeting was recorded by video recorder.

5. In the annual shareholders meeting notice, the Company informed its shareholders about rules and procedure of attending the shareholders' meeting. It nominated corporate independent directors: Mr. Manu Leoparote and Mr. Sitti Leelakasamelurk as the shareholders' proxies. Shareholders were provided with proxy forms (Form A, B, and C).

6. Agenda of the 2016 Annual Shareholders' Meeting No. 1/2017 notice covered statement of financial position, profit and loss statement, election of replacement directors whose terms have ended, consideration of remuneration for directors, and appoint of auditor and audit fee.

7. In the AGM 2016, No. 1/ 2017 the Chairman informed corporate shareholders about procedures relevant to the meeting including voting procedure. The shareholders were given opportunities to express their opinions and ask questions. There were inquiries about the Company's financial statements and operating results. In director appointment, the shareholders voted on each nominated director. Voting cards were used.

8. In minutes of the AGM 2016, No. 1/ 2017, names of all the directors physically present/absent were shown. Summaries of clarifications, questions, answers, opinions, the voting procedure, and the vote count procedure were provided. Regarding disagreement, the meeting resolution was presented along with the total of votes in favor/ against and no vote. The minutes were posted on the corporate website within 14 days after the AGM .

9. The Company reported the financial statement certified by auditor to the SET within 60 days after the year end.

9.1.2 Equitable Treatments of Shareholders

1. A shareholder has a voting right in one share/ one vote. The Company has only ordinary shares.

2. The Company prescribes the using inside information in CG Policy (Section 2: Equitable treatment of shareholders) and disseminate to employees, executives, and directors aware of limitation, prohibit to use inside information via internal communication such as email and intranet. Besides, the Company regularly warns directors and executives in writing in advance of each disclosure of financial reports to refrain from the disposal of the Company's securities as from and until the specific dates and, for transparency, has an agenda in the Executive Board and the Board of Directors informing the changes of the Company's securities of each director or executive (if any) as well as informs the directors and executives of any illegal act regarding using inside information so that the directors and executives shall exercise good care in respect of the use or alleged use of any inside information before disclosure to public.

3. The Company allows its shareholders to propose matters to be included in a meeting's agenda, prior to the meeting, with requirements and procedures. For instance, the proposal may be submitted by one single shareholder or several shareholders holding at least 5% of total shares. A meeting agenda is presented in detail. Criteria for approving or rejecting proposed matters as part of meetings' agendas are stated clearly. There are channels and periods of time for accepting shareholders' proposals. After proposals are accepted, the Board of Directors' meeting will consider and select the proposals. Shareholders will be informed about the Board's meeting resolutions and reasons in detail regarding the proposals through the Company's website and corporate shareholders did not propose any additional matters to be included in the shareholders' meeting agendas. Moreover, the Company encourages its shareholders to electronically submit the Board their inquiries related to shareholders' meeting agendas via its website prior to shareholders' meeting dates.

4. The Company has facilitated nomination of candidates for corporate directors by shareholders. Guidelines for the procedure and criteria have been provided. For instance, registered mail can be used for shareholders' submission of their nominations to the Company's Secretarial Division. Periods of time for accepting shareholders' director nominations are defined. Forms for nominees' profiles are provided. The procedure for nominees' declaration of their consent is explained. Detailed information regarding the nomination is posted on the Company's website. After nominations are accepted, the Board of Directors' meeting will consider the nominations. However, up to the present there has been no nomination from corporate shareholders.

5. Regarding the use and protection of inside information, the Company has established measures to prevent the use of inside information by directors, management, and employees for abusive self-dealing.

6. The Company requires that a director shall not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the Company's direct and indirect competition, unless the information about their position(s) is disclosed to the shareholders' meeting before the appointment. Directors shall inform the Company immediately about their direct and indirect conflicts of interest arising in any corporate contracts done between fiscal years, or due to change in their acquisition of shares or debentures of the Company or its subsidiaries between fiscal years. The Company encourages its directors, Management and those related to the Board to disclose information about their interests as part of the Board's meeting agendas. Directors who have interests in any issues being considered are not allowed to vote on those particular issues.

7. In the past year, neither directors nor executives used insider trading. The Company is not violating connected transaction.

9.1.3 Role of Stakeholders

Besides protecting the benefits and rights of its shareholders, the Company realizes the significance of other stakeholders contributing to its financial stability and sustainability. These stakeholders include customers, employees, suppliers, creditors, and the surrounding community. The Company has always ensured integrity and fair treatment for each stakeholder through its established business ethics, such as:

Rights of Shareholders: The Company abides by the Corporate Governance Policy and guidelines regarding shareholders and equal treatment to shareholders and prescribes consistent Business Ethics.

Rights of Employees: The Company prescribes the Corporate Governance Policy and guidelines regarding employees in the Chapter on Roles of Stakeholders and provides the conforming Business Ethics. Apart from respecting the employees' legal rights according to the Labour Protection Act and the related laws, the Company commits to the importance of employees at all levels without discrimination on race, religion and gender. All employees are equal and are treated equally. They are entitled to welfare without discrimination. Besides, the Company encourages the acquisition of knowledge through internal and external trainings so as to cope the future growth. The Company establishes a provident fund for employees and abides by the announced Thai labor Standard 8001-2553 which the Company is certified at the highest level from the Department of Welfare and Labour Protection, Ministry of Labour.

On a monthly basis, the Human Resources Department reports information regarding the personnel development, workforce, rate of turnover, expenses, training statistics, payment of benefits to employees that includes compensation fund, illness, giving birth of baby, dentistry,

staff's children support, aging, disability and compensation received from insurance taken by the Company.

Rights of Customers: The Company has the Corporate Governance Policy and guidelines regarding customers in the Chapter on Roles of Stakeholders saying that the Company applies international quality control system, e.g., ISO 9001:2008, FSSC 22000, GMP, HACCP, HALAL, KOSHER, etc. so as to create the utmost satisfaction to the customers in terms of quality and product standard, timely delivery and international standard service and strict confidentiality keeping and provides consistent business ethics to ensure responsibility and long-term relationship with the customers.

The Company regularly communicates with the customers through various channels and visits the customers to know the need of the customers as well as to give useful information to the customers. The Company invites the customers to visit and audit the work system of the Company and the factories so that the customers can consider potential and readiness of the Company as a seller in accordance with the customers' standard. The Company provides the customers' satisfaction yearly survey as a part of ISO 9001 and takes into account the Customers' observation to improve its service and production, e.g. delivery, quality, after sale service, etc. Besides, the Company provides customers with channels for complaints and recommendations as deemed appropriate by the customers. By average, the Company receives approximately 40-50 complaints and recommendations per year regarding the operation of 5 sugar factories.

The Company extends full cooperation with the customers when they need certification from the Company that the latter complies with the principles of corporate governance and other significant standards. By the same token, the Company informs the customers of its corporate governance policy and anti-corruption policy as well as its implementation of the policies to ensure that the business dealing with the Company shall not conflict with any standard adopted by the customer. The Company commissions an external firm to evaluate the operation and to certify its compliance with the Thai labour standard.

Rights of Suppliers: The Suppliers hereby include, apart from contracting parties in sales and service of work, joint investors in some specific business. The Company acknowledges the legal rights and contractual rights pursuant to the joint investment by adhering to principles of honesty, equality and right to return of investment.

The Company has the Corporate Governance Policy and guidelines regarding customers in the Chapter on Roles of Stakeholders saying that it supports fair and free competition, equality in doing business and mutual benefits, transparent and fair procurement. The Company prescribes the qualifications of the customers who are entitled to offer bidding as well as announces openly and equally to the rightful bidders of the complete information and conditions regarding the procurement. The Company keeps confidential the bidding prices from the suppliers and does not disclose to other bidders. The Company shall not demand any benefit from the suppliers in exchange of executing contracts with the Company as well as prescribes in the Business Ethics of such practices. As for the service of work in the Company's sites, the Company provides safe working conditions for the contractors and emphasizes that the contractors must strictly abide

by the Company's rules of safety. Upon completion of the work, the Company has a process of transparent and fair acceptance of work and shall pay the contractors in due time.

The Company through the procurement department communicates with the suppliers through various channels of important matters and provides channels for the suppliers to send their complaints or information. In 2017, the Company held a meeting with major supplies to inform them of the implementation of the corporate governance policy and anti-corruption policy on 1 April 2017 in two sessions. 47 suppliers (94% of the 50 invited) attended the meeting. Besides, from April to the end of year, the Company sent letters to large and small suppliers by informing them of the policies together with copies of relevant policies. 141 suppliers acknowledge the information in writing. The procurement policy also announces the policy in front of its office for viewing by visitors. In 2017, the central procurement unit requested all factories to extend anti-corruption policy to local suppliers so that acknowledgement of the information shall be as much as possible.

Rights of Creditors: The Company has the Corporate Governance Policy and guidelines regarding creditors in the Chapter 3: Roles of Stakeholders saying that shall abide by the agreement made with the creditors regarding the timely payment, appropriate use of financial service, providing and keeping collateral and other conditions such as correct financial reports for the use of credit analysis, debt-equity ratio. The Company has gained trust from the creditors through ethical operation and facilitates information for the understanding of the Company's business through the Annual Report and the Annual Statement (Form 56-1) and the financial status through financial reports which are made and audited in accordance with the generally accepted standard. The Company prescribes these practices in the Business Ethics consistently.

Right of Competitors: The Company has established the Corporate Governance Policy Chapter 3: Roles of Stakeholders that the Company supports free and fair competition and also the Business Ethics that the personnel shall not do business by destroying or restraining the competitors with unlawful ways or apply any unlawful way to obtain the competitor's information. In practice, the competitors are members in the same associations and regularly exchange information; therefore, there has been of unfair practice among them.

Rights of Community and Environment: The Company has the corporate social responsibilities policy (Section 10.) and corporate governance policy and guidelines relating to community treatment under the roles of stakeholders (Chapter 3). The Company shall support and participate in charitable and community development activities to create good relationships and improve quality of life for communities surrounding our business operations. The Company collaborates with the government sector and agencies, helps developing public infrastructure, provides financial supports, and promotes social activities that bring understanding and sustainable development to the community. Projects supported and developed by KSL in 2017 are as follows:

1. The Company invests in the Philanthropic Fund under the concept of Thai Pat Institute to establish an investment that can creates return to use for public

interest and to be an alternative for listed companies, foundations or family business to plan an allocation of fund to help society in a continual manner. The Fund is managed by TISCO Securities. The Company has invested in this Fund for a second year. The Fund suggests that the Company maintains the return for a number of years before withdrawal for use in the Company's activities for corporate social responsibility.

2. The Company participated in many activities as shown and provided in Sustainability Report: Activities on Corporate Social Responsibilities.

Human Rights: The Company has the policy not to involve in human right violation by providing in the Corporate Governance Policy Chapter 3: Roles of Stakeholders saying that the Company promotes and respects human rights as well as operates its business in line with the principles and intent of the United Nations Declaration on Human rights and other international agreements that Thailand is a party and shall not participate in any act that is against the human right principles.

Each production sites of the Company's group has express clear intent that the Company shall not use child labour and forced labour and shall make announcement through various channels to the communities.

Environment: Company has the Corporate Governance Policy and guidelines regarding environment in the Chapter on Roles of Stakeholders saying that the Company uses natural resources and energy as necessary and supports the reuse and recycling of raw materials and waste in production process. Bagasse left after cane crushing shall be made fuel for boilers in production process of sugar and electricity; Carbon dioxide derived from burning process shall be used in the carbonation process of syrup, water from ethanol production process shall be used in fermenting biogas which is further used in factories. Each factory shall emphasize on the protection of environment by not releasing waste or pollutants to the community. The factory uses modern dust collector to prevent emission. The water treatment system is developed to ensure that the used water shall be clean enough for reuse or for discharge to natural source. The Company has made a prototype of the so-call Submerged Aerated Fixed Film (SAF) to treat condensate water from ethanol production process at Boploy district, Kanchanaburi province. As for any project that may have adverse effect to either community or environment, the Company shall conduct a study and ask for opinions of the would-be impacted group and shall prepare for the reduction of impact. The Company prescribes criteria for studying environmental and social factors and reduction of impact along with the feasibility of the new project. The Company strictly complies with the laws on environment.

