

## Part 2

### Management and Corporate Governance

#### 7. Securities and Shareholders Information

##### 7.1 The Number of Registered and Paid-up Capital

As at 31 December 2019, the company has registered capital of Baht 378,257,483.50. It is divided into ordinary share of 1,513,029,934 shares, registered share with paid-up of Baht 378,257,483.50 which divided into ordinary share of 1,513,029,934 shares with a par value of Baht 0.25.

##### 7.2 Shareholders Structure

Shareholding structure as at 31 December 2018 as follows:

Major Shareholders			# shares	% Shares
1.	Tanadumrongsak Group		1,013,069,322	66.96
	Mr. Sompol	Tanadumrongsak	415,616,844	27.469
	Ms. Atchara	Tanadumrongsak	138,504,900	9.154
	Mr. Yanyongchai	Tanadumrongsak	108,460,000	7.168
	Mr. Somkit	Tanadumrongsak	95,460,000	6.309
	Ms. Maleerat	Tanadumrongsak	60,492,000	3.998
	Ms. Thanpicha	Tanadumrongsak	43,621,578	2.883
	Mrs. Lawan	Tanadumrongsak	36,254,000	2.396
	Mr. Apisit	Tanadumrongsak	27,115,000	1.792
	Mr. Sangcharean	Tanadumrongsak	27,115,000	1.792
	Mr. Apirath	Tanadumrongsak	21,765,000	1.439
	Ms. Kocharath	Tanadumrongsak	20,000,000	1.322
	Mr. Sangthavee	Tanadumrongsak	10,665,000	0.705
	Mr. Sangchai	Tanadumrongsak	8,000,000	0.529
2.	Mrs. Raweewan	Mathong	86,768,000	5.735
3.	Mr. Surapol	Piyatheerathitivorakul	54,052,700	3.572
4.	Fortune parts Industry Public Company Limited		40,000,000	2.644
5.	Mrs. Malee	Jongsuvanit	14,263,400	0.943
6.	Mr. Kitipoch	Jongsuvanit	10,322,500	0.682
7.	OCBC SECURITIES PRIVATE LIMITED		10,000,000	0.661
8.	Ms. Arporn	Saeneepakornkrai	10,000,000	0.661

9.	Mr. Phisit	Piphatwilaikul	8,700,000	0.575
10.	Mr. Veera	Wongchaemcharoen	8,000,000	0.529
11.	Ms. Patsuda	Wongwade	7,927,275	0.524
12.	Ms. Jiranan	Areemitr	7,822,250	0.517
13.	Ms. Chatnapa	Tetanonsakul	7,598,200	0.502
14.	Others Shareholders		234,506,287	15.50
<b>Total</b>			<b>1,513,029,934</b>	<b>100.00</b>

### 7.3 The Shareholders of the Company and their spouse

As at 31 December 2019 as follows:

	Director Name/Spouse	2017	2018	2019	+/( - )
1	Mr. Sompol Tanadumrongsak	315,044,844	415,616,844	415,616,844	-
2	Mr. Somkit Tanadumrongsak	86,768,000	95,460,000	95,460,000	-
3	Mr. Yanyongchai Tanadumrongsak	96,768,000	108,460,000	108,460,000	-
4	Mrs. Raweevan Mathong	43,384,000	87,183,000	86,768,000	-415,000
5	Mr. Sangcharean Tanadumrongsak	21,692,000	27,115,000	27,115,000	-
6	Mrs. Nussara Tanadumrongsak (Spouse)	678,500	678,500	778,500	+100,000
7	Mr. Anant Gatepithaya	-	-	-	No change
8	Mr. Pumipat Sinacharoen	-	-	-	No change
9	Mr. Suthanai Prasertsan	-	-	-	No change
10	Mr. Anantachai Yoonprathom	-	-	-	No change
11	Ms. Prarichatra Laotheerasiriwong	-	-	-	No change

### 7.4 Interests of the directors, either directly or indirectly in any contract during the year 2019

- None -



### 7.5 Dividend Payment Policy

Company has dividend payment policy to shareholders in the rate of 30% of net profit after deducted corporate income tax and any reserved funds that are defined in the company's regulation and laws. Nonetheless, dividend as mentioned could be changed depends on the company's operating result, cash flow, economic, the necessity of using the company's working capital, and expansion of business in the future. In addition, the resolution of the Board of Directors for the approval of dividend payment should be proposed for the approval of Annual General Meeting of the shareholder, except the interim dividend payment that the Board of Director can authorize to pay and report in the next Annual General Meeting of the shareholder.

<i>Dividend payment information</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
<i>Interim Dividend</i>	0.06	0.04	0.05
<i>Annual Dividend</i>	0.04	0.04	0.045
<i>Earnings Per Share</i>	0.15	0.09	0.095
<i>Dividend payout ratio</i>	67.71%	95.00%	72.85%

## 8. Organizational Structure

### Organization Structure

The Company's management structure consists of the Board of Directors, and 6 Sub-Committees which are Audit Committee, Nomination and Remuneration Committee, Executive Committee, Risk Management Committee, Corporate Governance and Sustainable Development Committee, and Anti-Corruption Committee. All members of the board and management of the company are qualified under Section 68 of the Companies Act, 1992 and the notification of the Capital Market Committee. The details of the company's management structure are as follows:

### Board of Director



### The Board of Directors

The Board of Directors consists of 11 directors:

	Name-Surname		Position
1.	Mrs. Raweewan	Mathong	Chairman of the Board
2.	Mr. Sangcharean	Tanadumrongsak	Chairman
3.	Mr. Sompol	Tanadumrongsak	Director and Chief Executive Officer
4.	Mr. Somkit	Tanadumrongsak	Director
5.	Mr. Yanyongchai	Tanadumrongsak	Director
6.	Mrs. Nussara	Tanadumrongsak	Director

7.	Mr. Suthanai	Prasertsan	Independent director and Chairman of Audit Committee
8.	Mr. Anant	Gatepithaya	Independent director and Director of Audit Committee
9.	Mr. Pumipat	Sinacharoen	Independent director and Director of Audit Committee
10.	Mr. Anantachai	Yoonprathom	Independent director and Director of Audit Committee
11.	Ms. Parichatara	Laotheerasirivong	Independent director and Director of Audit Committee

### Directors Authorized to Sign and Bind for the Company

The name of the authorized directors who may sign and bind for the company are Mr. Sompol Tanadumrongsak and Mr. Sangcharean Tanadumrongsak or Mr. Yanyongchai Tanadumrongsak or Mrs. Nussara Tanadumrongsak, in total of two people to sign jointly and affix the company's seal.

### Term of Director in the Position

In every Annual Ordinary Meeting, one-third (1/3) of the directors shall retire from the company. If the number of the directors is not in a multiple of three, the number of directors nearest to one-third (1/3) shall retire. The directors retiring from the company in the first and second year after the registration shall be made by drawing lots. For the subsequent years, the directors who have been in the position the longest shall retire. The retiring directors may be re-elected.

### Authorities and Responsibilities of the Board of Directors

Board of Directors is responsible to shareholders in the business operations of the company by monitoring the management to be in accordance with the policy, guideline, and goal that will bring maximum benefit to the shareholders and within the framework of good corporate governance and ethics and taking into account the interests of all stakeholders. The Board of Directors have duty to comply with the laws, objectives, regulations of the company and the resolution of the shareholders' meeting, which they must perform duties with honesty and carefully protect the interests of shareholders now and in the future, as well as, compliance with regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

In performing duties, the Board of Directors appointed managing director to responsible for the company's business operations.

In overseeing the company's business, the following matters are defined as the authority and responsibility of the Board of Directors to be the person who approves or agrees

- (1) Defining the vision, mission, direction, strategy, policies, business directions, goals, work plans and annual budgets of the company and its subsidiaries.
- (2) The company's performance and quarterly subsidiaries of the company compare with goals, plans, budgets, and consider the operational trends of each year.
- (3) Investment in projects that do not include in the annual budgets.

- (4) Issuance of documents relating to company securities.
- (5) Acquisition and sale of assets, acquisition of a company, join in a joint venture project that is not in conflict with the rules of the Stock Exchange of Thailand, The Securities and Exchange Commission and the related laws that exceed the amount assigned to the managing director.
- (6) Any transaction or action that has a significant impact on financial status, debt burden, business strategy and the reputation of the company.
- (7) Any contract that is not related to normal business operations and contracts relating to normal business operations that are important.
- (8) Transactions between the company, subsidiary companies and related persons in accordance with the regulations of the Stock Exchange of Thailand and the Stock Exchange Commission and other relevant laws.
- (9) Authority table of the organization.
- (10) Interim dividend payment
- (11) Changes in significant accounting policies and practices regarding accounting Risk management and internal control
- (12) Hiring the managing director and senior management
- (13) Determination and change of the approval authority given to the managing director and senior management
- (14) Appoint an auditor and consider the remuneration
- (15) Appoint and end the status of director and company secretary
- (16) Delegation of authority to the chairman of the board, managing Director or Company Director as well as the amendment of the said delegation of duties must not be in conflict with the rules of the Stock Exchange of Thailand, the Stock Exchange Commission and related laws
- (17) Appointment and determination of the authority of Sub-committee
- (18) Appointment of directors in subsidiary companies and consideration of remuneration for the committees (Not more than the total amount approved by the shareholders)
- (19) Establishment and supervision of management in accordance with the principles of corporate governance
- (20) Any other action to be in accordance with the law, objectives, regulations and resolutions of the shareholders' meeting of the company.
- (21) Changes, improve and modify the organizational structure of the position from vice president and manager.
- (22) Establish appropriate good corporate governance policy and business ethics which consists of principles and best practices for directors, executives, and employees with the aim to create a sense of responsibility in performing duties, creating understanding, and strict adherence to the company's regulations to ensure fairness to all stakeholder groups.
- (23) Arrange an accounting system, financial reporting and reliable auditing including supervising the process for assessing the suitability of internal control and internal audit for efficiency and effectiveness
- (24) Consider the important risk factors that may occur, completely set guidelines for managing risks and cover overseeing the management to have an effective system or process for risk management including seeking business opportunities that may arise from such risks

- (25) Monitor and manage potential conflicts of interest that could occur including related transaction by giving importance to the consideration of important transactions by focusing on the utmost benefit to shareholders and stakeholders as a whole
- (26) Provide appropriate means of communication with each group of shareholders and supervise the disclosure of information to ensure accuracy, clarity, transparency, reliability and the highest standards
- (27) Evaluate the performance and review the performance of one's own duties and the Chairman of the Executive Committee and the Managing Director regularly a time per year
- (28) Set up a system or mechanism for determining remuneration for the top executives of the company by ensure that it is appropriate in accordance with the operating results to create both short-term and long-term motivation
- (29) Be a leader and a role model in good performance with ethics which is consistent with the good corporate governance policy of the company
- (30) Arrange an evaluation of performance in accordance with the corporate governance policy and ethics of the company at least 1 time per year
- (31) Appropriate systems for selection of personnel to be responsible for important management positions at all levels. Also ensure that there is a transparency and fairness in the recruitment process. However, from the level of Deputy Managing Director upwards to the Executive Chairman will be appointed by a majority vote of the Board of Directors.
- (32) Report to the company of the interests of oneself and those involved, which is an interest in the management of the company or joint venture companies
- (33) Attend the meeting of the Board of Directors and every shareholder meeting. However, if there is an important task that cannot be attended by the meeting, the Chairman of the Board of Directors should be notified.
- (34) Focus on business operations with social and environmental responsibility. Promote the sustainable well-being of Thai society by starting from the improvement of the living conditions of people in communities around the factory so that communities and factories can live together sustainably
- (35) Support the company to operate in anti-corruption in all forms for advancement and growth.

Moreover, the Board of Directors must obtain permission from Shareholders' meeting before acting on the following issues:

- Acquisition or sale of important assets or any related transaction as outlined by the laws and the Capital Market Supervisory Board
- Sale or transfer of FPI enterprises or its components to other entities
- Purchase or acquisition of enterprises on behalf of FPI
- Initiation, modification, or termination of all or some important lease contracts of FPI, including assignment of lease contracts to other individuals or entry into a partnership with another entity to share profit or loss
- Making additions or changes to FPI's Memorandum or Articles of Association
- Increasing or decreasing the registered capital

- Issuance of debentures for sales to the public
- Dissolution of FPI or merging it with another company
- Announcing annual dividends
- Other activities as mandated by laws or FPI's Articles of Association to seek approval from shareholders' meeting.