Intellectual Property: The Board of Directors set a CG policy regarding non-infringement that the Company shall respect intellectual property rights and exercise due care not to cause accusation of risk of being accused of infringing intellectual property rights. Unfamiliarity of the relevant laws is a legal risk; therefore, the Company sets more details in the Business Ethics that the personnel have to respect intellectual property rights of others by not using any work or intellectual property of others without permission. In case of doubt of infringement, a unit must consult the legal department. If it appears that there might be an infringement, a concerned party should consult the legal department. The Business Ethics define the meaning of intellectual property in a broad sense including copyright, patent, trademark, supplier information,

customer information, formulae or any matter which is regarded trade secret. So far, there were in-house consultancy that could prevent several unintentional infringements.

Local administration / government agencies: The Company abides by the laws which regulate the business and other relevant laws as enforced by local administration and central government agencies and cooperates with government units to develop the locality. The group of companies coordinates with the local government agencies to ensure that the companies correctly comply with the laws and regulations, e.g., coordination with municipality, provincial industry office, natural resources and environment office, underground water office, water resource office, irrigation office, regional revenue office, welfare and labour protection office, social security office, skill labour development office, etc.

The group of companies regards as highly important the cooperation with local administration / government units that ask for support to help develop community around the operating areas of the companies, e.g. municipality, Tambon administration, hospital, district public health, school, police, etc. as shown and provided in Sustainability Report: Activities on Corporate Social Responsibilities.

The Company always realizes the importance of all groups of stakeholders as mentioned. It also values all suggestions, opinions, and comments that enable development, improvement and correction of the corporate operations. All stakeholders can contact the Company's management, the head of internal audit committee, the head of human resource department, or the chairman of audit committee to report improper incidents, complain, request for clarifications or correction, or make any suggestions via email. In the previous year, there was no wrongdoing reported to the Company. Details information regarding procedure to report wrongdoing is provided in the Company's Corporate Governance Manual, under the heading Reporting misconduct, fraud, and non-compliance to Code of Business Ethics.

9.1.4 Disclosure of Information and Transparency

The Company ensures that corporate information is provided correctly, accurately, on time, and transparently through channels that are trustworthy and equally easy to access for the public. The followings are corporate practices:

1. Annual Statement (Form 56-1) is disclosed within 3 months after accounting period end and Annual Report (Form 56-2) is disclosed within 4 months after accounting period end through the SET channels and corporate website, www.ksigroup.com. There are also updates related to the Company and the industry posted on the website to facilitate decision-making of those involved.
2. In the previous year, the Company's disclosure of information and transparency were approved by the Securities and Exchange Commission and the Stock Exchange of Thailand, as its practice was in accordance with disclosure requirements. Effectiveness of the corporate information disclosure procedure was evaluated by outsiders.
3. The Company disclosed additional information including duties of the Board of Directors and committees, the director and executive remuneration policy, summarized corporate governance policy, environmental and social policies, the Company's compliance with established policies, summarized business ethics, and directors' training background were disclosed.

4. A statement of the Board of Directors' responsibilities for the Company's financial statements is provided along with the auditor's report in the corporate annual report. The contents include the certification that the Company's financial statements are fairly presented in accordance with generally accepted accounting principles and regulations, and that the financial statements are accurate, complete, and true according to accounting standards. The statement is signed by the Chairman and managing director.

5. Contents of the Company's website consist of organizational information, shareholding structure, the Board structure, vision/missions, businesses and products, corporate governance policies and compliance results, business ethics, information for investors, environmental and social policies, annual reports, financial statements, news and updates in both Thai and English.

6. The Company specifies that directors and executives need to prepare a report of interests of directors, executives and related persons which involved with the Company once they are being directors or executives and report when information changes and every year end. The Office of Company Secretary and Legal will send the report to the Chairman and the Chairman of the Audit Committee.

7. The Company is well aware of the importance of disclosing information to investors with accuracy, transparency, and accessibility. A team set up to coordinate communications between the Company, investors, and shareholders can be reached by email at ir@kslgroup.com or the following contacts:

- | | | |
|----|--------------------------------|---|
| 1. | Mr. Meechai Piyavisadpat | Telephone: 02-642-6230
Email: meechai@kslgroup.com |
| 2. | Mr. Chanachai Chutimavoraphand | Telephone: 02-642-6230
Email: chanachai@kslgroup.com |
| 3. | Mr. Chalush Chinthammit | Telephone: 02-642-6230
Email: chalush@kslgroup.com |

To promote better understanding of the Company's businesses and facilitates the distribution of the information to interested investors, the Company has produced an annual investor relations plan; held quarterly analyst meetings at corporate conference room.

For foreign investors, the Company collaborated with securities companies and financial analysts to prepare for various road shows presenting its operating results and project progress. In the previous year, the Company attended conferences presenting corporate operating results and progress in Singapore and the United Kingdom with the securities companies. Visits to the Company have been arranged for domestic and foreign investors. Appointments can be made in advance with the Company's investor relations team.

9.1.5 Responsibilities of the Board of Directors

1. The structure of the Board consisted of 21 directors. 7 out of 21 are independent directors with no business relationship or any other relationship which would influence the

exercise of free discretion of which one, who is not the Managing Director, is the Chairman of the Board. The Company's Board of Directors possesses skills and expertise in various fields, such as accounting, finance, law, governance, production technology, personnel, purchasing, marketing, real estate, internal audit, and information technology. Detailed profiles, qualifications, experiences, and shareholding of directors are included in Form 56-1 and consist of one non-executive director who has experience in either a business or the main business of the Company.

Each office term of directors is three years, Directors may be re-elected for another consecutive term. There is no prohibition regarding the age of directors. Only capability to perform the duties counts.

Independent directors are not less than one-third of the whole directors and at least three independent directors are required. An independent director may be in the position for three consecutive terms or nine years, whatever is longer. However, the Board of Directors may extend the directorship as it deems appropriate.

The Charter of the Board of Directors stipulates that a director must not be director in not more than five other listed companies so that a director shall have enough time to perform the directorship and being a director in other companies must not hinder the performance of duties as a director in the Company. At the moment, apparently, there is no director who is a director in more than five listed companies at the same time.

Category of Directors

No.	Name		Category of Director			
			Shareholder Representative	Non-Executive	Independent Director	Executive
1	Mr. Manu	Leopairote		/	/	
2	Mr. Chamroon	Chinthammit	/			/
3	Mr. Prapas	Chutimavoraphand (Resigned 1 April 2017)	/	/		
	Mr. Chanachai	Chutimavoraphand (Appointed 1 April 2017)	/			/
4	Mr. Pornsin	Thaemsirichai	/			/
5	Mr. Somchai	Chinthammit	/			/
6	Ms. Intira	Sukhanindr	/			/
7	Mr. Trakarn	Chunharojrit	/	/		
8	Ms. Duangkhae	Chinthammit	/			/
9	Ms. Duangdao	Chinthammit	/			/

10	Mr. Tachpong	Pakornsiriwongse	/	/		
11	Mr. Chatri	Chinthammit	/	/		
12	Mr. Chalush	Chinthammit	/			/
13	Mr. Sukhum	Tokaranyaset	/			/
14	Mr. Thawatchai	Rojanachotikul	/			/
15	Mr. Somchat	Chinthammit	/	/		
16	Mr. Pramoon	Vichiensin (Resigned 1 June 2017)		/	/	
	Ms. Anchalee	Pipatanasern (Appointed 29 September 2017)		/	/	
17	Pol.Gen. Boonpen	Bumpenboon		/	/	
18	Mr. Sitti	Leelakasamelurk		/	/	
19	Mr. Karun	Kittisataporn		/	/	
20	Mr. Warapatr	Todhanakasem		/	/	
21	Ms. Nongluck	Phinainitisart		/	/	
	Total		14	11	7	10

Remark: Total does not include Mr. Prapas Chutimavoraphand and Mr. Pramoon Vichiensin.

Duties of the directors as prescribed in the Charter of Board of Directors conform the principles of the CG Policy, Chapter 5 namely to govern the Company to have good management and to create value to the Company in a sustainable manner. The duties, therefore, do not cross over normal operation of the management. Even though the Charter prescribes the duties and authorities to approve, such authorities are within the scope as stipulated in the Authority Manual as approved by the Board of Directors. Besides, the CG Policy clearly stipulates the status and authorities of the Chairman and the Chief Executive Officer and the Chairman must not be the same person as the CEO.

2. It is required that during the annual general meeting, one third (1/3) or close to one third of corporate directors resign. Each director's term is three years. In case that the Board serves until the end of its term and the new Board has not yet been appointed, the former Board still continues to work until the new Board has been appointed. The Company has not determined the total terms the Board can consecutively serve. The Nomination and Remuneration Committee is considering this matter in relation to feasibility of selecting personnel with experience specific to the Company's business to serve in the Board.

3. The Board of Directors has established the following committees: the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Corporate Governance Committee, as well as defined their functions and responsibilities.

4. For transparency and independence in the work, the majority of the committee members are independent directors, and chairs of the committees are independent directors. To maintain true independence of the corporate committees, the Chair of the Board is not the chair or a member of those committees. The committees serve 3 years. In case that a committee serves until the end of its term and a new committee has not yet been appointed, the former committee still continues to work until a new committee has been appointed. At the end of their term, if a director is not re-elected, their position in their current committee shall end automatically. If there is a new director in a committee, that director shall remain in the position as long as the committee's term.

5. The Board requires that a director must not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the Company's direct and indirect competition, unless the information about their positions is disclosed in the annual general meeting before the appointment. The requirement is applied to corporate executives as well.

6. There are 10 Directors who are top executives in the Company ranging from Chief Executive Officer to Assistant Vice President, At present, executive directors do not hold directorship in more than two other listed companies outside the group. The Company has a non-executive director who has work experience in business that is relevant to the Company's business (At present, Mr. Somchat Chinthammit)

7. The Company's vision, missions, strategies, goals, business plans, budgets, internal control, internal audit, and risk management have been governed with effectiveness and efficiency and normally the Company will revise vision and mission every year before setting the strategy and action plan as well as monitor the management to follow the approved business plan and budget and to provide internal control system, internal audit and efficient and effective risk management. The Company provides long term and short term plans regarding projects and investments, The Company supports and helps strengthen the society by being an ethical entrepreneur pursuant to the established vision. The Board of Directors is kept informed of the operation according to the strategies in each quarter when the management submits the quarterly operating result along with financial reports.

8. The Board provides the Corporate Governance Policy and Manual of Business Ethics by taking into account the responsibility to all stakeholders within the framework of business ethics in order that they are directions for corporate administration; conducts any act with fairness by being well aware of the shareholders' maximum interest and sticks to sincerity and honesty; establishes policy, business plan, strategies, action, evaluation as well as operation and governance on risk management with transparency and accountability.

9. The Board provides whistle-blowing policy to be directions for action on investigating the wrongdoing and fraud, submission of information regarding wrongdoing and fraud, punishment on wrongdoers, protection for information giver.

10. The Board assigns the Risk Management Committee to provide risk management policy to the Board for approval. The present risk management policy was announced and effective on 2 January 2014 and provides internal control system and risk management system covering keys risk and other risks which are to be disclosed in the Annual Report.

11. One significant duty of the Board according to the Charter is to supervise and act against any conflict of interest between directors, shareholders, stakeholders and the Company. The Board of Directors carefully considers transactions with may cause conflicts of interest after thorough consideration by the Audit Committee according to the SET legislation and procedure. The Board's authority to consider this issue depends on the size of transaction as stipulated by SET rules provided that a stakeholder in the related transactions is not allowed to decide on those particular transactions. The correct and full disclosure of this matter shall be made in the Annual Report and Form 56-1 pursuant to the CG Policy Chapter 4 on Disclosure of information and Transparency together with the guidelines under the policy.