### **Appointment of Director**

1. The shareholders' meeting may vote to appoint Director(s) according to the following guidelines:
  - 1.1 A Shareholder has one vote per share.
  - 1.2 In the event that the number of nominees does not exceed the number of vacant positions during the nomination, shareholders will vote on those eligible nominees. Shareholders must allocate all of their votes to one nominee following (1), without dividing their votes.
  - 1.3 In the event that the number of nominees exceeds the number of vacant positions, shareholders will still have to allocate all of their votes to one nominee following (1), without dividing their votes. Nominees receiving the majority votes will be appointed to the Board until there are no vacancies left. Additionally, in the event that the number of nominees with equal votes exceeds the number of available positions, the Chairman of the meeting will cast the deciding vote.
2. The Board of Directors will nominate one Director as the Chairman of the Board of Directors. Decisions made during a Board meeting is based on majority votes; however, the Chairman will vote only when a deciding vote is needed. In the event that the Director's position becomes vacant for any reason other than the end of the term, the Board will nominate a new Director who is qualified and does not possess any attributes prohibited by laws. However, if the remaining term is less than two months, the new Director will only serve the remaining term of the previous Director. This decision must be made with the agreement of three-quarters (3/4) of the remaining Directors.
3. In the event that vacancies cause the number of Directors to fall below the necessary quorum, the only authority the remaining Directors have is to call for a shareholders' meeting to nominate new Directors to fill these vacancies. This must be done within one month from the date on which the number of Directors no longer constitutes the quorum. New Directors will serve the remaining terms of the Directors they replace.

## Termination

1. In every Annual General Meeting, one-third of the serving Directors has to step down from the position. If the number of serving Directors cannot be equally divided into three, the number of Directors stepping down should be as nearest to the ratio of 1:3 as possible. Directors that should step down in the first and second years after company registration would be randomly selected; however, for the next years, Directors with the stay in the position for the longest should step down. Directors whose term has ended may be re-elected to the Board.
2. In addition to the end of the term, the causes for Directorship termination include death, resignation, or disqualification due to the lack of ability or prohibition by laws. Additionally, Directors can be terminated by shareholders' meeting resolution or by court orders.
3. Resigning Directors must submit their resignation notice to FPI. Resignation is effective from the day FPI receives the notice. In addition, Directors may also submit their resignation notice through the Registrar.
4. The shareholders' meeting may pass a resolution to force termination of a Director before his/her term ends with three-fourth of the attendance with eligible shareholders' votes. Additionally, these majority votes must constitute at least half of the shares held by the attendance and eligible shareholders.

## Audit Committee



As at 31 December 2019, the Audit Committee comprises of 5 members as follow;

<i>Name - Surname</i>		<i>Position</i>
1.Mr. Suthanai	Prasertsan	Audit Committee (Independent Director)
2.Mr. Anant	Gatepithaya*	Audit Committee (Independent Director)
3.Mr. Pumipat	Sinacharoen*	Audit Committee (Independent Director)
4.Mr. Anantachai	Yoonprathom	Audit Committee (Independent Director)
5. Ms.Parichatara	Laotheerasirivong*	Audit Committee (Independent Director)*

Remark: \* The members of audit committee have knowledge and experience to verify reliability of the financial statements. Mrs. Suree Nuntatikul is the secretary of the Audit Committee.

The Audit Committee is comprised of at least 3 Independent Directors. Each Director has a three-year period unless their directorship to the Board ends, or they resign or are removed from position. Each Director of the Audit Committee has qualifications, duties, and responsibilities in line with standards set forth by the Securities and Exchange Commission. Their scope of work is defined by the Capital Market Commission.

Additionally, the Board of Directors has given approval to the Charter of the Audit Committee, which identifies the composition, qualifications, term in the position, and scope of duties according to Good Corporate Governance Principles. Details of the Charter are disclosed in FPI's Corporate Governance Handbook and its website.

FPI's Audit Committee is comprised of Independent Directors. The Board believes that they are held in high esteem and possess sufficient knowledge, expertise, and experience in finance and accounting. The Audit Committee's Directors have continuously undergone training to enhance their expertise for the benefit of ensuring that FPI has accountable financial and auditing reports, in line with accounting standards, as well as applicable laws and other related standards. The Audit Committee is also tasked with ensuring sufficient and efficient internal control and risk management systems, and reviewing internal processes regarding whistleblowers and receipt of complaints. Furthermore, the Audit Committee nominates candidates for independent auditors and submits a dismissal recommendation to the Board in the event that an independent auditor cannot or neglect or wrongfully perform their duties. Moreover, the Audit Committee ensures that FPI's internal auditing system is appropriate and efficient and that Internal Audit Department carry out all their responsibilities according to internal auditing standards. The Audit Committee also reviews reports of connected transaction, vested interests or conflicts of interest to make certain of compliance with applicable laws and the Stock Exchange of Thailand's regulations, affording FPI reasonableness, the utmost benefit, and full disclosure.

In 2019, the Audit Committee held a total of 4 meetings and had a meeting with company's auditor without management 1 times (21 February 2019) for carrying out its role within the scope of duties and responsibilities as stated in the Audit Committee's Charter and as assigned to them by the Board of Directors. The Audit Committee also reports its monitoring results to the Board on a quarterly basis before further submitting a summary to shareholders in the annual report.

#### **Authorities and Responsibilities of Audit Committee**

1. To review the accuracy and sufficiency of the financial reports of the company.
2. To review the company to ensure that the internal control and internal audit systems are suitable, and effective, and to review the independence of internal audit section, including approving the appointment, transference, or termination of internal audit section supervisor (heads) or those of other workgroups responsible for internal audit.
3. To review the company to ensure that its operation is in accordance with the laws governing Securities and Exchange, regulations of the SET and laws concerning the business of the company.
4. To consider, propose, and appoint independent persons who shall be assigned as the company's auditor, to propose auditor's remuneration, and to participate in a meeting with the auditors at least once a year without management team.

5. To review connected transactions or any other transaction that may cause potential conflicts of interest in accordance with SET laws and SET regulations in order to ensure that those items are reasonable and of utmost benefits to the Company.
6. To publicize the audit committee report signed by the chairman of the audit committee in the Company's annual report; the report should include the following details.
  - (a) Opinions on accuracy, completeness and credibility of the Company's financial reports;
  - (b) Opinions on sufficiency of the company's internal control system;
  - (c) Opinions on the company's compliance with the laws governing Securities and Exchange, regulations of the SET and laws concerning the business of the company.
  - (d) Opinions on suitability of auditors of the company;
  - (e) Opinions on transactions of possible conflicts of interest
  - (f) The number of audit committee's meetings, and attendance of each audit committee member;
  - (g) Opinions or observation by the audit committee during their auditing practice according to charter; and
  - (h) Other transactions that shareholders and public investors should be informed under the scope of work and responsibilities assigned by the company's board of directors.
7. To take care of any other action assigned by the Board of Directors with the consent of audit committee.

## Executive Committee



### EXECUTIVE COMMITTEE



Executive committee comprises of 8 members as follows:

Name - Surname			Position
1.	Mr. Sompol	Tadadumrongsak	Chairman of Executive Committee
2.	Mrs. Nussara	Tanadumrongsak	Vice Chairman of Executive Committee
3.	Mr. Kiattisak	Chairuamkul	Executive Committee
4.	Mr. Phimon	Lertsabanant	Executive Committee
5.	Mr. Sungvien	Meethong	Executive Committee
6.	Mr. Sarayuht	Ouybuan	Executive Committee
7.	Mr. Thongchai	Wiwong	Executive Committee
8.	Dr. Saruda	Chitchuea	Executive Committee

#### Scope of Authority and Duties of the Executive Committee

1. To perform any duties delegated by the Board of Directors.
2. To determine the company's short-term and long-term business strategies, with the consent of the Board of Directors.

3. To supervise and approve company's normal business activities under the authorities that has been approved by the Board of Directors.
4. To approve the appointment of relevant advisors as necessary for the company's business operation under the budget that has been approved by the Board of Directors each year.

The Executive Committee might delegate authorities to executives or any individuals to perform any particular matters as deemed appropriate by the Executive Committee. Any approvals or delegations of the Executive Committee must not fall in the category of connected transactions or transactions that might involve conflicts of interest or transactions in which the Executive Committee has any stakes as specified in the Company's regulations or the announcement of the Securities and Exchange Commission. All the approvals must comply with the Company's policy and authority regulated by the Board of Directors.

## Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of 3 Directors as follow:

Name – Surname	Position
1. Mr. Pumipat Sinacharoen	The Chairman of Nomination and Remuneration
2. Mr. Anant Gatephitaya	Nomination and Remuneration Committee
3. Mr. Anantachai Yoonprathom	Nomination and Remuneration Committee

Mr. Sompol Tanadumrongsak is the secretary of Nomination and Remuneration Committee

The Nomination and Remuneration Committee is comprised of at least 3 Directors and more than half of the Directors must be Independent Directors. The Chairman of the Nomination and Remuneration Committee must also be an Independent Director. Each Director has a three-year term unless their directorship to the Board ends, or they resign or are removed from position.

The responsibilities of the Nomination and Remuneration Committee included nomination of individuals to be considered for new Director, Sub-Committee, and Chief Executive Officer (CEO) positions. The nomination and remuneration processes must follow established guidelines and be transparent. Criteria includes experience, profession, diversity in fields of expertise, and niche qualifications needed for FPI's businesses. These criteria aim to strike a balance among all business fields and the utmost benefit to FPI. In addition, the candidates must be presented to the Board and/or the shareholders' meeting for appointment and approval.

The Board of Director has given approval to the Charter of the Nomination and Remuneration Committee, which identifies the composition, qualifications, term in the position, and scope of duties according to Good Corporate Governance Principles. Details of the Charter are disclosed in FPI's Corporate Governance Handbook and its website.

In 2019, the Nomination and Remuneration Committee held a total of 2 meetings, carrying out its role within the scope of duties and responsibilities as stated in the Nomination and Remuneration Committee's Charter and as assigned to them by the Board of Director. The Nomination and Remuneration Committee also reports its performance to the Board before further submitting a summary to shareholders in the annual report.

## Corporate Governance Committee

The resolution of the Board of Director 2/2017 on 20 February 2017 appointed the Corporate Committee, there are 5 directors as follows;

Name - Surname			Position
1.	Mr. Suthanai	Prasertsan	Chairman of the Corporate Committee
2.	Mr. Anantachai	Yoonprathom	Vice Chairman of the Corporate Committee
3.	Mr. Pumipat	Sinacharoen	Vice Chairman of the Corporate Committee
4.	Mr. Sompol	Tanadumrongsak	Director of the Corporate Committee
5.	Mrs. Nussara	Tanadumrongsak	Director of the Corporate Committee

Charter of the Corporate Governance Committee as follows:

### 1. Composition and Qualifications of Corporate Governance Committee Members

- 2.1 The Corporate Governance Committee must comprise at least a Director and more than half of these Directors must be Independent Directors. The Chairman of each Sub-Committee must also be an Independent Director.
- 2.2 The Corporate Governance Committee serves a term of three years. A Corporate Governance Committee member who has completed a term may be reappointed by the Board of Directors.
- 2.3 In the case where a Corporate Governance Committee member position becomes vacant for a reason other than completion of a term under 2.2 (e.g. expiry from Directorial position, resignation or removal), the Board of Director may appoint another person with fitting qualifications to maintain the required number of Corporate Governance Committee Members as per this Charter. The replacement member will serve only the remaining term of the Corporate Governance Committee Member whom he/she replaces.

### 2. Scope of Duties

To manage the organization with honest, open, transparent and verifiable, the company has therefore determined the scope of duties and responsibilities of the Corporate Governance Committee as follows:

**1 Recognizing the roles and responsibilities of the Board of Directors as an organization leader that creates value for a sustainable business**

- 1.1 Understand the role and awareness of the responsibility as a leader to supervise the organization to have a good management. Which covers;
  - (1) Determining objectives and goals
  - (2) Strategy formulation, operational policy, as well as allocating important resources to achieve the objectives and goals
  - (3) Monitoring, evaluating and supervising the performance report
- 1.2 Create value for sustainable business. The committee should supervise the business to lead to at least the following results;
  - (1) Able to compete and have good performance by taking into account the long-term impact
  - (2) Conduct business with ethics, respect the rights and have responsibility to shareholders and stakeholders
  - (3) Beneficial to society and develop or reduce negative impacts on the environment
  - (4) Adaptable under the change factor
- 1.3 Ensure that all directors and executives perform their duties with responsibility, conservative and honest with the organization. Also, ensure that the operations are in compliance with the laws, regulations and the resolution of the shareholders' meeting
- 1.4 Clearly understand the scope of duties and responsibilities of the Board of Director and determine the scope delegation of duties and responsibilities to the managing director and the management. Also, follow up and supervise the managing director and the management to perform the duties as assigned.