12. Efficient Administrations and Internal Control, the Company's internal control unit has been formed to ensure effective operations, accurate and reliable information, compliance with legislation, efficient and effective use of corporate resources, and protection and corporate assets. The corporate internal audit provides analyses, audits, evaluations, advice, and recommendations to support corporate activities. The audit committee independently reviews and audits adequacy and efficiency of the Company's internal control and internal audit once a year. The opinions on the corporate internal control system are included in the annual report.

13. Risk Management. The Risk Management Committee engages in establishing the total risk management. Adequacy and efficiency of the Company's risk management system will be reviewed at least once a year. The early warning system will be in place for irregularity scanning.

14. The Company sets the Board of Directors meeting dates and notifies the directors of those date in advance. The Board of Directors shall hold at least 6 meetings per year. For the flow of the Company's operations, there are monthly executive meetings where the Board entitles the meeting to make decisions. In every Board meetings, the Board of Directors is informed about matters that have been approved by the Company's executive meeting to ensure that the Board is able to supervise, control, and monitor the work of managements on a regular basis.

In 2017, the Board held 8 meetings, and 1 non-executive directors meeting (without the management). The non-executive directors independently express their opinion regarding management. In 8 meetings in 2017, there are 2 meetings which all directors attended (21 directors); 3 meetings which 20 directors attended; 2 meetings which 19 directors; and 1 meeting which 18 directors attended. Each director attended all meetings not less than 75 percent.

15. In Board meetings, the Chairman, Managing Director, and Company Secretary consider agendas. This is to ensure that the agendas cover important matters. Each director may propose agendas independently.

16. Office of Company Secretary and Legal sent meeting documents to each director in advance at least 7 days before the meeting date with supporting documents.

17. The quorum of Board of Directors is prescribed in the Articles of Association that there must be directors attending the meeting not less than half of the whole directors to form a quorum. The decision shall be made with majority votes. The Board's Charter additionally provides that not less than two-thirds of all directors should be in the meeting to resolve an important matter.

18. In a Board of Directors meeting, the chairman of the Board allocates adequate meeting time for managements' presentations and comprehensive directors' discussions. The chairman encourages careful consideration in the meeting. Directors pay attention to each issue presented in the meeting, including issues concerning governance of the Company. Top executives from different departments attend the Board meeting to present details on the issues that they are responsible for in order to facilitate the Board's decision-making. The Board also has a chance to know more about the top executives, as well as has access to important additional information through the top executives. Directors may request more information about issues in the meeting from the Company Secretary.

19. Minutes of the Board of Directors' meetings include such important matters as dates, times, names of directors who are present and absent, summaries of proposals, summaries of discussions and remarks, resolutions, opinions from directors who disagree, names of people preparing minutes, and names of those approving minutes. The minutes is bound and easy to retrieve. They cannot be changed. Numbers of the Board meetings and attendance are disclosed. The Board sets a meeting every 3 months in a year, and the executive committee has monthly meetings concerning the Company's operating results. Information from the executive committee meetings is presented to the corporate Board of Directors.

20. The Board of Directors instructs to make the self-assessment form by using the form developed by SET as guidelines so as to make a framework to examine the conduct of duties of the Board regularly. The Board opines that self-assessment is an important step to good corporate governance. The assessment shall weigh the implementation of the CG Policy and/or good practices so as to improve the work of the Board to be consistent with the polices and to increase work efficiency. The self-assessment of the Board and the individual director is made annually at the end of the fiscal year.

The assessment of sub-committees is also conducted. The assessment issues partly come from SET's self-assessment form and partly from the Charter of each sub-committee so as to make more direct assessment of the sub-committees' performance.

As for the procedures of self-assessment, the Company Secretary shall send the form approved by the CG Committee to every director not less than one month before the end of fiscal year. After the tabulation is processed, the CG Committee shall give observations regarding the performance of the Board and each Committee and submit to the Board.

9.1.6 Anti-Corruption Process

The Company has a policy prohibiting directors, executives, and staff from committing any kind of corruption. There shall be assessed a risk from corruption and a review on compliance

with the Policy regularly. Also, there shall be reviewed the guidelines on compliance and the regulations of each part so that they be in line with the changes of the laws, regulations, acceptable standards, and business of the Company.

Guidelines for Practices: The Company shall make this Policy on Anti-Corruption known to its staff for proper compliance widely and thoroughly, by preparing the Ethics on Anti-Corruption and Manual for various departments in the part relating to Policy on Anti-Corruption, for use in training, implementation, or learning by the staff, and for propagation via various suitable channels. Besides, the Company shall provide protection for the staff who reports an incident or a lead about a corruption under the criteria prescribed including regulations and work regulations concerned. A corruption is regarded as a wrongdoing and/or a dishonest act, as the case may be, and the person committing corruption is regarded as having violated the discipline and shall be subjected to punishment according to the work regulations of the Company and may also be subjected to criminal prosecution in criminal and civil courts.

On 26 September 2014 the Chairman of the Board of Directors had signed a letter of intent and acknowledged the commitment terms set by the Private Sector Collective Action Coalition against Corruption group that seeks to deter all types of corruption activities within the private sector. The Company provided the Manual of Anti - Corruption which is used in July 2016 including improving all documents, and work processes to the alignment of the said commitment terms and its self-assessment guideline. The Company submitted its improvements to the Private Sector Collective Action Coalition against Corruption Council (CAC) for further consideration and endorsement.

The Company was certified a three-year member of the Private Sector Collective Action Coalition against Corruption (CAC) on 9 March 2017, The Office of Risk Management is assigned to evaluate and monitor the anti-corruption risk in accordance with the self-evaluation form that the Company had submitted and to coordinate with all functions within the Company as well as to improve necessary matters together with Internal Audit Office. The Company intends to have other stakeholders join the CAC respectively

As regards the conduct of relevant work flows, the Company assigns the Office of Risk Management to evaluate the corruption risk annually by applying COSO-ERM principles and to provide a Risk Management Manual on Fraud and Corruption to make clear practices for prevention and monitoring the corruption risk.

The Office of Risk Management is also assigned to monitor and report the implementation of the Anti-Corruption Policy on quarterly basis. The Office of Internal Audit has the annual audit plan to exercise the auditing in accordance with the internal control system and make relevant recommendations.

As for the training, the Company aims to educate the employees about the anti-corruption policy and guidelines of practices, In 2017, there are activities as follows.

1. On 1 April 2017 at the main meeting hall of Phra Haruethai Convent, the Office of Risk Management in cooperation with Procurement Department organized a seminar for suppliers, to give them knowledge about anti-corruption and persuade them to join the CAC.

2. During 20 July – 18 August 2017, the Office of Risk Management held an internal workshop on risk management on anti-corruption and had saying under oath that the employees shall not conduct any corruption.

9.1.7 Giving Information of Wrongdoing and Dishonest Acts

According to Corporate Governance Policy, The Company has a channel for reporting lead or information on any commission of wrongdoing and dishonest act, or whistle-blower hotline, so that the stakeholders may provide information which is beneficial to the examination, elimination, and prevention of wrongdoing or dishonest act, or lodging of complaints, and so that such be rectified accordingly.

Channels for Giving Information

1. When a staff finds, or there is reason to believe in good faith, that there has been committed a wrongdoing or a dishonest act concerning the Company or its subsidiary companies, he/she shall inform his/her superior from the level of Manager forthwith, either verbally or in writing. If such report is ignored, he/she shall notify the higher superior according to the Form of Giving Information of Wrongdoing or Dishonest Act . However, the staff should not self-conduct further inquiry or questioning any suspicious acts.

2. If a staff is in a difficult situation or he/she is not comfortable to notify the said superior, or he/she suspects that his/her superior or any executive of the Company is connected with a wrongdoing, he/she may choose to file a report through the following channels:

2.1 Manager, Internal Audit Office, Tel. 02-642-6092, Ext. 127, or email: IA@kslgroup.com or chartchai@kslgroup.com.

2.2 Manager, Human Resources Department, Tel. 02-642-6092, Ext. 969, or email: Ampaporn@kslgroup.com.

2.3 Send email to IA@kslgroup.com on the intranet of the Company.

2.4 The Chairman of the Audit Committee or the Board of Directors of the Company, at the following address:

Khon Kaen Sugar Industry PCL
503 KSL Tower, 22nd Floor, Sri Ayudhya Road,
Thanon Phayathai Sub-District, Rajathevi District,
Bangkok 10400,
or email: sitti@kslgroup.com

3. When the persons or above departments have been notified of a commission of wrongdoing or dishonest act, they must report such to the Internal Audit Office at once.

4. The Internal Audit Office shall have the duty to prepare a register of complaints and shall prepare a report summarizing the receipt of information of wrongdoing to the Audit Committee at its next meeting.

5. The Internal Audit Office shall consider initially that at which department the act of wrongdoing occurred, and shall then send the complaint to the said department for investigation, and shall also monitor the proceeding of said department from time to time.

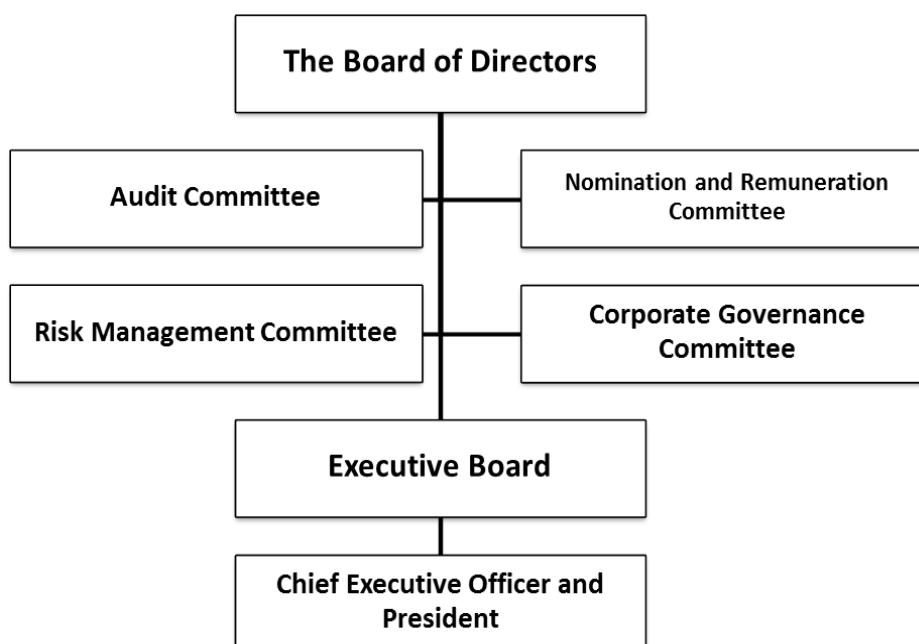
6. The fact-finding, the investigation, the disciplinary action, and the legal action shall be in accordance with the regulations governing such.

7. Upon completion of the complaint, the work unit concerned shall report the result to the Internal Audit Office for forwarding the matter to the Audit Committee at its next meeting.

Protection of Informant

1. The Company shall not terminate employment, suspend, inflict disciplinary action, or threaten to take any action against any staff who provided information of wrongdoing. Whoever violates this clause shall be subjected to disciplinary action.
2. The Company shall protect the informant including the person rendering cooperation or assistance in the investigation in good faith from any threat and harassment.
3. The Company shall provide protection additionally and specially according to suitability, by taking into consideration the degree of severity and the importance of complaint. In the event the informant is threatened or harassed, he/she shall report such to the Managing Director for ordering the Human Resources Department to provide protecting measures for the informant suitable to the circumstances.
4. In the event a staff has reported a complaint or has provided information of wrongdoing in good faith, even though the Company finds no wrongdoing as lodged, the Company shall not inflict any punishment on the said informant. Nevertheless, if the result of investigation finds that the complaint is baseless and it was done with ill intention or an intent to yield damage to other person, or it was a giving of false statement, the Company shall consider inflicting disciplinary action to the staff who gave the information according to the work regulations, and shall also consider taking legal action against the said person.

9.2 Organization Structure



9.2.1 Board of Directors

As of October 31, 2017, the Company's Board of Directors comprises of:

1. Mr. Manu	Leopairote	Chairman and Independent Director
2. Mr. Chamroon	Chinthammit	Director
3. [Mr. Prapas	Chutimavoraphand	Director (<i>Resigned 1 April 2017</i>)]
Mr. Chanachai	Chutimavoraphand	Director (<i>Appointed 1 April 2017</i>)
4. Mr. Pornsin	Thaemsirichai	Director
5. Mr. Sukhum	Tokaranyaset	Director
6. Mr. Thawatchai	Rojanachotikul	Director
7. Ms. Intira	Sukhanindr	Director
8. Ms. Duangdao	Chinthammit	Director
9. Mr. Somchai	Chinthammit	Director
10. Ms. Duangkae	Chinthammit	Director
11. Mr. Chalush	Chinthammit	Director
12. Mr. Chatri	Chinthammit	Director
13. Mr. Somchat	Chinthammit	Director
14. Mr. Tachpong	Pakornsiriwongs	Director
15. [Mr. Pramoon	Vichiensin	Independent Director (<i>resigned 1 June 2017</i>)]
Ms. Anchalee	Pipatanasern	Independent Director (<i>appointed 29 September 2017</i>)
16. Pol. Gen. Boonpen	Bumpenboon	Independent Director
17. Mr. Sitti	Leelakasamelurk	Independent Director
18. Mr. Karun	Kittisataporn	Independent Director
19. Mr. Worapatr	Todhanakasem	Independent Director
20. Ms. Nongluck	Phinainitisart	Independent Director
21. Mr. Trakarn	Chunharojrit	Director

The company has 21 directors, of which 11 are non-executives (52%) and 7 are independent directors (33%), and two of them are female. The Board of Directors is in charge of managing and governing the Company's operations according to law, rules and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, Capital Market Supervisory Board, and the Company's objectives and requirements. The Board performs their duties with integrity and diligence.

The Board of Directors is appointed by the shareholders' meeting. The Board has established the Corporate Secretary Office to recommend and assist the Board to conduct their duties in compliance with relevant rules, regulations and corporate governance. The office also coordinates and ensures that corporate shareholders receive appropriate treatment.

Scope of Duties and Responsibilities

Duties and authorities of the Board of Directors were formerly prescribed in the CG Policy Chapter 5. The Board in meeting No 7/2016-2017 on 29 September 2017 approved the Charter

of the Board of Directors to be effective on 1 October 2017. The Charter revises duties of the Board to be consistent with the CG Code as follows.

- (1) Administer the business by creating long-term business value, namely, good operating result, ethical and responsible conduct to stakeholders, abolition or reduction of negative impact against society and environment and corporate resilience.
- (2) Define objectives and business goals on the basis of sustainable value creation by taking into account the impact to society and environment and direct the operations to respond to achievements set by objectives, goals, strategies and annual action plan.
- (3) Ensure having the Board of Directors consisting of components and qualifications that conform to good governance, transparent and efficient selection, development of skills and knowledge necessary for performing duties responsibly, framework and mechanism to govern policy and operation of subsidiaries and affiliates, appointment of sub-committees as necessary.
- (4) Ensure having managing director and top executives of appropriate quality for the achievement of the Company's goals and developing top executives as well as systematic succession of positions.
- (5) Promote innovation that creates value for the Company and business operation that is responsible to society and environment.
- (6) Establish effective risk management and internal control that correspond with the achievement towards objects and goals of the Company in the long run and to prevent the leakage of important information by ways of information technology; provide policy and practices for handling conflict of interest and related transactions, anti-corruption, whistle-blowing channels for fraud and corruption.
- (7) Ensure financial reliability and financial report making with transparent disclosure in accordance with the law.
- (8) Support engagement of shareholders in important matters and respect right to information of shareholders through appropriate and timely channels.

The aforementioned 8 roles and duties are divided into several principles and guidelines as referred to the Corporate Governance Code for listed companies 2017 that is developed by the Securities and Exchange Commission.

In 2017, the Board held 8 meetings, and 1 non-executive directors meeting (without the management). The non-executive directors independently express their opinion regarding management.

9.2.2 The Board of Executive Directors

As of October 31, 2017, the Company's Board of Executive Directors consists of:

- | | | | |
|----|---------------|------------------|--|
| 1) | Mr. Chamroon | Chinthammit | Chairman |
| 2) | [Mr. Prapas | Chutimavoraphand | Executive Director (<i>Resigned 1 April 2017</i>) |
| | Mr. Chanachai | Chutimavoraphand | Executive Director (<i>Appointed 1 April 2017</i>) |
| 3) | Mr. Pornsin | Thaemsirichai | Executive Director |
| 4) | Mr. Sukhum | Tokaranyaset | Executive Director |

5) Mr. Thawatchai	Rojanachotikul	Executive Director
6) Ms. Duangdao	Chinthammit	Executive Director
7) Mr. Somchai	Chinthammit	Executive Director
8) Ms. Duangkae	Chinthammit	Executive Director
9) Mr. Chalush	Chinthammit	Executive Director
10) Mr. Trakarn	Chunharojrit	Executive Director
11) Ms. Intira	Sukhanindr	Executive Director
12) Mr. Tachpong	Pakornsiriwong	Executive Director

The Chairman of the Board of Executive Directors appoints the secretary of the Company's Board of Executive Directors.

Scope of Duties and Responsibilities

1. Determine policies, directions, strategies, and significant management structures for the Company's operations for approval by the Board of Directors.
2. Determine business plans, budgets, and the Company's administrative power for approval by the Board of Directors
3. Establish organizational structures and manpower policy
4. Examine and monitor policies and management plans to ensure their effectiveness and suitability for the corporate operations.
5. Consider and approve the Company's operations in accordance with the Manual of Operational Power.
6. Perform other tasks as assigned by the Board of Directors.

Any power mentioned above given to the Board of Directors shall be under the law and the Company's regulations. Any activities that benefit/may benefit or affect interests of any executive director or individual, or that may lead to conflicts of interest (according to the SEC Notification), are required to be presented by the Board of Executive Directors to the Board of Directors for consideration. The particular executive director and the interested individual shall not be allowed to vote in the meeting concerning the matter.

In 2017, the committee held twelve meetings, and reports on their work were regularly presented to the Board of Directors. Meeting Attendance of the Nomination and Remuneration Committee is disclosed in Report of Meeting Attendance of Directors.

9.2.3 Audit Committee

As of October 31, 2017, the Audit Committee comprises of:

1) Mr. Sitti	Leelakasamelurk	Chairman
2) Mr. Karun	Kittisataporn	Director
3) Mr. Worapatr	Todhanakasem	Director
4) Ms. Nongluck	Phinainitisart	Director

The Chairman of the Audit Committee shall appoint the secretary of the audit committee. (Mr. Chartchai Poowong, manager of internal audit office)

Scope of Duties and Responsibilities:

1. To review that the Company has accurate and sufficiently disclosed financial reports.
2. To review that the Company has internal controls and internal audit activities appropriately and effectively, including considers sufficiency of manpower budget and independency of the internal audit department as well as the Audit Committee's consent on appointment, rotation, promotion, and termination the head of internal audit department, including other departments who are also responsible for internal audit activities.
3. To review the risk management operations of the Company. The effects may occur at a level acceptable in order to prevent fraud and corruption.
4. To review that the Company is complied with the Securities and Exchange Act and Regulations of the SET or other laws that related to the Company's industry.
5. To select and propose independent person an appointment as the Company's auditor including consider his or her compensation. The Audit Committee shall call the auditor to attend a special meeting without management participation at least once a year.
6. To consider compliance of connected or conflict of interest transactions, including significant asset acquisitions and disposals in accordance with the Laws and Regulations of SET and SEC in order to assure that the transactions are reasonable and provide the best interest to the Company.
7. To report activities of the Audit Committee in the Company's annual report. The report shall be signed by the Chairman of the Audit Committee and should be included at least the following information:
 - 7.1 Comments on completeness and reliability of the Company's Financial Reporting
 - 7.2 Comments on sufficiency of the Company's internal control systems
 - 7.3 Comments on compliance with Securities and Exchange Act, Regulations of SET and SEC and other related laws to the Company's industry
 - 7.4 Comments on appropriation of the auditor
 - 7.5 Comments on conflict of interest transaction
 - 7.6 Number of Audit Committee meetings and member's participation
 - 7.7 Overall comments or observation regarding practices of the Audit Committee in accordance with the Audit Committee Charter.
 - 7.8 Other statements that shareholders or general investors should be informed under scopes, authorities, and responsibilities of the Audit Committee as assigned to the Audit Committee by the Board of Directors
8. To perform any assignment by the Board of Directors that agreed upon by the Audit Committee.
9. While the Audit Committee are performing duties and responsibilities, the Audit Committee shall report within a reasonable period of time to the Board of Directors for corrective action if the Audit Committee observed the following transactions or events that may have material impacts to the financial status and performance of the Company.
 - 9.1 Conflict of interest transaction
 - 9.2 Fraud or misappropriation might occur or there is significant weakness in the internal control systems
 - 9.3 Violation to the laws of SET, SEC, announcements of the SET or other related laws of the Company's industry

Should the Audit Committee report to the Board of Directors matters that significantly affect the Company's financial status and operating results, and discussion between the Committee and the Board of Directors on improvement and correction occurs, after the agreed due date, the Audit Committee finds that the matters have not been acted upon without any good reasons, one of the Committee's members may

further report the finding to the Securities and Exchange Commission and the Stock Exchange of Thailand.

: Qualifications of the Audit Committee are in line with relevant SET requirements, Capital Market Board, Corporate Governance Policy and Charter of the Audit Committee. The Audit Committee comprises four independent directors, namely, Chairman and other three members who are knowledgeable in finance, internal control, internal audit whose autography and qualifications are detailed in the Appendix. Mr. Sitti Leelakasamelurk, Chairman of the Audit Committee, possesses sound knowledge, understanding, professional experience in accounting and finance.

The Charter of the Audit Committee requires at least four meetings a year. In 2017, the committee holds five meetings, and reports their work to the Board of Directors on quarterly basis. Please see Report of the Audit Committee. Meeting Attendance of the Audit Committee is disclosed in Report of Meeting Attendance of Directors.

9.2.4 Nomination and Remuneration Committee

As of October 31, 2017, the Nomination and Remuneration Committee consists of:

- | | | |
|-----------------|----------------|---|
| 1) Mr. Pramoon | Vichiensin | Chairman (<i>Resigned on 1 May 2017</i>) |
| 2) Mr. Karun | Kittisathaporn | Director (<i>Chairman since 1 May 2017</i>) |
| 3) Mr. Somchat | Chinhammit | Director |
| 4) Ms. Duangdao | Chinhammit | Director |

Remark: Mr. Pramoon Vichiensin resigned from Chairman of the Committee and from directorship, effective on 1 May 2017 and 1 June 2017 respectively. The Board of Directors appoints Mr. Karun Kittisathaporn Chairman of Nomination and Remuneration Committee, effective from 1 May 2017.

The Chairman of the Nomination and Remuneration committee shall appoint the secretary of the Nomination and Remuneration committee. (Mr. Arnon Sricharnkij, Manager of Human Resources department)

Scope of Duties and Responsibilities:

1. Nomination

1.1 Define qualifications of the directors to be consistent with the structure, size and compositions of various committees established by the Board of Directors so as to ensure transparency and expectation of the Board of Directors by considering the knowledge, experience, expertise, freedom and time to contribute to directorship;

1.2 select and nominate persons qualified to be directors for the Board of Directors' consideration to nominate to the Shareholders' meeting for appointment provided that the selection method, verification of qualifications as regulated

by laws and related authorities including consent to be appointed are to be prescribed;

- 1.3 select and nominate persons qualified to be members in Executive Committee and other sub-Committees to replace the members whose office terms have ended to the Board of Directors for consideration.

2. Remuneration

- 2.1 consider or review pattern, criteria and procedures to consider remuneration so as to suit the duties and responsibilities of the Board of Directors and other sub-Committees and submit for approval from the Board of Directors and the Shareholders' meeting respectively provided that the Chairman of the Board and the sub-Committees shall receive remuneration approximately 20 per cent higher than members;
- 2.2 review data relating to remuneration of other companies in the same and similar industry yearly;
- 2.3 disclose names of directors, attendance and remuneration in all types in the Company's Annual Report as well as the brief Charter and remuneration criteria.