**2 Determine the objectives and main goals of the business for sustainability**

- 2.1 Determine or supervise the objectives and main goals of the business for sustainability, which are the objectives and goals that are consistent with creating value for both the business, customers, stakeholders and society as a whole
- 2.2 Ensure that objectives and goals, as well as strategies in the medium and / or annual periods of the business in line with the objectives and goals of the business by using innovation and technology to use appropriately and safely

### 3 Build efficient directors

- 3.1 Responsible for determining and reviewing the board structure for both the size and the composition of the proportion of independent directors that is appropriate and necessary to lead the organization to the stated objectives and goals.
- 3.2 Select the appropriate person to be the chairman of the board, and ensure that the elements and the operation of the committee is conducive to independent discretion in making decisions
- 3.3 Supervise the selection and select directors with transparent and clear processes to obtain a board that has qualifications consistent with the specified elements
- 3.4 Propose the remuneration for the Board of Director to shareholders for approval. The board should consider the structure and the compensation rate that is appropriate with responsibility and motivation for the board to lead the organization to operate according to both short and long term goals.
- 3.5 Supervise the directors to be responsible for the operations, duties and adequate time allocation
- 3.6 Supervise to have a framework and mechanism for overseeing the policies and operations of subsidiaries and other businesses invested by the company at an appropriate level for each business, including subsidiaries and other businesses invested by the company to have correct understanding as well.
- 3.7 Provide an annual performance evaluation of the Board of Director, sub-committees and individual directors. The assessment results should also be used for further development of duties.
- 3.8 Supervise the Board of Director and each director to have knowledge and understanding about roles, duties, nature of business and laws related to business operations to ensure that all directors receive regular skills and knowledge for performing their duties.
- 3.9 Ensure that the operation of the Board of Director is completed with access to necessary information and the company secretary has the necessary knowledge and experience to support the Board's operations.

#### **4 Recruitment and development of senior management and personnel management**

- 4.1 Ensure that there is a recruitment and development of the managing director and senior management to have knowledge, skills, experience and the features needed to drive the organization towards the goal
- 4.2 Supervise and ensure that the compensation structure and evaluation are appropriate
- 4.3 should understand the structure and relationship of shareholders that may affect the management and operation of the business
- 4.4 Monitor the management and development of personnel to have the appropriate amount of knowledge, skills, experience and motivation.

#### **5 Promote innovation and responsible business practices**

- 5.1 Give importance and support of the creation of innovations that create value for businesses in tandem With creating benefits for customers or those involved and having social and environmental responsibilities
- 5.2 Monitor and supervise the management team to conduct business with social and environmental responsibility and reflect in the action plan to ensure that all departments of the organization conduct in accordance with the objectives, main goals and strategic plans of the business.
- 5.3 Supervise the management to allocate and manage resources efficiently and effectiveness by taking into account the impact and development of resources throughout the value chain in order to achieve the objectives and main goals sustainably.
- 5.4 Provide a framework for governance and management of enterprise information technology that corresponds to the needs of the business including supervising the use of information technology. Also, increase business opportunities and improve operations risk management to enable the business to achieve its objectives and the main goal of the business

#### **6 Supervise to have appropriate risk management systems and internal controls**

- 6.1 Ensure that the company has a risk management system and internal control that will achieve its objectives effectively and comply with relevant laws and standards.
- 6.2 Establish an Audit Committee that can perform duties efficiently and independently.
- 6.3 Monitor, supervise and manage conflicts of interest that may occur between companies, management, and the board of director or shareholders. Also, the prevention of undue use of

property, information and company opportunities, and transactions with those who are connected to the company in an inappropriate manner

- 6.4 Supervise the establishment of clear anti-corruption policies and practices, and communicate at all levels of the organization and to outsiders for real implementation
- 6.5 Ensure that the business has a mechanism to receive complaints and actions in case of clues

## **7 Maintain financial credibility and disclosure.**

- 7.1 Ensure the financial reporting system and disclosure of important information is accurate, sufficient, on time and in accordance with the rules, standards and related practices.
- 7.2 Monitor the adequacy of financial liquidity and debt repayment ability.
- 7.3 Have plans to solve problems or have other mechanisms that can solve financial problems when the business is experiencing financial problems or is likely to experience problems under the consideration of the rights of stakeholders
- 7.4 Prepare sustainability reports as appropriate.
- 7.5 Supervise the management to set up an investor relations department responsible for communicating with shareholders and other stakeholders, such as investors, analysts, in an equitable and timely manner.
- 7.6 Promote the use of information technology in information dissemination.

## **8 Support participation and communication with shareholders**

- 8.1 Ensure that shareholders are involved in making decisions on important matters of the company.
- 8.2 Ensure that the operation on the date of the shareholders' meeting is complete, transparent, efficient and facilitates shareholders to exercise their rights.
- 8.3 Ensure the disclosure of the resolutions of the meeting and the preparation of the minutes of the shareholders meeting are correct and complete

## **3. Responsibilities**

The Corporate Governance Committee is responsible directly to the Board of Director in accordance with the duties and responsibilities assigned to them. Additionally, the Board of Director is also responsible to third parties for the operation of the Company.

#### 4. Meetings

- 4.1 The Corporate Governance Committee should meet at least once a quarter. Members of the management, Executives or relevant Employees of the Company or the auditor may be invited to participate in the meetings in order to opine, submit documents or information deemed relevant or necessary.
- 4.2 For all meetings of the Corporate Governance Committee, the quorum will be met with the presence of at least two-thirds of all Corporate Governance Committee Members in position at that time.
- 4.3 Corporate Governance Committee Members with connected transaction in any matter being reviewed must be excluded from the voting on that matter.
- 4.4 Resolution is passed by means of majority votes where one Corporate Governance Committee Member has one vote. The secretary to the Corporate Governance Committee does not have the right to vote. In the case of equal vote, the Chairman of the Corporate Governance Committee can have one more voting right to make a final decision.

#### 5. Reporting

The Corporate Governance Committee must report the outcome of their operation to the Board of Directors and publish a Corporate Governance Committee report, signed by the Chairman of the Corporate Governance Committee in the annual report of the Company.

#### 6. Performance Evaluation

The Corporate Governance Committee must evaluate their performance and submit the findings of their annual evaluation to the Board of Directors.

The composition of the Corporate Governance Committee consists of the company's directors at least 5 people and more than half of them must be independent directors. The Chairman of the Corporate Governance Committee must be an independent director with the term of office for 3 years or ending the term of office with reasons of termination of the position of the company's director, resignation or removal.

The Corporate Governance Committee is responsible for determining guidelines for policy recommendations regarding business ethics and ethics in accordance with the good corporate governance system to the Board of Directors, so that the Board of Director could set the organization's rules and regulations in order to be a guideline of the standard organization and is a correct approach.

## Risk Management Committee

Name - Surname			Position
1.	Mr. Anant	Gatephitaya	Chairman of Risk Management Committee/ Independent Director
2.	Mr. Suthanai	Prasertsan	Vice Chairman of Risk Management Committee/ Independent Director
3.	Mr. Sompol	Tanadumrongsak	Vice Chairman of Risk Management Committee
4.	Mrs. Nussara	Tanadumrongsak	Director of Risk Management Committee
5.	Mr. Kiattisak	Chairuamkul	Director of Risk Management Committee
6.	Mr. Phimon	Lertsabanant	Director of Risk Management Committee
7.	Mr. Sarayuht	Ouybuan	Director of Risk Management Committee
8.	Mr. Sungvien	Meethong	Director of Risk Management Committee
9.	Mr. Thongchai	Wiwong	Director of Risk Management Committee
10.	Mr. Bunphai	Khumsaensuk	Director of Risk Management Committee
11.	Dr. Saruda	Chitchuea	Director of Risk Management Committee
12.	Mr. Prajak	Sripha	Director of Risk Management Committee
13.	Ms. Nattiya	Klinchan	Director of Risk Management Committee
14.	Mr. Natthawat	Rotkeaw	Director of Risk Management Committee
15.	Ms. Sirilak	Pattatung	Director of Risk Management Committee

The Risk Management Committee is comprised of at least 3 Directors and at least 1 of Directors must be an Independent Director. Each Director has a three-year term unless their directorship to the Board ends, or they resign or are removed from position. The responsibilities of the Risk Management Committee included setting and reviewing appropriate and effective risk management policies, objectives, and frameworks that are relevant to FPI's overall operations. They also provide risk management plans, systems, and processes in an effort to reduce of FPI's exposure to various risks. In addition, the Risk Management Committee gives opinions and suggestions on organizational and investment risk mitigation. Its charter is reviewed annually to make sure of its suitability. The Risk Management Committee also monitors and assesses FPI's compliance with the risk management framework to ensure that FPI has sufficient and suitable risk management.

In 2019, the Risk Management Committee held a total of 2 meetings, carrying out its role within the scope of duties and responsibilities as stated in the Risk Management Committee's Charter and as assigned to them by the Board of Directors. The Risk Management Committee also reports its performance to the Board on a quarterly basis before further submitting a summary to shareholders in the annual report.

## The Anti-Corruption Committee

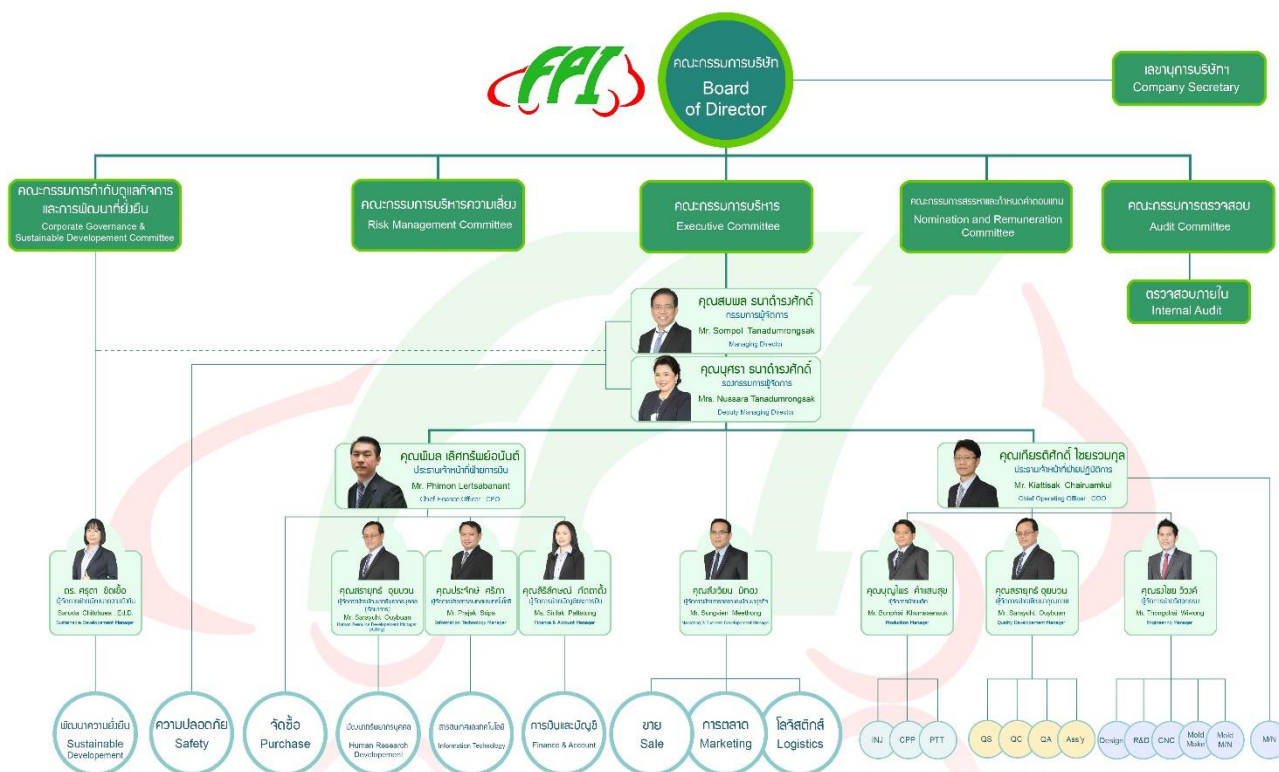
<i>Name - Surname</i>			<i>Position</i>
1.	Mr. Anant	Gatephitaya	Chairman of Anti-Corruption
2.	Mr. Suthanai	Prasertsan	Vice Chairman of Anti-Corruption
3.	Mr. Sompol	Tanadumrongsak	Vice Chairman of Anti-Corruption
4.	Mrs. Nussara	Tanadumrongsak	Anti-Corruption Group
5.	Mr. Kiattisak	Chairuamkul	Anti-Corruption Group
6.	Mr. Phimon	Lertsabanant	Anti-Corruption Group
7.	Mr. Sarayuht	Ouybuan	Anti-Corruption Group
8.	Mr. Sungvien	Meethong	Anti-Corruption Group
9.	Mr. Thongchai	Wiwong	Anti-Corruption Group
10.	Mr. Bunphai	Khumsaensuk	Anti-Corruption Group
11.	Dr. Saruda	Chitchuea	Anti-Corruption Group
12.	Mr. Prajak	Sripha	Anti-Corruption Group
13.	Ms. Nattiya	Klinchan	Chairman of Anti-Corruption
14.	Mr. Natthawat	Rotkeaw	Vice Chairman of Anti-Corruption
15.	Ms. Sirilak	Pattatung	Vice Chairman of Anti-Corruption

### Roles and Responsibilities of the Anti-Corruption Committee

1. The Board of Director has a duty and responsibility to set policy and oversee a system that supports anti-corruption functions effectively. To ensure that management is aware of and focus on the anti-corruption as well as cultivating corporate culture.
2. The Audit Committee is responsible for reviewing financial reporting and accounting systems, internal control systems, internal audit and risk management system to ensure that they followed the international standards, appropriate, modern and efficient.
3. Risk Management Committee has duties and responsibilities to setup policies and procedures rounded assessment and management of risks affecting the company. The major steps of risk management process are risk identification, risk assessment, risk management control and monitoring, and reporting risk. This is to consistently provide adequate and effective risk management. The risk management process covers the strategic risk, operational risk, financial risk and the risk of non-compliance with laws and regulations, including the risk of corruption. The company has already adopted anti-corruption policies into practice and arranged the notification policy for violations of ethical misconduct or fraud as well.