The Company required that the Remuneration Committee and Nomination Committee be combined. The Nomination and Remuneration Committee consists of four members, namely, one Chairman and other three members. The Chairman and at least two members are independent directors (75%). Members in the Committee must possess qualifications as prescribed in the Charter of the Nomination and Remuneration Committee. The office term shall last 3 years.

The Charter of the said Committee requires at least two meetings a year or more than that if it is necessary to select corporate directors, sub-committee members or to revise remuneration. In 2017, the Nomination and Remuneration Committee holds four meetings, and reports their work to the Board of Directors on quarterly basis. Meeting Attendance of the Nomination and Remuneration Committee is disclosed in Report of Meeting Attendance of Directors.

9.2.5 Risk Management Committee

As of October 31, 2017, the Risk Management Committee consists of:

- | | | |
|----|------------------------------|----------|
| 1) | Pol. Gen. Boonpen Bumpenboon | Chairman |
| 2) | Mr. Sitti Leelakasamelurk | Director |
| 3) | Mr. Worapatr Todhanakasem | Director |
| 4) | Mr. Chalush Chinthammit | Director |

As its position, the head of Risk Management Office is a secretary of the Risk Management Committee. (Mr. Sinchai Siriratanapolkul, Assistance Vice President-Office of Risk Management and System Development).

Scope of Duties and Responsibilities:

1. Develop policies to be considered by the Board of Directors regarding the overall corporate risk management that covers the Company's major risks, such as market risk, liquidity risk, management risk, investment risk, and reputation risk.
2. Design strategies in line with risk management policies to monitor and evaluate the corporate risk amount, as well as maintain the appropriate risk level.
3. Review the adequacy of risk management policies and system, as well as effectiveness of the system and policies practiced.
4. Provide recommendations in line with policies and strategies determined by the Board of Directors and present those recommendations to the Board.

The Risk Management Committee consists of four members, namely, one Chairman and other three members. The Chairman and at least two members are independent directors (75%). Members in the Committee must possess qualifications as prescribed in the Charter of the Risk Management Committee. The office term shall last 3 years.

The Charter of the said Committee requires at least two meetings a year. In 2017, the Risk Management Committee holds four meetings, and reports their work to the Board of Directors on quarterly basis. Meeting Attendance of the Risk Management Committee is disclosed in Report of Meeting Attendance of Directors.

9.2.6 Corporate Governance Committee

As of October 31, 2017, the Corporate Governance Committee comprises of:

- | | | | |
|----|-------------------|----------------|----------|
| 1. | Mr. Worapatr | Todhanakasem | Chairman |
| 2. | Pol. Gen. Boonpen | Bumpenboon | Director |
| 3. | Mr. Karun | Kittisataporn | Director |
| 4. | Ms. Nongluck | Phinainitisart | Director |

The Corporate Governance Committee shall appoint the secretary of the corporate governance committee. (Mr. Dhajjai Subhapholsiri, Vice President of Company Secretary and Legal Office)

Scope of Duties and Responsibilities:

1. Consider and propose corporate governance policy, business ethics and other policies relating to the corporate governance to the Board of Directors;

2. Consider and propose practices of the Company, Board of Directors, executives, personnel and other relevant parties which are consistent with the corporate governance policy, business ethics and other policies relating to the corporate governance to the Board of Directors;
3. Monitor and supervise as well as create understanding to the Board of Directors and management for the sake of performance pursuant to the governance policy, business ethics and governance practices;
4. Review the corporate governance policy and practices at least once a year by comparison with international standard or other appropriate standards;
5. Appoint a Secretary to the Corporate Governance Committee, sub-committees or working groups with suitable duties and responsibilities;
6. Perform other duties as assigned by the Board of Directors.

The Corporate Governance Committee consists of four members, namely, one Chairman and other three members. The Chairman and at least two members are independent directors (75%). Members in the Committee must possess qualifications as prescribed in the Charter of the Corporate Governance Committee. The office term shall last 3 years.

The Charter of the said Committee requires at least two meetings a year. In 2017, the Corporate Governance Committee holds three meetings, and reports their work to the Board of Directors on quarterly basis. Meeting Attendance of the Corporate Governance Committee is disclosed in Report of Meeting Attendance of Directors.

9.3 Selection of Directors and Management

9.3.1 In the process of selecting an independent director or non-executive director, the Nomination and Remuneration Committee shall consider the roster of professional directors provided by Institute of Thai Directors (IOD) and also invite directors to nominate the potentials. The Committee shall then examine the qualifications of the nominated persons in accordance with the Charter and the Company's Articles of Associations as well as specific skills by taking into consideration the Company's vision, mission and strategies whether the person can serve the directorship.

The Charter of the Board of Directors prescribes the qualifications of directors as follows.

(1) The qualifications prescribed by law and related regulations.

(2) Knowledge, capability, experience, and expertise in specific field which are beneficial to the Company.

(3) No conflict of interests with the Company.

(4) Sufficient time to perform well the duties of a director of the Company, and if he/she is a director of another company, such must not be impediment to the carrying out of duties as a director of the Company; provided that a director should not be a director in more than 5 listed companies at the same time.

The CG Policy prescribes qualifications of an independent director as follows.

(1) Holding shares not more than zero point five (0.5 %) of the total number of shares with voting rights of the Company, subsidiary company, affiliated company, major shareholders, or persons with powers to control the Company, however, including the shareholding of related persons of such independent director as well.

(2) Not being or used to be a director who has or had a part in the management, an employee, a staff, an adviser receiving regular salaries, or a person with control power, of the Company, subsidiary company, affiliated company, major shareholder, except where the period thereof has lapsed for not less than two years prior to the date of appointment as an independent director.

(3) Not being a person who is related by blood or by registration under the law in the description of a father, a mother, a spouse, a brother/sister, and a child, including a spouse of a child of an executive, a major shareholder, a person with controlling power, or a person who is to be nominated as an executive or a person with controlling power of the Company or a subsidiary company.

(4) Not having or used to have a business relations with the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, in a description that may be impediment to the exercise of discretion freely, and not being or used to be an important shareholder, or a person with controlling power of a person having business relations with the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, except where the period thereof has lapsed for not less than two years prior to the date of appointment as an independent director.

(5) Not being or used to be an auditor of the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, and not being an important shareholder, a person with controlling power, or a partner of an accounting firm having employed an auditor of the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, except the period thereof has lapsed for not less than two years from the date of appointment as an independent director.

(6) Not being or used to be a professional service provider, including the providing of legal consultancy service or financial consultancy service, who receives a service fee exceeding Baht two million per year from the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, and not being an important shareholder, a person with controlling power or a partner of the said professional service provider, except where the period thereof has lapsed for not less than two years prior to the date of appointment as an independent director.

(7) Not being a director who is appointed to act as an agent of a director of the Company, a major shareholder, or a shareholder who is related to the major shareholder.

(8) Not operating a business of the same nature as, and which is a competition to, the business of the Company or of a subsidiary company, or not being an important shareholder in a partnership, or a director who has a part in the management, an employee, a staff, an adviser receiving regular salaries or holding shares more than one percent of the total number of shares with voting rights of other company operating the same kind of business which is a competition to the business of the Company or a subsidiary company.

(9) Not having any other descriptions which obstruct free expression of opinions concerning the operations of the Company.

9.3.2 Election and Appointment of Directors

Normally, the meeting of Shareholders elect directors as the Articles of Association prescribe that in each Annual General Meeting of Shareholders one-thirds or the nearest to one-thirds of directors shall retire from office. The Company shall arrange an agenda for election of directors in every AGM and propose the names that have been endorsed by the Nomination and Remuneration Committee and the Board of Directors for consideration.

The election of directors by the shareholder meeting is in line with the majority of votes, and the following regulations and procedure:

- (a) One vote per share is allowed for a shareholder.
- (b) Shareholders vote for each individual nominated as a director. The number of vote(s) received by each nominee does not exceed the number of share(s) held by the particular voter, as specified in (a). The shareholder cannot allot any of their share(s) to any other individual. Directors are those individuals receiving the highest votes. Should the individuals receive the same number of votes where only one place for a director remaining, the chairperson shall exercise the casting vote.

However, in the case a position of directorship is vacant because of other reasons than retiring by rotation and the remaining term is longer than two months, the public company law and the Articles of Association vest the power to the Board of Directors to appoint a director in replacement. The Nomination and Remuneration Committee shall exercise the selection process as mentioned above and nominated the selected person to the Board of Directors to appoint. The new director shall hold office only for the remaining period of the director whom he/she has replaced.

When either the meeting of shareholders or the Board of Directors appoints directors as the case may be, the Company shall inform the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) of the new directors respectively.

9.4 Governance for subsidiaries and associates performance

In order to comply with governance and protect the Company's investment, the Board appoints directors of the parent company to be directors in subsidiaries and associated companies in proportion to the shareholding. The directors who represent the Company shall participate in decision of policy such as other project investments.

9.5 Supervision of Use of Inside Information

The Company prohibits its directors, the Management, staffs from using inside information concerning important matters including trading of securities, using information before publication for personal gains and/or that of others. Preventive measures against the use of inside information are as follows:

The Company stipulates code of conduct and ethic relating to the use of inside information and trading of securities, publication and interview in public

1. The Company informs executives about their obligation to disclose share holdings and changes of the holdings of themselves, their spouses, and their children who have not yet attained the majority according to article 59 and article 275 of the Securities and Exchange Act B.E. 2535.

2. Circular notices are sent to directors and executives advising those who receive important inside information that affects prices of securities shall not trade corporate securities within that one month and not disclose the important inside information before the corporate financial statements or the particular information is publicized.
3. Should there be any changes of share holdings, the Company's directors and executives shall report to the Office of Company Secretary and Legal in order to report to SEC or SET within the prescribed period. The Office of Company Secretary and Legal shall report any changes of share holdings of directors to the Board of Directors quarterly and to the Board of Executive Directors monthly.
4. Important inside information and confidential documents which kept as hard copies or soft files are protected and limited accessible to top executives only when necessary. If any inside information needs to be disclosed to employees, the employees will be informed properly about the limitation of the use of that information. An employee who discloses corporate confidential information will be penalized.
5. To monitor irregularity in corporate operating results, random examination is done to security trade, the Company's information system and outside information.

According to Corporate Governance policy, the Company prohibits its directors, the executives, and employees from using inside information concerning important matters including trading of securities before publication for others or personal gains. Directors, executives, and employees have freedom to invest in corporate security; however, the trading of Company's securities within one month before the financial statements disclosure shall be prohibited in order to avoid conflict of interest.

9.6 Auditor fee

In 2017, the Auditor fee of the Company and subsidiaries is in the amount of THB 8,650,000.- and Other fees (non-audit fee) is in the amount of THB 1,920,000.- which are BOI examination fee is THB 320,000.- and advisor fee/ other services is THB 1,600,000.-

Report of Meeting Attendance of Directors

No.	Name	Position	Board of Directors		Executive Board		Audit Committee		Nomination & Remuneration Committee		Risk Management Committee		Corporate Governance Committee		AGM	
			Attend	Total	Attend	Total	Attend	Total	Attend	Total	Attend	Total	Attend	Total	Attend	Total
1	Mr. Manu Leopalrote	Chairman	8	8											1	1
2	Mr. Chamroon Chinthammit	Executive Director	8	8	12	12									1	1
3	Mr. Prapas Chutimavoraphand *	Executive Director	4	4 *	5	5 *									1	1
	Mr. Chanachai Chutimavoraphand *	Executive Director	4	4 *	7	7 *										
4	Mr. Pornsin Thaemsirichai	Executive Director	7	8	12	12									1	1
5	Mr. Somchai Chinthammit	Executive Director	8	8	11	12									1	1
6	Mr. Trakarn Chunharojit	Executive Director	8	8	12	12									1	1
7	Ms. Duangkae Chinthammit	Executive Director	8	8	12	12									1	1
8	Ms. Duangdao Chinthammit	Executive Director / Nomination & Remuneration Committee	8	8	11	12			4	4					1	1
9	Mr. Tachpong Pakomsirwongse	Executive Director	8	8	12	12									1	1
10	Mr. Chatri Chinthammit	Director	8	8											1	1
11	Mr. Chalush Chinthammit	Executive Director / Risk Management Committee	7	8	10	12					3	4			1	1
12	Mr. Sukhum Tokaranyaset	Executive Director	8	8	12	12									1	1
13	Mr. Thawatchai Rojanachotikul	Executive Director	7	8	11	12									1	1
14	Mr. Somchat Chinthammit	Director / Nomination & Remuneration Committee	7	8					4	4					1	1
15	Mr. Pramoon Vichiensin **	Independent Director / Chairman of Nomination & Remuneration Committee	4	4 **					3	4					-	1
	Ms. Anchalee Pipatanasem **	Independent Director	1	1 **												
16	Pol. Gen. Boonpen Burpenboon	Independent Director/ Chairman of Risk Management Committee / CG Committee	8	8							4	4	3	3	-	1
17	Mr. Sitti Leelakasamelurk	Independent Director / Chairman of Audit Committee / Risk Management Committee	7	8			5	5			4	4			1	1
18	Mr. Karun Kittisataporn	Independent Director / Audit Committee/ Nomination & Remuneration Committee / CG Committee	5	8			5	5	4	4			1	3	1	1
19	Mr. Warapatr Todhanakasem	Independent Director / Audit Committee/ Risk Management Committee/ Chairman of CG Committee	7	8			5	5			4	4	3	3	1	1
20	Ms. Nongluck Phinainitsart	Independent Director / Audit Committee / CG Committee	7	8			5	5					2	3	1	1
21	Ms. Intira Sukhanindr	Executive Director	8	8	12	12									1	1
Remark: Mr. Prapas Chutimavoraphand: Resigned 1 April 2017, Mr. Chanachai Chutimavoraphand: Appointed 1 April 2017																
Mr. Pramoon Vichiensin: Resigned 1 June 2017, Ms. Anchalee Pipatanasem: Appointed 29 September 2017																

10. Corporate Social Responsibilities

Khon Kaen Sugar Industry Public Company Limited has set a policy to conduct its business with corporate social responsibility that covers various important aspects and relates to stakeholders inside and outside the Company as well as the general public. The policy includes seven core subjects stated in ISO 26000 and additional matters as the Company thinks appropriate to form the following nine policies.

1. Conducting business in accordance with business ethics and good governance

1.1 The Company emphasizes on conducting business with honesty, fairness, ethics and is determined to abide by laws, trade ethics and fair competition. The Company pays tax correctly and timely. The personnel at all levels are advised to perceive the importance of the corporate social responsibility.

1.2 The Company conducts its business pursuant to business ethics and corporate governance with responsibility to shareholders by respecting shareholders' right, treating the shareholders equally, giving sufficient information with respect to investment decision or material change of the Company and does not disclose to any person the inside information which would cause damages or disadvantages to shareholders. The Company manages and provides remuneration to executives and directors with transparency and accountability. The financial and non-financial reports are disclosed correctly, completely and timely in accordance with the generally accepted standards.

2. Anti-corruption

The Company manages its business on the basis of transparency and ethics and complies with the policy and laws related to anti-corruption, bribery and inappropriate benefits to government officials or private sectors. The Company prescribes the organization structure by clearly dividing duties, responsibility, work process and line of command in each division in order to facilitate the balance of power and intra-audit. The Company provides the Manual on Anti-Corruption which compiles policies, ethics, regulations, rules and work processes for the directors, executives and staff to implement.

In 2014 the Company committed terms set by the Private Sector Collective Action Coalition against Corruption group that seeks to deter all types of corruption activities within the private sector and was certified a three-year member of the Private Sector Collective Action Coalition against Corruption (CAC) on 9 March 2017.

3. Human Rights

The Company supports and respects human rights protection by treating all stakeholders including staff, communities and surrounding societies with respect to human values, equality and liberty. The Company does not violate basic human rights and does not discriminate against race, nationality, religion, language, skin colour, gender, age, education, physical condition or social status. The Company averts itself from involving in human right violation, e.g. child labour, forced labour and sexual harassment, etc. as well as promotes the compliance with human rights norms by arranging the venue for expression of opinions and channels for any injured persons due to alleged human right violation to file complaints and by providing appropriate remedies to the injured persons.

The Company provides training or disseminates information as to human rights and encourages its personnel to abide by human right principles.

4. Fair Treatment to Employees

The Company is well aware of the importance of human resource development and fair treatment to employees with the recognition that such matters would increase business value as well as promote competitive edge and sustainable growth of the Company. As such, policies and guidelines are prescribed as follows.

4.1 Respect to rights of employees pursuant to labour law and human rights principles.

4.2 Fair process of employment and employment conditions, including remuneration and promotion in accordance with fair evaluation.

4.3 Promotion of personnel development by providing training, seminar, workshop including assigning the personnel to relevant external seminar and workshops in order to develop their knowledge, ability, potential, attitudes, ethics and team work skill.

4.4 Providing welfare for the employees pursuant to the law, e.g., social security, provident fund etc. and additional to the law, e.g., health insurance, accident insurance, etc. including various funding, e.g. scholarship for employee's children, funeral expenses, etc.

4.5 Providing annual medical check-up to employees of all levels by taking into account risk factors relating to ranking, age, gender and work environment of each individual employee.

4.6 Providing safe working condition and sanitary workplace by issuing measures for accident prevention, encouraging awareness of safety including training, promoting good health and taking good care of workplace to keep it safe and hygienic.

4.7 Opportunity for employees to express opinions or to file complaints in respect of unfair treatment or improper conduct within the Company including due protection to such reporting employees.

5. Responsibility to Customers

The Company is determined to develop products that meet the satisfaction and utmost benefits of customers and adheres to deal with customers with responsibility and honesty in accordance with the following policies.

5.1 The Company regards the quality and standard of the products as essential by focusing on high quality raw materials, production under good standard and regular improvement of product quality so that the customers shall get good quality and hygienic products with utmost satisfaction.

5.2 The Company regards product safety as essential and wants the customers to receive the products of quality and safety that matches relevant international standards and rules.

5.3 The Company respects fair marketing by providing customers the information relating to the products which is correct, undistorted, not vague or not overstated so that the customers get correct and sufficient information for making decision.

5.4 The Company provides customer relationship scheme to communicate with customers and to receive complaints regarding the products so as to respond to the customers' need in due time.

5.5 The Company keeps confidential the customers' information and does not use the information illegitimately.

6. Responsibility to Suppliers, Creditors and Competitors

The Company adheres to covenants that are fair to suppliers; abides by the prescribed anti-corruption measures; respect the rights in property or ownership of suppliers; not takes advantages over suppliers and promotes joint activities with suppliers in respect of corporate social responsibility.

The Company abides by agreements concluded with creditors. In the case that the Company cannot repay the debt as scheduled, the Company shall inform the creditor so as to solve the matter together.

The Company competes fairly in business and does not cheat, obstruct or do any act against fair competition which is prohibited by law.

7. Environment Protection

The Company emphasizes on caretaking of environment and avoidance of jeopardizing environment. The Company manages the manufacturing process to ensure that it strictly complies with the law relating to environment protection. The Company develops manufacturing process and selects materials which are nature and environment friendly; sets precautionary measures for any operation which contains risks relating to environment. The Company utilizes resources and energy efficiently by way of reduce-reuse-recycle as much as possible and manages the waste from production process responsibly.

8. Community and Social Development

The Company is well aware of its responsibility to community and society in order to foster the strength of community. The Company, therefore, has a policy to assist and develop the society by cooperating with communities around the operating areas in various activities, providing jobs to local people, disclosing any information that would have adverse impact on community and responding rapidly and efficiently to circumstances that affect community, society and environment resulting from the Company's operation. The Company encourages its employees to build up responsibility to environment and society and cooperates with other groups or networks to develop the targeted communities each year.

9. Promotion of Innovation that responds to corporate social responsibility

The Company encourages its employees to create innovation which would respond to the above-mentioned corporate social responsibility policy, e.g. saving natural resource and energy, waste management, control of waste discharge, etc. Such innovation aimed to generate more efficiency or effectiveness may vary by different types, including novelty, improvement, adjustment, modification or alteration. The Company is willing to disseminate the innovation that would be useful to society and environment in appropriate ways.

Monitoring and Revision of Corporate Social Responsibility Policy

The Company is aware of the importance of continuing business operation within the context of corporate social responsibility. Therefore, the Company shall monitor, evaluate and revise the current projects and shall consider future CSR projects with care on regular basis.

The Company renders a Sustainability Report within the framework of Global Reporting Initiative (GRI) Level 4 by disclosing information at "core" level comprising economic, social, environmental and personnel aspects. The report has been made a separate part in the Annual Report since 2016 and shows reporting topics and indicating units pursuant to GRI and also reports activities regarding corporate social responsibility in the previous year.

11. Internal Control and Risk Management

Internal Control

The company sets focus on internal control covering finance, compliance with relevant laws and regulations as well as appropriate risk management that is efficient enough to prevent or mitigate risks which may cause damage to assets or reputation. The Company evaluates the operation of work in accordance with good corporate governance. In 2017, the Company is certified a membership of the Private Sector Collective Coalition against Corruption (CAC). The Board of Directors clearly defines roles and duties of each committee and the management and monitors the performance pursuant to the roles and duties and the organization structure and line of command designed to create balance of power and internal control. Goals and key performance indicators are established to evaluate efficiency and to monitor the work result in comparison to the corporate objectives regularly.

The Board of Directors annually evaluates the sufficiency of internal control system in accordance with the guidelines provided by the Securities Exchange Commission and the framework set by the Stock Exchange of Thailand with reference to the principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Board of Directors and the Audit Committee consider that the Company has sufficient and appropriate internal control system for the business characteristics.

1. Internal Control

The Company clearly sets measurable business goals and action plans. The goals are revised while the actual results are compared with the goals regularly. The organization structure is made with the concept to allocate duties and to establish line of command with responsibility so as to achieve objectives with the supervision of the Board of Directors. The Company prescribes business ethics, corporate governance policy, anti-corruption practices and conflict of interest policy to express its commitment to integrity and business ethics. List of authorities and operational manuals are made and regularly revised to be in line with new standards.

The Board of Directors is independent from the management. The Board is empowered to govern and develop the internal control system. The Board also promotes the development of personnel so that they shall be capable to administer and take responsibility for the internal control effectively.

As regards anti-corruption matters, the Company provides risk evaluation of internal fraud.

2. Risk Evaluation

The Company is aware of the evaluation of the risks that may cause adverse effect to business operation. The Risk Management Committee together with the Risk Management Office evaluates risk factors both from outside and inside the organization that may have impact upon the business. The Office identifies and analyses all type of relevant risks including fraud and corruption and categorizes materials risks pursuant with the effects and probability to occur in each business process and establishes risk management plans. The risk factors are revised every year.

3. Operational Control

The Company has internal control that is consistent with the risks and types of business. The control is clearly allocated to each functional unit as defined in the manual of authorities and the manuals of operation which are made and revised to suit the organization structure and present operation. Each functional unit is designed to balance the power and to cross-examine appropriately, particularly the task that incurs significant risks so as to mitigate or reduce errors such as financial transactions, sales, procurement, asset supervision, personnel management, etc. The internal audit office is set up to audit each operation regularly in accordance with rules, regulations, manual of authorities and manual of operation to ensure sufficient and appropriate internal control. There is efficient operation of work including the use of information technology to help conduct the work more rapidly and efficiently.

4. Information technology and communications

The Company strengthens information technology system and communication, promotes and supports continuous system development so that the information is correct and updated. The Company uses the information technology system that is up-to-date, efficient and data-secured to collect data, process data, store data and monitor data so that the administration, the decision-making, policy regarding information technology security and the use of information by directors, executives and staff can be done safely and correctly within reasonable time.

The Company provides appropriate communication channels to convey messages regarding duties, responsibility and other matters to personnel and specifies secured channels for submitting clues or complaints regarding fraud and corruption. Also, there is communication in respect of issues that may cause impact to internal control between internal functional units and between the Company and third parties.