4. The Executive Committee is responsible for creating the system, promote and advocate policies against corruption in order to communicate to employees and stakeholders for the appropriateness of systems and measures. This is to comply with changes in the business articles and legal requirements.
5. Managing Director and Deputy Managing Director are responsible and accountable for monitoring and review the work to ensure that it meets policy guidelines and legal requirements of regulatory agencies. This is to ensure that control systems are suitable and sufficient for the risk that corruption may occur and report to the Audit Committee.
6. Division Managers have a duty and responsibility to control operations according to the policy.
7. Committee team has been appointed by the responsible parties in the organization.

## Management Organization



The Management comprises of 11 members as follow:

	Name - Surname		Position
1.	Mr. Sompol	Tanadumrongsak	Managing Director
2.	Mrs. Nussara	Tanadumrongsak	Deputy Managing Director
3.	Mr. Kiattisak	Chairuamkul	Chief Operating Officer
4.	Mr. Phimon	Lertsabanant	Chief Finance Officer
5.	Mr. Sungvien	Meethong	Marketing and Business Development Manager
6.	Mr. Sarayuht	Ouybuan	Quality Development Manager
7.	Mr. Thongchai	Wiwong	Engineering Department Manager

8.	Dr. Saruda	Chitchuea	Sustainability Development Manager
9.	Ms. Sirilak	Pattatung	Accounting and Finance Department Manager
10.	Mr. Prajak	Sripha	Information and Technology Manager
11.	Mr. Bunphai	Khumsaensuk	Production Department Manager

### The Board of Directors' structure and composition

The Board of Directors set up an appropriate number of director that is suitable for the size of the business.

There are 11 directors, which is consisting of

Executive Director	2	18.18%
Non-Executive Director	4	36.36%
Independent Director	5	45.45%

Independent directors are comprising 45.45 percent of the Board of Directors, which is consisting of

1.	Mr. Suthanai	Prasertsan
2.	Mr. Anant	Gatepithaya
3.	Mr. Pumipat	Sinacharoen
4.	Mr. Anantachai	Yoonprathom
5.	Ms. Parichatara	Laotheerasirivong

### The definition of "independent director" is as follows

1. Holding shares not exceeding 0.5% of the paid-up registered capital of the company and its subsidiaries, including shares held by related persons
2. Not being a director assigned to be responsible for the management of normal business operations of the company, subsidiary company or shareholder. Also, not being a director with authority to sign to bind the company, employee, staff or advisor who regularly receives salary from the company, subsidiary company or major shareholder of the company.
3. Being a director that has no interests whether it is directly or indirectly both in finance and administration
4. Being a director who is not the auditor of the company, subsidiary company, juristic person that may have conflict of interest
5. Being a director who is not a related person or close relative of the management or major shareholder of the company
6. Being a director that has not been appointed as a representative to protect the interests of the company's directors or major shareholder
7. Able to indecently perform duties, express opinions or report performance results as assigned by the Board of Directors.

## Nomination of Directors and Top Executives

To comply with the corporate governance policy, the Board of Directors has set policies, criteria, method for selecting directors and senior management of the company by assigning the Nomination and Remuneration Committee to recruit knowledgeable people, suitability to be selected and determines the criteria and methods for recruiting, which depends on the suitability of the company's situation at that time.

## The development of Director and Management

The Board of Directors has promoted, supported, provided training and providing relevant knowledge to directors and executives to continuously improve the operation. For Instance, to promote meet-ups between directors and senior executives to exchange views with each other, to promote the preparation of a plan for the development of executives at the level of managing director, deputy managing director etc.

By assigning the Nomination and Remuneration Committee follow up on the succession plan for the managing director and deputy managing director to ensure that the company has knowledgeable and sufficient ability executives to perform the duties as follows

1. The Board of Directors specifying a plan for executive capability development to create a succession plan consisting of the managing director and deputy managing director
2. Nomination and compensation committee considers and determines the competency and experience of each position to select executives with consistent qualifications as specified to inherit the work of each position
3. Managing Director assess operations, knowledge and capability of qualified executives compared with the competency level needed to develop an individual development plan to reduce the competency gap
4. Assigned to the Human Resources Development Department to take the responsibility for monitoring the training, and develop knowledge and ability of people inheriting the position of deputy managing director.
5. Managing Director promotes duty and responsibilities rotation among executives with consistent qualifications and assigned to the level of executive vice president to attend the board of directors meeting in order to have an understanding, experience, and readiness to manage the organization in the future.
6. Managing Director reports the development results according to the individual development plan of the executives who have the qualifications specified by the Nomination and Compensation Committee twice a year.
7. Nomination and Compensation Committee reviews and summarizes the succession plan of the job position of managing director and the deputy managing director on a regular basis and report to the Board of Directors once a year.

## The Board of Directors Meetings

Board of Directors set up schedule the board of directors' meeting in advance of each year and will have meeting at least 4 times a year, including special meetings as may be necessary. In each meeting, there is a clear agenda; agenda for acknowledgment and agenda for consideration. There is a sufficient and complete meeting documents which are delivered to the directors no later than 7 business days in advance of the meeting for the Board of Directors to have sufficient time to study the information before attending the meeting. At the meeting, the chairman has allocated sufficient time for all directors to openly discuss and express opinions. The non-executive directors are assigned to have a meeting among themselves without management, in the year 2019, there was 1 non-executive board meeting held on February 21, 2019. The Chairman of the Board will compile

the comments and conclusions from the meeting. The minutes of the meeting were prepared in writing by the secretary of the board of directors and after being approved by the meeting, will be kept at the office no. 11/22 Moo 20 Nimitmai Road, Lam Lukka, Lam Lukka, Pathumthani for the directors and related parties to inspect.

In the 2019, the Board of Directors, Sub-committee, and Independent directors have a meeting, the details of meeting attendance of each director can be summarized as follows:

Name	Position	Meeting attendance / Total meetings (times)						
		Board of Director	Audit Committee	Nomination and Remuneration	Corporate Governance	Risk Management	Anti-Corruption	Non-Executive Director
1. Mrs. Raweewan Mathong	Chairman of the Board	6/6						1/1
2. Mr. Sangcharean Tanadumrongsak	Vice Chairman	5/6						1/1
3. Mr. Sompol Tanadumrongsak	Director, Chief Executive Officer, Director of Corporate Governance, Vice Chairman of the Risk Management Committee, Vice Chairman of Anti-Corruption, Managing Director	6/6			4/4	2/2	2/2	
4 Mr. Somkit Tanadumrongsak	Director	6/6						1/1
5. Mr. Yanyongchai Tanadumrongsak	Director	6/6						1/1
6. Mrs. Nussara Tanadumrongsak	Director, Executive Vice President, Director of Corporate Governance and Sustainable Development, Director of the Risk Management Committee, Anti-Corruption Group	6/6			4/4	2/2	2/2	
7. Mr. Suthanai Prasertsan	Independent Director, Chairman of Audit Committee, Chairman of Corporate Governance and Sustainable Development, Vice Chairman of Risk Management Committee, Vice Chairman of Anti-Corruption	6/6	4/4		4/4	2/2	2/2	1/1
8. Mr. Anant Gatepithaya	Independent Director, Director of Audit Committee, Director of Nomination and Remuneration, Chairman of Risk Management Committee, Chairman of Anti-Corruption	6/6	4/4			2/2	2/2	1/1
9. Mr. Pumipat Sinacharoen	Independent Director, Director of Audit Committee, Chairman of Nomination and Remuneration Committee, Vice Chairman of Corporate Governance and Sustainable Development	6/6	4/4	2/2	4/4			1/1
10. Mr. Annantachai Yoonprathom	Independent Director, Director of Audit Committee, Director of Nomination and Remuneration Committee, Vice Chairman of Corporate Governance and Sustainable Development	6/6	4/4	2/2	4/4			1/1

11. Ms. Parichatra Laotheerasirivong	Independent Director, Director of Audit Committee	4/6	3/4					0/1
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*Remark: Miss Parichatra Laotheerasirivong, Independent Director and Audit Committee, which is appointed on 22 April 2019 in accordance with the resolution of the 2019 Annual General Meeting of Shareholders.*

The Board of Directors has set a policy regarding the minimum quorum at the time that the board of directors will pass a resolution at the board meeting that there must be at least 2 in 3 of the total number of directors.

### Term of office

The Board of Directors Comprises of knowledgeable and capable persons. The company has set up an appropriate number of directors for the size of the business of the company. Currently, there are 11 directors, 1 executive director, 8 non-executive director (5 of which are independent directors), which is 45.45% of the total directors. Each director has a term of 3 years and has a limited number of years in office. The term of independent directors is not more than 9 years, starting from the date of the 2017 Annual General Meeting of Shareholders onwards.

Name	Year of Appointment	Last year selected (2019)	Type of Director	Recruitment / Appointment is Director 2020 in 2019	The next appointment
1. Mrs. Raweewan Mathong	1991	2019	Chairman of the Board	No	2022
2. Mr. Sangcharean	1991	2017	Vice Chairman	No	2021
3. Mr. Sompol Tanadumrongsak	1991	2017		Yes	2021
4. Mr. Somkit Tanadumrongsak	1991	2017	Non-Executive Director	Yes	2023
5. Mr. Yanyongchai	1991	2017	Non-Executive Director	No	2023
6. Mrs. Nussara Tanadumrongsak	2016	2019	Executive Director	No	2022
7. Mr. Suthanai Prasertsan	2016	2016	Independent Director	Yes	2023
8. Mr. Anant Gatepithaya	2004	2019	Independent Director	No	2021
9. Mr. Pumipat Sinacharoen	2005	2019	Independent Director	No	2022
10. Mr. Annantachai	2016	2017	Independent Director	Yes	2022
11. Ms. Parichatra	2019	2019	Independent Director	No	2021

## Company Secretary

According to the Securities and Exchange Act B.E. 1992, Section 89/15 and Section 89/16, the resolution of the Board of Director No. 2/2019 on 21 February 2019 appointed Mr. Sarayuht Ouybuan as a company's secretary.

The company secretary has a responsibility as follow;

1. Produces and keeps the following documents
  - (a) Registration of Members of the Board of Directors
  - (b) Board Meeting invitations, Board Meeting Reports and the company's Annual Reports.
  - (c) Shareholders' meeting invitations and shareholders' meeting reports.
  - (d) The company's Annual Reports.
2. Keeps stakeholder reports that have been submitted by members of the Board of Directors or the Executive committee
3. Be responsible for any other tasks following orders and announcements of the Capital Market Supervisory Board.
4. Ensures that all information is disclosed in accordance with The Stock Exchange of Thailand and The Office of the Securities and Exchange Commission and other related organization.
5. Communicates with shareholders, investors, and related organization as well as inform useful company information to interested person and stakeholders.
6. Provides preliminary advice and recommendation pertaining to legal, regulatory, and governance issues and practices to the Committee, Sub-committee.
7. Attends course or training aimed to improve skill and knowledge for secretary and Tend to various other tasks either unique to a company or simply "as assigned".

### Brief Background of Corporate Secretary

#### 1. Mr. Sarayuht Ouybuan

**Education:** Bachelor of Accounting, Ramkhamhaeng University

Master of Business Administration in management, Eastern Asia University

**Training Program:**

- Social Business program for executive Asian Institution of Technology
- Sustainability Risk and Materiality Analysis

- Social Responsibility Management for Sustainable Development
- Insights into the CG Report assessment criteria
- Risk management for modern organizations
- Corporate Sustainability Advisory Program 2016
- Corporate Social Responsibility Management for Sustainable Development
- Know new securities laws How to act correctly (Class action) SEC
- CSR-Management
- Advance For Corporate Secretaries
- Fundamentals For Corporate Secretaries
- Smart Disclosure Program (SDP)

## 8.2 Remuneration of Directors and Executives

The Board of Directors has appointed the Nomination and Remuneration Committee. To consider the criteria and set the remuneration policy for the directors Subcommittees and the remuneration for senior management are managing directors. And Deputy Managing Director And present to the Board of Directors for consideration before submitting to Shareholders' meeting for further consideration and approval Including considering criteria Adjusting the annual wage, bonuses and other compensation for employees.

### 1. Policy and criteria for remuneration of the Board of Directors

Board of directors has set the policy and criteria for the remuneration of directors divided into 3 parts as follows Compensation 1) Meeting allowance 2) Annual remuneration 3) Special remuneration for the Audit Committee for the year (Directors who are not members of the audit committee will receive compensation in this section). The company will consider the roles and responsibilities. Responsibility Appropriateness and consistent with the performance Company performance By considering the comparison with the practices of other companies in the same industry which have the same size of business, including using the survey data of the directors' remuneration of the Thai Institute of Directors And the Stock Exchange of Thailand in support of consideration

### 2. Policy and criteria for executive compensation

Board of directors has set policies and criteria for executive compensation with a committee Nomination and remuneration will consider the remuneration of the managing director To propose to the committee Company approval which the said remuneration properly determined According to the compensation structure of the company

And considering the comparison from 1) compensation survey data from institutions, organizations, and agencies received

Trust 2) Gross domestic product growth rate Inflation rate and net profits for the past 5 years, including

Based on the performance and responsibilities assigned by the Managing Director will consider.

Appropriateness in determining remuneration And the annual wage adjustment for executives at the level of Deputy Managing Director Department manager

By considering the company's performance and operating results Combined with the performance result achieved

Predefined the company have set criteria for evaluating the executives in January of every year

### Directors Compensation

In 2019, the company has clearly specified compensation for 11 directors in remuneration, meeting allowances, and rewards which are accounted for Baht 4,157,698.68 in 2019, Baht 4,147,232.96 in 2018, and Baht 4,159,589.04 in 2017 as follows

(Unit : Baht)

Name		2017	2018	2019	No. attend the meeting (Time)
1.* Mr. Por	Tanadumrongsak	270,000.00	-	-	-
2.Mr. Sangcharean	Tanadumrongsak	290,000.00	270,000.00	260,000.00	5/5
3. Mr. Sompol	Tanadumrongsak	290,000.00	280,000.00	260,000.00	15/15
4. Mr. Somkit	Tanadumrongsak	290,000.00	280,000.00	260,000.00	5/5
5. Mr. Yanyongchai	Tanadumrongsak	290,000.00	280,000.00	250,000.00	4/5
6. Mrs. Raweewan	Mathong	290,000.00	280,000.00	260,000.00	5/5
7. Mr. Naris	Chaiyasoot (Ph.D)	630,000.00	180,904.12	73,972.61	-
8. Mr. Anant	Gatepithaya	570,000.00	560,000.00	540,000.00	13/13
9. Mr. Pumipat	Sinacharoen	565,000.00	560,000.00	540,000.00	15/15
10. Mr. Suthanai	Prasertsan	421,835.62	626,328.84	618,164.42	15/15
11. Mr. Anantachai	Yoonprathom	406,835.62	550,000.00	530,000.00	13/13
12. Mrs. Nussara	Tanadumrongsak	-	205,917.80	260,000.00	11/11
13. Ms. Prarichatra	Laotheerasiriwong	-	-	205,561.65	6/9
<b>Total</b>		<b>4,519,589.04</b>	<b>4,147,232.96</b>	<b>4,167,698.68</b>	

Remark: 1\*. Mr. Por Tanadumrongsak, Chairman of the Board of Director had passed away on 3 September 2017.

According to the Annual General Meeting of Shareholders for the year 2019 held on 22 April 2019, there was a resolution that the remuneration of directors for the year 2019 are as follows:

- ✓ the remuneration paid for chairman of the audit committee was Baht 250,000 per annum/ per person
- ✓ The Chairman of the board, director and audit committee were Baht 210,000 per annum/ per person.

- ✓ Meeting allowance for director meeting was Baht 10,000 per person/per meeting.
- ✓ Meeting allowance for Audit Committee meeting was Baht 10,000 per person/per meeting.
- ✓ The special rewards of Audit Committee for the year 2019 will be paid based upon the business performance of the Company ended 31 December 2019 but will not exceed Baht 1,090,000. The company will propose to make such payment in the year 2020 upon obtaining an approval of the Annual General Meeting of Shareholders for the year 2020.
- ✓ The Audit Committee Meetings 4 times.
- ✓ The company held Board of Directors Meetings 5 times.
- ✓ The Nomination and Remuneration Committee Meeting 2 times.
- ✓ The Risk Management Committee Meeting 2 time.
- ✓ The Corporate Governance Committee Meeting 4 times.
- ✓ The company has no other fees paid to the committee.

#### Management Compensation

Company's executive management compensation are clearly defined and appropriate. Remuneration is at the appropriate level sufficient to retain qualified executives which was considered by the Board of Directors. The details are as follows.

Unit: Thousand Baht

2017			2018		2019	
Type of remuneration	No.	Amount	No.	Amount	No.	Amount
Salary	7	16,199	10	20,001	12	24,153
Bonus	7	3,831	10	2,600	12	3,485
Other Compensation	7	5,372	10	4,809	12	7,835
- Provident Fund						
- Social Security						
- Employee Benefit						
Total	7	25,402	10	27,410	12	35,473

#### Employee Compensation and Return Characteristics

As at 31 December 2019, the company has 937 employees (excluding 11 executives) which are composed from 389 permanent employees and 548 daily employees as the following details:

Department	Permanent (Employees)	Daily (Employees)	Total (Employees)
Production	131	400	531
Engineering	54	13	67
Quality Development	79	72	151

Finance & Account	13	-	13
Management	3	-	3
Purchasing	6	-	6
MIS	5	-	5
Sale & Marketing	20	-	20
Logistics	44	61	105
Sustainability Development	4		4
Organizational Development	3		3
Human Resource	27	2	29
<b>Total</b>	<b>388</b>	<b>548</b>	<b>937</b>

The Company has 937 employees in 2019. During the year, the company paid benefit to employees of Baht 205.65 million. The benefit are salary, bonus, overtime, social security, provident fund and other welfares. The company established provident fund with Ayudhya Master Fund to build morale and motivate employees to work with the company in the long term.

Other remuneration

The Company has provided the accidental insurance for all employees who have passed the probation period. In this year, the company has no significant change of employees to effect the company operation. There is no argument in term of labor in the past 3 years.

### 8.3 The Significant legal case during 3 years.

- None-

## 8.4 Human Resource Development Policy

The company is aware that personnel is the valuable asset to the success of the company. The company has a policy to build potential and increase happiness in the workplace to the employees. This is to enhance motivation of all employees to collaborate working and reach the company's goals and objectives. The company's plan to develop employees are as follows:

### Phrase 1

**Year 2016-2017** Development of human resources management and development tools:

- 1) Review the management structure and power.
- 2) Review and update job descriptions in line with corporate policies and strategies.
- 3) Review Competency, KPIs and Skill Matrix.
- 4) Review Performance Management System.

**Year 2016-2017** Employee Engagement:

- 1) Strengthen corporate culture in line with core values: TALENTS
- 2) Strengthen corporate culture in line with beliefs (Belief values): think well, speak well and do well.
- 3) Happy organization: Happy 8
- 4) Raise the standard of information and communication technology services.

### Phrase 2

**Year 2018-2019** Development of human resources management and tools:

- 1) Review KPIs to align with organizational goals.
- 2) Review of Managerial Competency and Functional Competency
- 3) Review the individual development plan and training Road Map)
- 4) Review the structure of growth in career (Career Path).
- 5) Review Salary Structure
- 6) Review the succession planning system.

### Phrase 3

**Year 2020** development of working system, working process and Talent Management as follows:

- 1) Create tools for Talent Management.
- 2) Create a tool for learning organization.
- 3) Develop knowledge and knowledge management (Knowledge Management)

## 9. Corporate Governance

### 9.1 Report of the Corporate Governance Committee

Business operations in accordance with the principles of corporate governance and business ethics have been one of the important missions of the company that has been strictly complied with. As it is considered as an important factor for sustainable organization success in the future and achieving business development goals to be accepted Including standards consistent with good corporate governance principles at the national and international levels Board of Directors Appointing the Corporate Governance Committee To be responsible for policy making Monitoring And promote the implementation of the principles of corporate governance and business ethics into a strong corporate culture. The 5 Corporate Governance Committee consists of Mr. Sutanai Prasertsan Chairman of the Corporate Governance Committee Mr. Anantchai Yurprasit, Vice Chairman of the Corporate Governance Committee Mr. Phumphet Sinacharoen, Vice Chairman of the Corporate Governance Committee Mr. Sompon Thanadamrongsak Member of the Corporate Governance Committee and Mrs. Nusara Thanadamrongsak The Corporate Governance Committee of the Company for the year 2019, the Corporate Governance Committee has fully performed its duties in accordance with the Corporate Governance Committee Charter. And report performance summary to the Board of Directors Regularly In which there are 4 meetings in which all the directors who are in the position have attended all meetings and have fully performed their duties which can be summarized as follows

#### 1. Supervise to ensure compliance with legal requirements and best practice

1.1 Supervise the arrangement of the Annual General Meeting of Shareholders (AGM) in accordance with the principles of corporate governance (CG) and best practice continuously, resulting in the year 2019, the company has been evaluated the quality of the meeting AGM with 93 points, which is very good.

1.2. Supervise the determination of criteria for allowing minority shareholders to propose meeting agendas and nominate a person to be considered as a director of the company In advance of the 2019 Annual General Meeting of Shareholders for more than 2 months, from 22 October 2019 to 31 December 2019

1.3. Supervise operations and oversee operations to prevent and reduce the risk that may arise from non-compliance with laws, rules and regulations related to operations the business of the group, including the summary report of the complaint through the Whistleblower System

## **2. Promoting compliance with good corporate governance policy and business ethics**

2.1. Approve the corporate governance plan and operational supervision plan for the operation in 2019 in accordance with the principles of good corporate governance. For listed companies in the year 2019 of the Securities and Exchange Commission (CG Code), sustainable development strategies and regular reviews of operations.

2.2. Reviewing the Good Corporate Governance Handbook and the Code of Business Ethics for the year 2019 in order to have content consistent with the CG Code criteria.

2.3. Consider the Report of Compliance with the Principles of Corporate Governance in Form 56-1 and the Annual Report 2019 for the disclosure of complete information. In line with good corporate governance practices both domestically and internationally.

2.4. To consider and comment on the review of anti-corruption policies Business ethics and measures to combat corruption including submitting to join the Private Sector Collective Action Coalition against Corruption Program (CAC)

## **3. Supervise the operations of sustainable development**

3.1. Give suggestions for the company's sustainable development In accordance with international standards and sustainable development framework to be consistent with the direction Future changes and follow up on sustainability performance indicators to maintain a sustainable leadership level As well as supervising and providing suggestions regarding the company's sustainable development

3.2. Supervise business operations with responsibility to various groups of stakeholders in a concrete manner according to CG principles through reporting from responsible agencies. And visited the inspection area as well as providing comments and recommendations for various operations

## **4. Performance, Evaluation and Development**

4.1. Determine the plan for meeting of the Corporate Governance Committee in advance throughout the year and hold meetings at least 2 times a year and may hold additional meetings As needed To consider and acknowledge operations and report / make suggestions to the Board of Directors And management

4.2. Continuously supervise the development of directors in accordance with good corporate governance principles. By providing knowledge and encouraging directors to attend external training courses and invite expert speakers from outside to give lectures to the directors.

4.3. Consideration to revise the performance evaluation form of the year 2019 to be clear in accordance with the current situation. And in line with the CG Code and international standards.