5. Monitoring system

The Audit Committee audits the internal control system which is submitted by the Office of Internal Audit. The internal audit office examines, monitors and evaluates the operation to ensure that the findings arising from audit process are rectified in reasonable time. The independent Auditor evaluates the internal control regarding finance and accounting and submits the audit result to the Audit Committee on a quarterly and yearly basis. In the previous year, there is no significant flaw as to the internal control audit.

Risk Management

The Risk Management Committee stipulates risk management policy, risk factors and risk management process for the management to bring to practice so as to help the management to consider control points to manage the risks to the acceptable level. The management is responsible for the business planning, the operation, the specification, analysis and evaluation of work structure by taking into consideration the internal and external risk factors.

In 2017, the Risk Management Committee and the Office of Risk Management implement the Risk Management Activity Plan as follows.

1. provide an operational manual on inventory, sugar storage, weighing station, security guards so that the staff know and follow the work process and the functional units improve the work process respectively.

2. revise Charter of the Risk Management Committee, objectives, scope of authority and responsibility, manual on risk management and operational manual of the risk management office.

3. provide training content, namely, 2017 manual of risk management on fraud and ISO 9001 version 2015.

4. conduct training for executives and staff from 7 operational sites including head office with the aforesaid content and support the change of ISO 9001 version 2008 to ISO 9001 version 2015.

5. provide risk evaluation process on fraud and corruption for 2017/2018 pursuant to FRA Tool: Fraud Risk Assessment Tool and guidelines of practice as to governing and control to prevent and to monitor risks from fraud and corruption. In case of high probability, the responsible person must provide plan to control or to prevent the occurrence of incidents. The office also coordinates with the responsible persons to monitor the evaluation result and the internal audit office to examine the information whether the responsible person has complied with the plan and guidelines of anti-corruption and fraud prevention.

6. organize a training for suppliers and customers regarding anti-corruption at a meeting for such purpose on 1 April 2017 at Phra Haruethai Convent School in Bangkok to emphasize the intention of the Company to operate its transparent and fair business and to convince the suppliers and customers for the participation in the anti-corruption coalition as the Company has recently done.

7. specify causes of organizational risk and the responsible persons in each division for each risk for the year 2017/2018 as approved by the Risk Management Committee.

8. provide plans to support analysis and evaluation of new risks in 2017/2018 and make preliminary guidelines with measures to respond the risks.

9. hold preparatory meeting for the risk management office to work on various sites pursuant to the supporting plans.

10. support the making of 2017 report stating risk status by the responsible person of each division in 7 sites

11. report the risk status in 2017 to the Board of Directors showing information as to risks that are stable, decreasing and increasing together with causes so that the management can use for planning and operation respectively.

The Risk Management Committee concludes that the internal control system of the company group is at acceptable standard and the risk management shall be improved to be consistent with the objectives of the Company and functional units.

12. Related party transactions

Related party transactions for the year ended 31 October 2017 and 2016 disclosed in this section comprise of transactions between the enterprises and subsidiaries, associated, and individuals that may have the conflict of interest as follows:

Related Party Relationship as of October 31, 2017

Subsidiaries

Company name	Relationship
Tamaka Sugar Industry Co., Ltd. Manufacture and distribution of sugar and molasses	Tamaka Sugar Industry Co., Ltd. is controlled by the company which owns 90.21% of the subsidiary's shares. Individuals that relate to directors of the company own 9.79% of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
New Krung Thai Sugar Factory Co., Ltd. Manufacture and distribution of sugar and molasses	New Krung Thai Sugar Factory Co., Ltd. is controlled by the company which owns 95.78% of the subsidiary's shares. Individuals that relate to directors of the company own 4.22 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
New Kwang Soon Lee Sugar Factory Co., Ltd. Manufacture and distribution of sugar and molasses	New Kwang Soon Lee Sugar Factory Co., Ltd. is controlled by the company which owns 98.61% of the subsidiary's shares. Individuals that relate to directors of the company own 1.39 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
K.S.L. Real Estate Co., Ltd. Housing and land for agriculture estate including holiday resort for training, seminar center and Office building for rent	K.S.L. Real Estate Co., Ltd. is a subsidiary of and controlled by the company, Tamaka Sugar Industry Co., Ltd. which owns 40.77% and 50.25% of the subsidiary's shares, respectively. Individuals that relate to directors of the company own 8.98 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.

Company name	Relationship
K.S.L. Export Trading Co., Ltd. Export sugar as exporting agent	K.S.L. Export Trading Co., Ltd. is a subsidiary of and controlled by the company, Tamaka Sugar Industry Co., Ltd., New Krung Thai Sugar Factory Co., Ltd. and New Kwang Soon Lee Sugar Factory Co., Ltd. which own 33.87%, 20.85%, 15.36% and 9.47% of the subsidiary's shares, respectively. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Thawatchai Rojanachotikul, Mr. Sukhum Tokaranyaset and Mr. Chalush Chinthammit.
Savannakhet Sugar Corporation Agricultural Operation, Manufacture and distribution of sugar and molasses	Savannakhet Sugar Corporation is controlled by the company which owns 98.49% of the subsidiary's shares. None of major shareholders and directors of the company own the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose.
Koh Kong Sugar Industry Co., Ltd. Manufacture and distribution of sugar and molasses which are during investment process	Koh Kong Sugar Industry Co., Ltd. is controlled by the company which owns 80.00% of the subsidiary's shares. None of major shareholders and directors of the company own the shares. Therefore, related transactions between the company and subsidiary are not required to disclose.
Koh Kong Plantation Co., Ltd. Agricultural Operation	The Company holds shares indirectly which owns 80.00% of the subsidiary's shares. None of major shareholders and directors of the company own the shares. Therefore, related transactions between the company and subsidiary are not required to disclose.

Associates

Company name	Relationship
Thai Sugar Terminal Public Company Limited Locating, silo warehouse and property rental	Thai Sugar Terminal Public Company Limited is an associate of and controlled by the company which owns 23.82% of the associate's shares. Major shareholders and directors of the company own 17.42% of the subsidiary's shares. The company also has common directors namely Mr. Somchai Chinthammit, Mr. Chalush Chinthammit and Mr. Chanachai Chutimavoraphand.
BBGI Company Limited Manufacture and distribution of alcohol or fuel from agricultural produce	BBGI Company Limited is an associate of and controlled by the company which owns 40.00% of the associate's shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Chalush Chinthammit and Mr. Chanachai Chutimavoraphand.

Related Companies

Company name	Relationship
K.S.L. IT Center Co., Ltd. Provide computerized and database services to parent company and related parties	K.S.L. IT Center Co., Ltd. is controlled by Raja Ceramics Co., Ltd., and Thai Fermentation Industry Co., Ltd., whose stakes individually equal to 50% of K.S.L. IT Center Co., Ltd.'s shares. The company also has common directors namely Mr. Chatri Chinthammit.
Raja Ceramics Co., Ltd. Manufacture and distribution of ceramic products	Raja Ceramics Co., Ltd. is controlled by the same shareholder group of the company who owns 49.10% of Raja Ceramics Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset, Mr. Thawatchai Rojanachotikul, Mr. Trakarn Chunharojrit and Mr. Chalush Chinthammit.
Thai Fermentation Industry Co., Ltd. Manufacture and distribution of seasoning powder	Thai Fermentation Industry Co., Ltd. is controlled by the same shareholder group of the company who owns 42.76% of Thai Fermentation Industry Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset, Mr. Thawatchai Rojanachotikul, and Mr. Somchai Chinthammit.
On Nuj Construction Co., Ltd. Hotel and real estate agent	On Nuj Construction Co., Ltd. is controlled by the same shareholder group of the company who owns 70.38% of On Nuj Construction Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Chalush Chinthammit, Ms. Duangkhae Chinthammit and Ms. Duangdao Chinthammit.
K.K. Wood Industry Co., Ltd. * Manufacture and distribution of processing products	K.K. Wood Industry Co., Ltd. is controlled by the same shareholder group of the company who owns 88.75% of K.K. Wood Industry Co., Ltd.'s shares. There is no common director.
Amarco Co., Ltd. * Distribution of pesticide products	Amarco Co., Ltd. is controlled by the same shareholder group of the company who owns 100% of Amarco Co., Ltd.'s shares. There is no common director.
KSL Green Innovation Public Company Limited Manufacture and distribution of alcohol or fuel from agricultural produce	The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Chalush Chinthammit and Mr. Chanachai Chutimavoraphand.

* K.K. Wood Industry Co., Ltd. and Amarco Co., Ltd., registered the dissolution with the Ministry of Commerce in the first quarter of 2017.

12.1 The following transactions were carried out with related parties:**12.1.1 Sales and purchases of goods and services including balance transaction (for the year ended 31 October 2017 and 2016)**

Customers	Sellers/ Service providers	Type of Transaction / Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 17	31 Oct 16	
Thai Fermentation Industry Co., Ltd.	Khon Kaen Sugar Industry Public Company Limited	- Sales of molasses - Gain on sale of investments - Other accounts receivable	- - -	588 10,700 3	The Company and its subsidiaries sold molasses to Thai Fermentation Industry as raw material. The transactions arose in ordinary course of business which carried out at market price on normal terms. The subsidiary provided a service of modify machine to Thai Fermentation Industry which carried out at cost plus administrative expense.
	Tamaka Sugar Industry Co., Ltd.	- Sales of molasses - Other accounts receivable	- -	15 -	
K.K. Wood Industry Co., Ltd.	Khon Kaen Sugar Industry Public Company Limited	- Sales of supply and parts - Trade accounts receivable Sale of sugar	- - -	439 11	The Company sold other product consisted of supplies and spare parts to K.K. Wood Industry Co., Ltd. to put into production process which carried out at cost plus administrative expense.
Khon Kaen Sugar Industry Public Company Limited	Thai Fermentation Industry Co., Ltd.	- Sale of chemical and water - Other accounts payable	2,241 115	963 140	The Company's group purchased chemical product as caustic soda and hydrochloric acid from Thai Fermentation Industry Co., Ltd. to clean their machineries. The product price of Thai Fermentation Industry Co., Ltd. was less than the others from price comparison because they were by product from production process.
Tamaka Sugar Industry Co., Ltd.		- Sale of chemical and water	8	12	
New Krung Thai Sugar Factory Co., Ltd.		- Sale of chemical and water	7	13	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Sale of chemical and water	67	48	

Customers	Sellers/ Service providers	Type of Transaction / Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 17	31 Oct 16	
Khon Kaen Sugar Industry Public Company Limited	K.K. Wood Industry Co., Ltd.	- Purchase of property	-	54,185	K.K. Wood Industry Co., Ltd., which operates sift sugar grade size special to Mondelez International (Thailand Co., Ltd. Since 2003, had the plans to out of business and the Company wishes to purchase machineries to be used in production of the Company.
Khon Kaen Sugar Industry Public Company Limited	K.S.L. Export Trading Co., Ltd.	- Service fees of goods exporting	5,120	7,743	Sugar exporting has to be made by only company that authorized by Cane and Sugar Board in the Royal Gazette according to the sugarcane and sugar act. The Company's group and Prachaup Industry Co., Ltd. therefore established K.S.L. Export Trading Co., Ltd. to only be export agent and documental support. K.S.L. Export Trading Co., Ltd. will charge service fees at cost plus administrative expenses according to volume of goods.
Tamaka Sugar Industry Co., Ltd.		- Service fees of goods exporting	1,221	1,606	
New Krung Thai Sugar Factory Co., Ltd.		- Service fees of goods exporting	2,243	2,320	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Service fees of goods exporting	683	803	
Savannakhet Sugar Corporation		- Service fees of goods exporting	360	304	
Khon Kaen Sugar Industry Public Company Limited	Thai Sugar Terminal Public Company Limited and its subsidiary company	- Service fees for goods custody and transfer	178	40,798	The Company needs to use wharf and transfer services for group of sugar factory. Thai Sugar Terminal Public Company Limited priced service fees of goods custody and goods exporting were charge according to volume of goods and custody time, which are general rates in the market.
Tamaka Sugar Industry Co., Ltd.		- Other income	320	2,164	
		- Other accounts receivable	-	1,264	
		- Other accounts payable	-	2,377	
		- Service fees for goods custody and transfer	12,706	12,663	
	- Other income	704	1,325		
	- Other accounts receivable	-	21		
	- Other accounts payable	1,050	105		