4.4. Performance report and the performance evaluation of the entire Corporate Governance Committee and self-assessment for the year 2019 to the Board of Directors for acknowledgment

4.5. Review and update the Corporate Governance Committee Charter to be modern Consistent with the business context of the company as well as in accordance with the CG Code criteria

The Corporate Governance Committee attaches importance to ensuring that the company strictly comply with good corporate governance policy and business ethics. And strive to continuously improve corporate governance to be in line with international standards. Good corporate governance is important factors that support the company's operations to be efficient and promote sustainable business operations in order to gain the confidence of the stakeholders. And is increasingly accepted internationally

## 9.2 Corporate Governance Policy

The Board recognizes the importance and benefits of good corporate governance. Therefore, the company has established a written corporate governance policy by applying the principles of good corporate governance for listed companies of the Securities and Exchange Commission (SEC), which have adopted the principles of good corporate governance for listed companies, as well as other relevant rules and regulations from the international standards to improve and cover all of the concepts or factors that have changed. This is to ensure that the company has an effective management, honesty, free from corruption, transparent and auditable. As a result, this could build confidence with shareholders, investors, stakeholders, society and all parties involved, as well as, added value to shareholders, promoting prosperity and sustainable growth of the company.

The Board is strictly supervise the company to conduct business with the highest corporate governance standards by assigning a significant obligation of the director. All employees are also obliged to perform in order to carry out the business of the company with efficiency and effectiveness, with stability and confidence in the public's investment to continuously and sustainably increase the value of the business.

In 2019, the Corporate Governance Committee performed their duties completely in accordance with the Corporate Governance Committee Charter (CG) and Thai Institute of Directors Association as well as international guidelines to comply with various criteria such as the ASEAN CG Scorecard and developed the corporate governance of the company as follows;

1. Received evaluation of the Annual General Meeting of shareholders from Thai Investors Association, 93 points
2. Received evaluation in Corporate Governance Reporting: (CGR) listed company that received a score of "very good" for the year 2019 from the Thai Institute of Directors (IOD).

### 3. Sustainability Performance

- The Prime Minister's Industry Award 2019: Category: Industry Potential by the Ministry of Industry
- SET Outstanding Sustainability Awards 2019: Category: Company listed on the mai stock market, Industrial product groups
- Highly Recommended in Sustainability Excellence in SET Awards 2019
- Sustainability Disclosure Awards 2019 Following international standard of GRI Standards from Thaipat Institute
- Became a member of the Collective Action Coalition (CAC) and certified in the 4th quarter of 2019 from the Thai Institute of Directors

### 4. Environment Management Performance

- Green Office 2019: Excellent (G Silver) from Ministry of Natural Resources and Environment, Department of Environmental Quality Promotion.

Eco Label- Carbon Footprint from operations that the company can reduce greenhouse gas emissions which is the CFO, CFP, CFTR label and compensate zero greenhouse gas emissions from open events "FPI Green Scenery" from TGO, and Water Footprint from Water sustainability institution

## 9.3 Principles of compliance following corporate governance policy



**Principle 1: Recognizes the role and responsibility of the Board as the leader of the organization that creates value for the sustainable business.**

1.1 The Board understands the role and aware of responsibility as a leader who must supervise the company to have good management, which covers

- (1) Determining the objectives and main goals of the company
- (2) Formulating strategy, operating policy, as well as, allocate important resources to achieve the objectives and goals
- (3) Monitoring, evaluating and supervising the performance report to create sustainable value for the company

1.2 The Board of Director must supervise the company for governance at least as follows:

- (1) Competitiveness and performance with a long-term perspective
- (2) Conduct business with ethical, respect the rights and have responsibility to shareholders. Also, management of customer service fairly

- (3) Good corporate citizenship and reduce negative impacts on the environment
- (4) Corporate resilience

Furthermore, the board should determine or maintain the objectives, so that the objectives are the company as objectives and goals for sustainability, which are consistent with creating value for the whole company, all stakeholders, society and the environment as a whole.

1.3 The Board of Director is responsible for ensuring that all directors and executives perform their duties with the duty of care, duty of loyalty and ensure that the operations comply with laws, regulations and resolutions of the shareholders' meeting

1.4 The Board of Director understands the scope of duties and responsibilities of themselves in determining and reviewing the structure of the board, so that it is appropriate and necessary to lead the organization to the stated objectives and goals. The Chairman and the Chairman of the Executive Committee have different responsibilities. The Board of Directors clearly determines the authority and duties of the Chairman of the Board of Directors and the Chairman of the Executive Committee, as well as, monitors and supervises the Chairman of the Executive Committee and the Management to perform duties as assigned.

### **Principles of performance of the Board of Directors**

In carrying out the duties, the Board of Directors must adhere to the following principles:

1. Understand and take action in supervision including understanding the acceptable risk (Risk Appetite) of the company
2. Perform duties according to "Accountability", "Integrity" (Duty of Loyalty) and "Duty of Care" according to Thai laws and regulatory standards
3. Avoid having an interest and cause that has vested such interest. Determine and enforce various measures to control and avoid conflicts that may arise from the company's personnel that is coordinating with external parties or other organizations
4. Dedicate enough time and energy to perform duties according to responsibility
5. Avoid participating in the daily management of the company except the executive directors.
6. Receive management information for the Board of Director to perform their duties to achieve the goal. It is the duty of the Board of Director to decide what type of information is needed.
7. Do not participate in decision making on matters that directors or related or connected persons with directors of the company have interests, which could cause the directors of the company to not be able to fully perform their duties and not complying with laws or relevant official regulations

8. Oversee the senior management of the company by virtue of the authority and duty to inquire and request clear explanations from the management. Also, ensure to receive sufficient information and have time to consider the performance of executives

9. Maintain the confidential business information of the company and customer information to prevent leakage to other people. Moreover, not using confidential information of the company and customers to seek benefits both intentionally and unintentionally unless obtaining consent from the company or according to the law

### **Authority of the Board**

The Board of Directors plays an important role in policy formulation, taking care of the company, have a working process and have adequate resources to ensure that the operations are in accordance with the policy, and supervise to have a system to monitor, control and review the implementation of that policy. The Board of Director should focus and support the creation of innovations that create value for the business while creating benefits for customers or those involved, and have social and environmental responsibility. The Board of Director approves the vision, mission and business strategy of the company, and monitor the management to apply the vision, mission, and strategy of the company to practice. Furthermore, the Board of Director reviews the vision, mission and business strategy on a yearly basis in line with the changing economic conditions and competition of the board as follows;

### **Policy**

The Board of Director is responsible for approving policies, reviewing and provide opinion of important matters relating to the company's operations, such as vision, mission, business ethics, and code of conduct, goals and strategic plans for business operations, annual budget, approve of financial statements, and supervise the management to implement the policy

### **Supervise the business to comply with official rules**

The Board of Director is responsible for overseeing the operations of the company to ensure it complies with laws, rules, regulations and practices related official and that the company operates correctly and transparently without corruption under the principles of good corporate governance

### **Internal control**

The Board of Directors is responsible for supervising the company, have good internal control, have an effective management system that is sufficient for acceptable risk levels, appropriate for the job or work

process of that particular agency. The Board of Director would assign the Audit Committee to regularly monitor internal control, periodically assess the efficiency and adequacy of internal controls to improve the internal control to be concise and suitable for changing situations, as well as, regularly report to the Board of Director.

### **Risk management**

The Board of Director is responsible for supervising the company to have a risk management policy, risk management process, effective risk reporting, tools for managing various risks that are adequately and covering all risks, supervise the management to control the risk of the company to be at an appropriate and acceptable level, and regularly review the risk management process, and guidelines for anti-corruption. Therefore, the directors, executives and employees of the company would adhere to the guidelines. The Board of Director should also assign all personnel to be responsible for internal control and maintaining an effective internal control system. The Company assigns the Risk Management Committee to supervise the risk management process to operate effectively, and regularly report to the Board of Directors (As disclosed in the topic "Risk Management and Risk Factors")

### **Conflict of interest**

Board of Director is a tool for managing to ensure that the business management is efficient and transparent for the best interest of the group of companies. Therefore the company has established policies and guidelines for considering items that have or may have conflicts of interest in the good corporate governance manual and business ethics of the company for the directors, executives and employees to observe. There are also rules for directors and executives stated that employees from the executive committee level and above, and financial related positions according to the requirements of the SEC, should report their own and related persons' interests to the company. Those employees have to reports every year when there is a transaction that may have a conflict of interest. The stakeholders in that matter must report to the company immediately. The company is careful and takes into account the compliance with the rules for connected transactions or related transactions without having to make connected transactions that violates the rules of the SEC and the SET.

The company has set up measurement to prevent conflicts of interest as follows;

1. Directors, executives, employees and related persons should avoid financial involvement and / or relationships with other third parties which will result in the loss or cause conflicts of interest of the company.

2. Directors, executives and employees with vested interests which may have conflicts of interest in the process of hiring, selecting, deciding or approving any items must report to the supervisor or those who participate in the approval. This could be done by using the report of conflict of interest of the company or avoid participating in that process

#### **Entering into the connected transaction or the acquisition and disposal of the Company's assets**

In the event that the company and joint venture company (The company holds shares, whether directly or indirectly, more than 50 percent of the paid-up capital), there are transactions that are connected transactions or acquisition or disposal of important assets of the company. According to the regulations of the Stock Exchange of Thailand, the company must comply with the regulations of the Stock Exchange of Thailand in such matters and must request the approval of the shareholders to enter into a connected transaction or acquisition or disposal of important assets of the company. It is required to have a vote of not less than three-fourths of the total votes of shareholders or proxies of the shareholders attending the meeting and having the right to vote without counting the portion of shareholders who have an interest

#### **Performing duties as a director with good governance**

Directors must perform their duties with integrity. They should not seeking for personal benefits, do not participate in or involve in decisions in transactions or businesses in which he has direct or indirect interests, should follow up on the duties of the management to be in accordance with the policies and strategies specified, supervise the company to have written business ethics or employee ethics, ensuring that the company has segregation of Duties and appropriate checks and balances

#### **Report of interest of directors**

Every director has a duty to report interest of both, their own interests and related persons as required by law. They should prepare a report of interest according to the report form the company, as well as ensuring the accuracy of the information in the report, and deliver the company within the specified period so that the company will collect and present to the Chairman of the company and Chairman of the Audit Committee signed to acknowledge the said report every quarter. In addition, the company must prepare a report on the holding of the company's shares of the executives and related persons for the Board to acknowledge and recorded in the minutes of the board meeting

**Supervision of the Company's operations Joint venture Company and associated companies**

Board of Directors has approved the guidelines for the supervision of companies that the company holds shares to have guidelines for the operation / management that are consistent and in accordance with the guideline of the business operation of the organization to supervise the operations of the joint venture companies and more efficient associates. The Board of Directors has determined that the Chairman of the Executive Committee is the person who has the authority to set policies, rules, regulations and procedures for determining any employee or person to serve as a director in a company in a joint venture company, which has been defined in the company's personnel management regulations. The person appointed as a director in a joint venture company has the duty to perform for the best benefit of the company that he holds the position of director.

In addition, the Board of Director has supervised the important policies of the joint venture companies such as management policies, Good Corporate Governance Policy, operational policy, Financial accounting policy, Safety, Health and Environment Management Policy, Social Responsibility Policy, Personnel management policy and other important policies, so that it is in accordance with the rules and regulations of the office SEC, SET and other related laws.

With the Board of Directors, there is a mechanism to supervise investment in companies in the joint venture by assigning executives from the company to manage the position of Managing Director in a joint venture company. For sending agents of the company to be a director in an associate company, the company has nominated executives as representatives of the company to be a guideline to executives and representatives of the company who went to perform duties in a joint venture company. There will be managed and supervised systematically in the same manner as the company to ensure that the operation is efficient, transparent and fair, achieving the operational goals as planned.

Moreover, in the case of a joint venture company, the person appointed by the company must ensure that the joint venture company has regulations regarding the connected transaction that is consistent with the company data storage and accounting that can be checked and gathered to prepare the consolidated financial statements on time.

**Compliance with good corporate governance principles in other matters**

In summary for the year 2019, the company has fully complied with the principles of good corporate governance. The company has added practices on the qualifications of directors that require no restrictions on sex, nationality, religion, and the determination of policy on diversity of knowledge and competency of directors, determine the period of strategy review "Annually", being an independent director of the Chairman

of the company, arrangement for evaluation of all sub-committees to evaluate the annual performance, preparing financial policy, accounting, tax and budget of the company. Thus, the company could use the same standard. Also, there is an addition in the scope of duties of the Corporate Governance Committee on social responsibility in order to comply with the current duties, have an assessment of risks that may occur in every dimension, and have the assessment of corruption risks that may occur to the company and establish an internal control framework for the organization with the objective to cover corruption risk assessment at the process level and have a regular evaluation process for the internal control system of the company.

The company ensure that they have an internal control system that is sufficient and suitable for business operations by paying attention to the prevention of corruption and money laundering, good practices regarding the period of refrain from trading company securities of directors and executives using information within 30 days prior to the disclosure of financial statements.

### **Sub-committee**

In order to efficiently and effectively perform the duties of the Board of Director, the Board of Director will appoint sub-committees to alleviate the burden of the Board of Directors in monitoring, supervising or considering important matters. The sub-committee has the authority to approve and make decisions on behalf of the board, regarding the authority, duties and responsibilities assigned by the Board of Directors.

The Board of Director will determine the appropriate scope of duties and responsibilities of the sub-committees that is in accordance with the strategy and assigned missions. There is a clear separation of duties, no redundant and in accordance with the requirements. The company also regularly arrange meetings with reports for the acknowledgment of the Board of Directors.

**Sub-committees are consist of the following;**

### **Audit Committee**

The committee is responsible for ensuring that the company has an effective internal control system, accurate and adequate financial reports, reviewed the Company's compliance with the Securities and Exchange Act Stock market requirements, laws and other regulations related to the business of the company. They also responsible for the consideration, selection and nomination of people who are independent to act as auditors of the company, offering compensation for such person, supervision of internal audit work of the company including performing other tasks assigned by the Board of Directors.

### **Board of Executive Director**

The Board of Executive Director is responsible for reviewing and presenting the annual budget, business plan of the company, capital plan, monitoring performance and operating results according to the company's business line, supervising the performance of companies in the group, reviewing and proposing or approving large investments related to plans and strategies according to the authority assigned, reviewing and presenting a new business plan which is a strategy for the company's business investment planning in other companies, monitoring the progress of foreign investment including performing other tasks assigned by the Board of Director.

### **Nomination and Remuneration Committee**

Nomination and Remuneration Committee's duties are to select the person who deserves to be nominated as a new director, specific director, or recruiting the Chief Executive Officer and managing director by determining the method of nomination with transparent criteria and considering the guidelines for determining remuneration for directors and the Chief Executive Officer. This could be done by considering professional experience, diversity of skills, and specific qualifications necessary for the business of the company. This is to achieve balance in various fields, and is the most useful to propose to the Board of Directors and / or propose to the shareholders' meeting for approval.

### **Risk Management Committee**

To set and review policies, objectives and risk management frameworks in order to suitable and consistent with the overall business operation. They also responsible for supervise to have a risk management plan, risk management systems or processes to reduce the impact on the business of the company and to provide comments and suggestions on corporate risk management and investment risks, annually review the appropriateness of the charter including monitoring and evaluating the implementation of the risk management framework and to ensure that the company has adequate and appropriate risk management.

### **Corporate Government Committee**

Corporate Government Committee is responsible for recognizing the roles and responsibilities of the Board of Director as an organizational leader that creates value for a sustainable business, determine the objectives and main goals of the business that are going for sustainability, strengthen the effective board, recruitment and development of senior management and personnel management, promote innovation and responsible business practices, supervise to have a risk management system and appropriate internal control, maintain financial credibility and disclosure, support participation and communication with shareholders, as well as, being responsible for determining guidelines, guidelines for policy, guidance on business ethics and ethics in

accordance with the good corporate governance system to the Board of Directors. This is to set the organization's rules and regulations in order to be a guideline of the organization that is standardized and correct approach.

### **Anti-Corruption Working group**

The group has a duty to formulate anti-corruption policies, provide advice and recommendations on anti-corruption, training to provide knowledge about anti-corruption, investigate the facts in case of complaints or clues by complying with the policy of investigating facts and reporting performance related to this policy to the Audit Committee.

**(Note that details of each committee are shown in the management structure)**

### **Chief Executive Officer**

The Board of Director appoints the Chairman of the Executive Committee in accordance with the company's regulations. The Chairman of the Executive Committee plays a role in implementing the strategy and running the company smoothly under the policy set by the Board. The Chairman of the Executive Committee is the person with the highest responsibility for the operation of the entire company.

### **Role of the Chairman Chief Executive Officer and Managing Director**

Chairman of the Board and the Chairman of the Executive Committee should be an independent director. Their responsibility is to support the operations of the management but do not participate in the normal daily management of the company. Their primary role is to overseeing the performance of the Board of Director to be effective and independent from the management, set the meeting agenda according to the duties and responsibilities of the Board of Director together with the Chairman of the Executive Committee and the Managing Director. The Chairman of the company is also the Chairman of the Board of Directors' meeting and the shareholders' meeting effectively. Their role is also to encourage all directors to participate in the meeting, and supervising the directors to abide by the principles of good corporate governance and business ethics of the company, as well as, being responsible to shareholders and related stakeholders. In addition, the Chairman of the Board should not hold any positions in the sub-committee set out in the scope of duties of the Board of Directors and all sub-committees in order to perform the segregate duties and tasks In terms of independence of the Chairman of the Board. This is to perform their duties as chairman with prudence and use independent discretion with high leadership and leadership roles, taking into account the best interests of the company and have knowledge, expertise and experience in the automotive parts manufacturing business or other businesses related to the expansion of the company's investment and management for a long time.

They are a qualified person that many organizations would like to bring your diverse knowledge and abilities to the benefit of the organization.

### Chief Executive Officer and Managing Director

Chief Executive Officer and Managing Director are the highest commander of employees in the organization which the Board of Director select and appoint from one director according to the company's regulations. They has the responsibility to manage the company according to the policy, plan, and budget and under the authority framework received from the board of directors and defined in the company regulations.



### **Principle 2: Determine the objectives and main goals of the company to create sustainability.**

Stakeholders should be supervised according to legal rights. The Board of Directors should consider to have a process to promote cooperation between the companies with stakeholders in creating financial stability and sustainability of the company.

2.1 The Board of Director oversees the company's objectives or the main goal that is clear, appropriate and communicates to employees in the company, drive in the same direction and enhancing the objectives and main goals reflected in the work of employees at all levels until becoming a corporate culture. The company set up the form of KPIs for organizations that measure business growth, profits and resource usage / production units. Moreover, the company has adopted the target as a basis for evaluating the performance of management and employees in the organization at all levels for all employees to participate.

2.2 The Board oversees the preparation of strategies and annual plans that are consistent with the objectives or the main goal by using innovations and technologies to be used appropriately and safely in order to create competitiveness and to meet the needs of stakeholders and based on social and environmental responsibility and provide reviews every year.

To determine the objectives and goals of business operations in the short, medium and long term, as well as determining the indicators of success in various matters in the business plan of the year 2017, which determines the operational goals each year, the goal of every employee in the organization with communication in the form of meetings, announcements, goals for work. The company determines to be a part of the evaluation of employees at all levels in the year 2019 and every year according to the plan specified in the business plan.

The company aims to develop the organization and take into account the impact of ESG by establishing guidelines for sustainable development and participation with stakeholders as follows;

1. Track and analyze the growth direction and changes of related industries including considering factors that affect the business, society and environment of the company and those involved in business such as innovation, technological change, global climate change including tracking practices and international standing standards such as Global Reporting Initiative (GRI), Sustainable Development Goals (SDGs).
2. Establish a framework for sustainable development the framework for sustainable development is the direction of sustainability of the company according to the main strategy consisting of 4 main dimensions: 1.Work place, 2.Market Place, 3.Community and 4.Environment which covers economic, social, community and environmental aspects.



### **Principle 3: Strengthen the Board of Directors**

**3.1 The committee should be responsible for determining and reviewing the board structure in terms of size, composition, proportion of independent directors which is appropriate and necessary for bringing the organization to the specified objectives and goals**

The Board of Director will determine the structure of the Board to be diversified (Board Diversity) suitable for size, complexity, business characteristics and risks, consisting of leadership, professional skills, knowledge, ability, experience in business and related businesses, special skills (skill matrix) and gender, as well as, in accordance with the business strategy of management and have knowledgeable directors or at least 1 person with information technology experience. The Board of Director must have the appropriate amount in accordance with the resolution of the shareholders' meeting with clear scope of responsibilities, appropriate balance of power and does not allow any person or group to have power without restrictions.

The composition of the board consists of non-executive directors, executive director and independent directors, at least in the amount prescribed by the Securities and Exchange Commission.

#### **Board composition in 2019**

Board of Directors consisting of 11 directors who have experienced, professional skills and specialized expertise from a variety of professional fields. Those people are;

5 independent directors (more than 1 in 3 of the entire board) \*

4 non-executive directors

2 executive directors

### The Board of Director Meeting

The Board of Directors has a meeting scheduled once a quarter, except in the case of necessity. The company may arrange additional extraordinary meeting as necessary. The company has to deliver the entire meeting schedule in advance for each director to acknowledge so that the directors can allocate time to attend the meeting at all times. The Chairman of the Executive Committee will consider and approve various matters to be included in the meeting agenda for the chairman of the board to approve

The company sends the meeting invitation letter together with supporting documents to the directors at least 5 working days prior to the meeting so that the directors have enough time to study, consider and decide on various matters. Before The directors can request additional documents or additional information regarding various matters. Entering the meeting agenda from the management the meeting takes approximately 3 hours. The chairman of the board is the lead speaker. The meeting proceeded according to the agenda. Sufficient time is allocated for the management to propose the matter and enough that the director will consider such a round before deciding by voting on various agenda of the Board of Directors meeting. In this regard, the Chairman of the Board will conclude the meeting's resolution. In addition, directors who have an interest in the agenda that is considered to be absent from the meeting for that agenda and will not vote.

The company secretary is responsible for the preparation of the minutes, order the document storage for inspection including the delivery of meeting minutes to the public institution within the specified period.

In 2019, the Board of Directors Meeting was conducted 5 times: the Annual General Meeting of Shareholders 1 time. Directors of the board of directors attended every meeting which is representing an average of 98.48 percent of the number of meetings, whereby the directors have to ask questions independently and give suggestions that are beneficial to the company in line with the corporate governance policy (Table shown the participation of director and subcommittee is presented in organizational structure section).

**3.2 The board of directors should select the appropriate person to be the chairman and supervise Ensuring that the composition and operation of the Board is conducive to independent discretion in making decisions.**

The Board plays an important role in corporate governance for the best interest of the Company. Also, the Board has a responsibility to all stakeholders and must be independent from the management

Separation of positions and balance of non-executive directors

1. The Chairman of the Board and the Chairman of the Executive Committee must not be the same person and have different responsibilities
2. The Chairman of the Board will not hold any positions in the sub-committee
3. Directors (except executive directors) will not be employees of the company and do not participate in the daily management of the company and clearly separating duties and responsibilities between the Board and the management

#### **Role of the Chairman**

The chairman of the board has a role as a director and leader of the board. The duties and responsibilities should at least cover:

1. Supervise, monitor and supervise the performance of the Board of Directors to be effective and achieve the objectives and goals of the company
2. Ensuring that all directors participate in promoting an ethical corporate culture and good corporate governance
3. Strengthen good relations between directors who are executives and non-executive directors and between the board and management

The chairman of the board will act as the chairman of the board meeting and the chairman of the shareholders' meeting of the company.

#### **Role of the Chief Executive Officer**

The Chairman of the Executive Committee plays a role in operating the company in accordance with the strategy, plan and supervising the operation of the company to be smooth under the policy set by the Board of Directors. The Chief Executive Officer is the person with the highest responsibility for the operation of the entire company.

**3.3 The Board of Directors should supervise the recruitment and selection of directors to have a transparent and clear process in order to obtain a committee that is qualified in accordance with the specified elements.**

### **Nomination of Directors**

The Board will ensure that the company has a transparent nomination process by appointing people with leadership, vision, professional skills, knowledge, ability, experience in business and related businesses Special skill (Matrix) and not limited to gender. The board will ensure it is in accordance with the business strategy of the company, as well as, having the highest responsibility for the company's performance is determined to lead the organization to grow steadily and grow with accuracy, free to express opinions and decision making for the best benefit of the company. For those who will become independent directors must have the qualifications of being an independent director as determined by the company, which is stricter than the requirements of the Securities and Exchange Commission (Qualifications of independent directors of the company can be found in the Management Structure section).

Nomination Committee will consider nominating directors from individuals in various professional following to the company's regulations and official requirements. The directors must be a person who is capable and has a strategic idea that can lead the company to a stable and sustainable growth and can fully devote time to perform duties as a director for the maximum benefit of the company before proposing to the Board of Directors or shareholders for appointment (depend on the case).

In the selection and nomination of persons to be directors will provide information that identifies the expertise in each skill matrix required for the director and disclose the policy and details of the nomination process in the annual report of the company.

### **Term of office of the director**

In every annual general meeting of shareholders, one-third of the total number of directors is removed from the position. If the number of directors cannot be divided into exactly three parts then give out by the number nearest to the third part in which the director who has retired by rotation may be re-elected.

**3.4 The Board of Directors should consider the structure and compensation rates that are appropriate to the responsibility. And propose to shareholders for approval**

### **Directors' remuneration**

1. The Board of Directors will determine the criteria, composition, and fair remuneration for directors at an appropriate level by using the principles of the duties of the Board of Directors (Fiduciary Duty) and in a manner that is comparable to the level that is in the industry, experience, obligations, scope of roles and responsibilities (Accountability and Responsibility) including the benefits expected from each director who

have been assigned additional duties and responsibilities, such as being a member of the sub-committee should receive additional remuneration at an appropriate rate.