Customers	Sellers/ Service providers	Type of Transaction / Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 17	31 Oct 16	
New Krung Thai Sugar Factory Co., Ltd.	Thai Sugar Terminal Public Company Limited and its subsidiary company	- Service fees for goods custody and transfer - Other income - Other accounts receivable - Other accounts payable	7,500 - - 3,586	8,599 140 9 1,059	The Company needs to use wharf and transfer services for group of sugar factory. Thai Sugar Terminal Public Company Limited priced service fees of goods custody and goods exporting were charge according to volume of goods and custody time, which are general rates in the market.
Khon Kaen Sugar Industry Public Company Limited	K.S.L. IT Center Co., Ltd.	- Service fees of computerized activities - Prepaid expenses	5,302 175	6,471 665	
Tamaka Sugar Industry Co., Ltd.		- Service fees of computerized activities - Prepaid expenses	2,012 56	2,710 36	K.S.L. IT Center Co., Ltd. was established for serve computer service center within the group companies. The said company priced service fees calculated by investment cost and operating expense to allocate according to actual data usages of each company.
New Krung Thai Sugar Factory Co., Ltd.		- Service fees of computerized activities - Prepaid expenses	2,815 133	3,001 120	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Service fees of computerized activities - Prepaid expenses	1,662 49	1,690 45	
K.S.L. Real Estate Co., Ltd.		- Service fees of computerized activities	172	140	
K.S.L. Export Trading Co., Ltd.		- Service fees of computerized activities	167	164	
Savannakhet Sugar Corporation		- Service fees of computerized activities	635	558	
Koh Kong Sugar Industry Co., Ltd.		- Service fees of computerized activities	461	519	
Koh Kong Plantation Co., Ltd.		- Service fees of computerized activities	143	143	

12.1.2 Rental fee (for the year ended 31 October 2017 and 2016)

Unit : Thousand Baht

Lessor	Lessee	Significant transaction	Amount (Thousand Baht)		Necessity and reasonableness of Connected Transaction
			31 Oct 17	31 Oct 16	
Khon Kaen Sugar Industry Public Company Limited	On Nuj Construction Co., Ltd.	Office rental area of 202.84 square meters and car park at the rate of Baht 300 per square meter per month and are allowed to be renewed annually (01/11/16 - 31/10/18). As at September 1, 2017, The company require for decreased office rental area to 196.69 square meters at the rate of Baht 300 per square meter per month (01/09/17 - 31/10/18).	727	730	The Company has rent out office space to its companies group due to locate office centrally and conveniently. Rental fees were carried out at market prices on normal trade and agreement commencement date. Office rental and asset rental condition were set mainly concern about benefit to the company.
	Chengteh Chinaware (Thailand) Co., Ltd.	Office rental area of 495.54 square meters and car park at the rate of Baht 300 and 242 per square meter per month respectively and are allowed to be renewed annually (01/01/17 - 31/12/17)	1,784	1,784	
	K.S.L. IT Center Co., Ltd.	Office rental area of 432.62 square meters and car park at the rate of Baht 300 per square meter per month and are allowed to be renewed annually (01/08/17 - 31/07/18)	1,557	1,557	

Unit : Thousand Baht

Lessor	Lessee	Significant transaction	Amount (Thousand Baht)		Necessity and reasonableness of Connected Transaction
			31 Oct 17	31 Oct 16	
	Amarco Co., Ltd.	Land rental area of 536 square meters at the rate of Baht 1,996 per square meter per month for the period of 20 years (01/02/04 - 31/01/24) with rental rate will be raised 10% every 3 years and has canceled the rental on October 31, 2016.	-	21	
	K.K. Wood Industry Co., Ltd.	Land rental area of 1,728 square was at the rate of Baht 99,200 per annum and are allowed to be renewed every 3 years (15/01/14 - 14/01/17) with rental rate will be raised 10% every 3 years and has canceled the rental on October 31, 2016.	-	79	The Company has rent out office space to its companies group due to locate office centrally and conveniently. Rental fees were carried out at market prices on normal trade and agreement commencement date. Office rental and asset rental condition were set mainly concern about benefit to the company.
	K.S.L. Export Trading Co., Ltd.	Office rental area of 33.48 square meters at the rate of Baht 300 per square meters per month and is allowed to be renewed every 3 years (01/10/17 - 30/09/20)	121	121	
Champion Fermentation Co., Ltd.	Tamaka Sugar Industry Co., Ltd.	Land rental area of 270 rai at the rate of Baht 740 per rai and is allowed to be renewed every 3 years (04/08/16 - 03/08/19) and has canceled the rental on July 31, 2017.	200	200	Land leasing is for a plot of experimental sugar cane plantation and sugar cane research. Rental fees were charged at market prices.

12.1.3 Borrowings from/ Loans to related parties (for the year ended 31 October 2017 and 2016)

Unit : Thousand Baht

For the year ended 31 October 2017							
Borrower	Lender	As at 1 Nov 2016	Loan addition during the period	Repayme nt during the period	As at 31 Oct 2017	Interest paid	Necessity and reasonableness of Connected Transaction
Khon Kaen Sugar Industry Public Company Limited	KSL Tower Juristic Person office	6,900	-	(1,900)	5,000	112	Khon Kaen Sugar Industry Public Company Limited has got financial support from KSL Tower Juristic Person office via short-term loans which is callable promissory notes, the loans are used for working capital, interest rates at 2.05-2.55% per annum and the interest is payable at the end of each month.

Unit : Thousand Baht

For the year ended 31 October 2016							
Borrower	Lender	As at 1 Nov 2015	Loan addition during the period	Repayme nt during the period	As at 31 Oct 2016	Interest paid	Necessity and reasonableness of Connected Transaction
Khon Kaen Sugar Industry Public Company Limited	KSL Tower Juristic Person office	6,100	900	(100)	6,900	127	Khon Kaen Sugar Industry Public Company Limited has got financial support from KSL Tower Juristic Person office via short-term loans which is callable promissory notes, the loans are used for working capital, interest rates at 2.05-2.55% per annum and the interest is payable at the end of each month.

Unit : Thousand Baht

For the year ended 31 October 2017							
Borrower	Lender	As at 1 Nov 2016	Loan addition during the period	Repayme nt during the period	As at 31 Oct 2017	Interest paid	Necessity and reasonableness of Connected Transaction
Prachaup Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	-	552,339	(552,339)	-	3,248	The loan was provided as financial supporting through K.S.L. Export Trading Co., Ltd. which was registered according to the laws and regulations of sugar exporting. The credit line from financial institution was defined and borrowed by K.S.L. Export Trading Co., Ltd. Then, K.S.L. Export Trading Co., Ltd. lent to sugar factories. Therefore, K.S.L. Export Trading Co., Ltd. represents an intermediary for credit line carried out. Prachaup Industry Co., Ltd. pledged sugar exporting and promissory note as collaterals against credit facilities from K.S.L. Export Trading Co., Ltd. and no fee is charged for the inter-credit facility guarantee.

Unit : Thousand Baht

For the year ended 31 October 2016							
Borrower	Lender	As at 1 Nov 2015	Loan addition during the period	Repayme nt during the period	As at 31 Oct 2016	Interest paid	Necessity and reasonableness of Connected Transaction
Prachaup Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	-	659,471	(659,471)	-	3,518	The loan was provided as financial supporting through K.S.L. Export Trading Co., Ltd. which was registered according to the laws and regulations of sugar exporting. The credit line from financial institution was defined and borrowed by K.S.L. Export Trading Co., Ltd. Then, K.S.L. Export Trading Co., Ltd. lent to sugar factories. Therefore, K.S.L. Export Trading Co., Ltd. represents an intermediary for credit line carried out. Prachaup Industry Co., Ltd. pledged sugar exporting and promissory note as collaterals against credit facilities from K.S.L. Export Trading Co., Ltd. and no fee is charged for the inter-credit facility guarantee.

Policy on Future Related party transactions

The Audit Committee passed the resolution of related party transactions as the followings:-

The Audit Committee has reviewed the related party transactions described in the table above and given the view that it was in accordance with normal business practice and carried out at market price.

Policy on future related party transactions**1. Normal Business Transactions**

Normal business transactions include transfer and transport services and warehouse rental from Thai Sugar Terminal Public Company Limited and sales and purchases of sugar between the Company and the subsidiaries. These connected transactions will firstly be brought to the Company's consideration in respect of the Company's interests and be ensured that they will be carried out at market price.

2. Rental Service Transactions

Rental service transactions will be carried out at market price and the same rate given to third parties.

3. Sales and Purchases of Assets and Investments

Sales and purchases of assets and investments are an increase of capital in order to maintain the same shareholding proportion as previously held. It is also an investment for the current business expansion and the future business growth. The policy of sales and purchases of assets and investments will firstly be brought to the Company's consideration in respect of the Company's interests and the justification for entering into the transaction, the necessity and appropriateness of such transactions.

4. Borrowings from/ Loan to persons having potential conflict of interest

Borrowings from/ Loan to persons having potential conflict of interest will firstly be brought to the Company's consideration in respect of the justification for entering into the transaction, the necessity and appropriateness of such transactions.

5. Other Related Transactions

Other related transactions are transactions other than 1-4 stated above.

Related party transactions between the Company and the subsidiaries and the persons having potential conflict of interest, having a stake in or possibly having a conflict of interest in the future shall be subject to the opinion of the Audit Committee for their consideration in respect of the justification for entering into the transaction, the necessity and appropriateness of such transactions. In case the Audit Committee considers it lack expertise required for the consideration of possible transactions, it is empowered to recruit experts as needed. Experts, for example, could be an auditor or an independent appraisal officer, which is independent from both the Company and persons having potential conflict of interest. The opinion of these recruited experts will be used in the decision-making of the Audit Committee and/or the Board of Directors of the Company and/or shareholders as the case may be.

The Board of Directors of the Company ensures compliance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand, including compliance with regulations on the disclosure of information on connected transactions and the acquisition or disposal of important assets of the Company or its subsidiaries, and compliance with the accounting standards established by the Institute of Certified Accountants and Auditors of Thailand.

Capital structure of individuals having potential conflict of interest over 10%

Capital structure of individuals having potential conflict of interest over 10% is as the followings:-

1. Thai Sugar Terminal Public Company Limited (TSTE)

The individuals having potential conflict of interest own 17.42% of the TSTE's shares. The Company owns 23.82% of the TSTE's shares and has no policy to increase its capital proportion. Moreover, the shareholders and directors have no intention to transfer their benefits to one of these two companies. In addition, Thai Sugar Terminal Public Company Limited has many directors from other sugar companies; thus, power balancing in TSTE is reasonable for both companies. To conclude, the related transactions between the Company and TSTE are in line with the characteristics of normal trading in the market which will maximize highest value to both companies.

2. Champion Fermentation Co., Ltd.

The individuals having potential conflict of interest own 18.00% of Champion Fermentation Co., Ltd.'s shares. Other major shareholders are a group of Taiwanese businessman. Champion Fermentation Co., Ltd., formerly, has no business transactions except land leasing. However, Champion Fermentation Co., Ltd. has invested in cassava starch industry which does not relate to sugar industry in the end of 2004. The purpose of investment is for dividend received in the future and in the year 2016, the Company sold its all investment in Champion Fermentation Co., Ltd. to Thai Fermentation Industry Co., Ltd.

In conclusion, the shareholding structure of the Company and the subsidiaries, which is owned by the individuals having potential conflict of interest over 10% in some companies, is the result from the past. Currently, the Company has an intention changing its structure in order to minimize those conflicts. In addition, the Company has the policy to directly invest in subsidiaries and associates in the future. Also, there will be the limitations in shareholding proportion for the individuals having potential conflict of interest except it will be done to maximize the Company's value. Furthermore, the persons having potential conflict of interest will not make any investments in business that may constitute the conflicts of interest to the Company or in competitive business to the Company.