2. Nomination Committee will review the directors' remuneration every year. Then, propose to the Board of Directors for consideration and approval as an agenda for the Annual General Meeting of Shareholders for approval at the annual general meeting of shareholders.

3. The Board of Directors will ensure that the company discloses the remuneration for each director individually in various reports according to official requirements such as annual reports and 56-1.

#### **Director's bonus**

The Board of Directors plays an important role in formulating strategies, policies and supervising the operations of the company to meet the goals. The Board of Directors may consider granting remuneration to the Board at an appropriate rate, consistent with the company's performance and the level of practice in the industry. The Nomination Committee will consider the reward and propose to the Board of Directors for consideration and approval and include in the agenda of the Annual General Meeting of Shareholders for approval of the shareholders' meeting, disclose the directors' remuneration on an individual basis in various reports according to official requirements such as annual reports.

**3.5 The Board of Directors should supervise all directors to be responsible for their duties and allocate sufficient time.**

#### **The Board of Directors' Meeting**

1. The Board of Directors will arrange a meeting at least 1 time per quarter. The meeting date must be set in each year in advance so that the directors can allocate time to attend the meeting at all times unless in urgent need may arrange additional special meeting as necessary including the date of the meeting of the sub-committee in advance

2. The Board will ensure that the company send the meeting invitation letter together with supporting documents to the directors at least 7 working days before the meeting to allow directors to have enough time to study information in order to prepare to attend the meeting. The company secretary must ensure that all directors receive all relevant documents and have sufficient time to study, consider and make decisions on various matters in advance.

3. Directors can request additional information about various matters and entered the meeting agenda from the management.

4. The secretary of the Board of Directors is responsible for preparing the meeting minutes in writing and organized in an orderly manner for inspection and submit the meeting report to the authorities within the specified period.
5. Directors should attend every meeting or at least 75 percent of the number of meetings of the Board of Directors held each year at the time that the director holds the position unless there is reason and necessity. (Table shown the participation of director and subcommittee is presented in organizational structure section).
6. The Chairman of the Board and the Chairman of the Executive Committee will consider together in selecting the matter to be included in the meeting agenda, ensuring that important matters have been included and should allow each director the opportunity to freely propose matters that are beneficial to the company into the meeting agenda.
7. The chairman of the board should allocate sufficient time for the management to present the matter and enough that the director will carefully discuss important issues together. The chairman of the board should encourage careful judgments. All directors should pay attention to every issue that leads to the meeting and the Chairman of the Board must summarize as a meeting resolution.
8. Directors who have an interest in the agenda that is considered must not be present at the meeting and must not have the right to vote on that agenda.
9. Non-executive directors should meet among themselves as necessary to discuss various issues or problems regarding the management that is in the interest without the management team at least 1 time per quarter and bringing the results to the board for acknowledgment.
10. Where necessary, the Board of Directors can ask for professional opinions from external consultants regarding the operation at the expense. The company will consider disclosing the information of that consultant including independence in the annual report.

#### **Positions in other companies of directors**

To ensure that directors can sufficiently devote time and be able to perform their duties and responsibilities in the company, the Board of Directors determines the number of companies that each director will serve in accordance with the requirements of the Stock Exchange of Thailand, the SEC Office as follows:

1. Director will hold no more than 5 directors in listed companies in both domestic and international markets (including companies)

2. The company's directors can be the Chairman of the Board, executive director or authorized director in one or more companies in another company, no more than 3 business groups (excluding companies), If a company is not a business group to count each company into one business group.

3. Directors must disclose information about holding positions in other companies for the company to know according to official requirements and company regulations.

**3.6 The Board of Directors should supervise to have a framework and mechanism for overseeing the policies and operations of companies in the business groups and other businesses that the company has invested significantly.**

#### **Strategy and coordination**

The company and its associated companies set strategies to meet the business objectives and in line with the long-term strategy of the company before presenting to the board of directors for approval with the company's executive committee and department manager.

#### **Policy implementation**

The management of the company in the business group must adhere to and comply with the Consolidate Supervision Policy of the company, with the company's audit staff being the company inspectors in the business group on an annual basis.

**3.7 The Board of Directors should arrange the annual performance evaluation of the Board of Directors. Sub-committee and individual activities**

#### **Performance evaluation of the Board of Directors**

1. The Board of Directors and Sub-Committees will conduct self-assessment at least once a year to allow the Board to consider the work and problems for the development and improvement of duties by having to define the norms that will be used to compare with the performance results with criteria.

2. The method of evaluating the performance of the Board of Directors is (1) Self-assessment (Self-assessment) for both faculty and individual (2) Cross-assessment (Cross-assessment) and including disclosure of rules the steps and results of the overall assessment in the annual report.

3. The Board of Directors may consider having an external advisor to assist in formulating guidelines and suggesting issues for evaluating the performance of the Board of Directors and disclose the said operation in the annual report.

### **Performance evaluation of the Board of Directors**

#### **Self-Assessment of the Board**

Board of Directors requires the regularly evaluation of the performance of the Board of Directors individually and in the whole group at least once a year to know about various problems and obstacles during the past year. In addition, it is to make the work of the Board more effective as there are clearly know their responsibilities and to help improve the relationship between the Board of Directors and the management including guidelines for improvement to comply with good corporate governance principles by using the form that the company improve from the self-evaluation form of the Board of Stock Exchange of Thailand as appropriate and in accordance with the characteristics of the Board of Directors. The evaluation criteria are detailed as follows: Operating results, policies, guidelines for corrective action if not as specified, preparation before entering the meeting, practice on corporate governance of the company, duties of Chairman of the board And monitoring of risk management, etc. Then, use the scores that the committee evaluated themselves, use the statistical analyze data and report the assessment results to the Board of Directors to lead the management's operations further. In addition, in the year 2019, the company evaluated all sub-committees, namely the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and the supervisory board with evaluation criteria as follows

1. The structure and qualifications of the sub-committees are appropriate and work effectively
2. Sub-committees perform their duties efficiently in meetings
3. Roles, duties and responsibilities of sub-committees

#### **Performance evaluation of the Managing Director**

Board of Directors requiring the evaluation of the performance of the Managing Director every year by using the form that the company updates from the example Self-evaluation form of the Managing Director of the Stock Exchange of Thailand as appropriate and in accordance with the organization's goals and strategic plans by assessment criteria divided into the following topics:

The assessment of the managing director, **an average score of 94.33** is **excellent**.

#### Topic of the assessment

1. Leadership	Average score 95.58
2. Strategy formulation	Average score 89.58
3. Compliance with the strategy	Average score 93.75
4. Planning and financial performance	Average score 94.79
5. Relationship with the Board of Directors	Average score 92.71
6. External relations	Average score 98.75
7. Administration and relationship with personnel.	Average score 94.79
8. Succession.	Average score 85.42
9. Knowledge of products and services	Average score 100.00
10 Personal characteristics	Average score 95.83

**Additional comments / remarks from the assessment** the scores of all categories are high. The managing director is outstanding regarding knowledge and ability in business, especially knowledge of products and services and relationships with external personnel at an excellent level. However, in some categories need to be improved, such as succession as the company must clearly specify the guidelines to create a representative / successor because the level of knowledge and competence of the current CEO is at a high level and greatly affects the business operations.

#### Board of Directors

In 2019, Board of Director review the performance evaluation form of the Board of Directors to evaluate the directors annually, for the Board of Directors to review the performance, problems and obstacles during the past year. This can be done by evaluating the entire Board of Directors, self-assessment by dividing the criteria to 5 levels and summarizing the overall assessment results to the Board of Directors and disclosed in the annual report In order for the evaluation to have appropriate criteria. The company has improved the questions and assessment criteria in accordance with the guidelines of the Board of Directors assessment. The assessment to the Board of Directors, which the Board of Directors has acknowledged the result of such assessment and bring suggestions from the evaluation to formulate guidelines to improve the performance of the Board of Directors with concrete efficiency.

## 1. Evaluation of the performance of the Board of Directors (whole board) for the year 2019; average score 93.41 at an excellent level

### Topic

1. Structure and qualifications of the Board of Directors	Average score 94.87
2. Role/duty/responsibility of the Board of Directors	Average score 90.72
3. Meeting of the Board of Directors	Average score 94.44
4. The duties of directors	Average score 97.02
5. Relationship with the management	Average score 99.17
6. Self-development of individual and management	Average score 89.58

**Additional comments / remarks from the assessment** the scores of all categories are high, especially in relationship with the management and the board of director sees the importance of the duties of directors who have a role to manage the organization as well as plays an important part in driving corporate strategy and goals to achieve the plan set forth.

## 2. Performance evaluation of individual directors (self)

The question consists of 3 main categories:

1. Compliance with ethics and business ethics	Average score 95.83
2. Responsibility for performing duties	Average score 93.75
3. Self-development and teamwork	Average score 95.83

**Additional comments / remarks from the assessment** The Board of Directors recognizes the importance of the roles and responsibilities of the directors and should improve the arrangement of the board meeting. The supporting documents must be complete and sufficient for consideration.

## 3. Results of sub-committee self-assessment for the year 2019

### 3.1 The Executive Committee an average score of 88.43 at an excellent level.

### Topic

Structure and qualification of director	Average score 85.71
Directors' Meeting	Average score 91.67
Able to effectively carry out the policy assigned by the Board	Average score 87.50
Supervise and approve matters relating to the company's normal operations according to the authority that the company's board assigned	Average score 91.97
Efficiently supporting the operations of the management	Average score 87.50

Report performance to the board to acknowledge

Average score 87.50

**Additional comments / remarks from the assessment** the executive board reviews the strategy and goals of the organization in a timely manner to provide business with stability, sustainability, including stipulating control measures Inside-outside efficiently.

### 3.2 Audit Committee an average score of 95.71 at an excellent level

Topic

The suitability of the structure which lead to the efficiency of the board's work	Average score 92.85
Board meeting / efficiency of the meeting	Average 90.83
Accurate and reliable financial statements	Average 100
Act in accordance with laws and regulations	Average 100
Good internal audit system	Average 90
Connected transactions and transactions with conflict of interest and benefits according to the rules	Average 95
Give an opinion on appointment and removing head of internal audit	Average 95
Consider selection, appointment, remove and proposed the remuneration of the auditor	Average 95
Appropriately provide a process for handling complaints	Average 95

**Additional comments / remarks from the assessment** The Audit Committee gave importance to the accuracy and credibility of the financial statements and compliance with laws and regulations.

### 3.3 Nomination and Remuneration Committee an average score of 91.67 at an excellent level

Topic

The suitability of the structure which lead to the efficiency of the board's work	Average score 92.85
Board meeting / efficiency of the meeting	Average 90.28
Qualifications of directors or senior management comply with regulations and business type	Average 91.67
Appropriately consider and summarize names to present to the board of directors for consideration	Average 91.67
Continuously plan for training and development of the director	Average 91.67
Consider the remuneration of directors and senior management for the compensation, which is monetary and not monetary	Average 91.67
Methods and criteria for determining fair remuneration such as comparing the compensation of businesses in the same industry	Average 91.67

**Additional comments / remarks from the assessment** Nomination and Compensation Committee gives priority to the development of the capability of directors and executives, especially following crucial news about economic and industrial conditions, regulatory changes and technology.

### 3.4 Corporate Governance Committee an average score of 87.96 At quite excellent level

#### Topic

The suitability of the structure which lead to the efficiency of the board's work	Average score 88.10
Board meeting / efficiency of the meeting	Average 87.50
Propose good corporate governance practices to the Board of Directors and give advice to the board	Average 91.67
Ensure that directors and management comply with the principles of good corporate governance	Average 91.67
Set up Corporate Social Responsibility: CSR policy and monitor to appropriately operate	Average 91.67
Set the framework and action to resist corruption	Average 83.33

**Additional comments / remarks from the assessment** the Corporate Governance Committee see the importance of good corporate governance of directors and management following the principles of good corporate governance, which sets policies and practices on governance, society, communities and the environment.

### 3.5 Risk Management Committee an average score of 85.94 At quite excellent level

#### Topic

The suitability of the structure which lead to the efficiency of the board's work	Average score 84.82
Board meeting / efficiency of the meeting	Average 89.58
Supervise and carry out risk management of the organization in accordance with the strategic plan, business goals and the changing circumstances	Average 90.33
Provide recommendations, follow-up and evaluation of risk management to Risk Management and Internal Control Committee	Average 78.13
Consider the risks that may occur and effectively establish risk control measurement	Average 78.13
Report the result of the performance to the board of director	Average 87.50

**Additional comments / remarks from the assessment** Risk Management Committee sees the importance of supervision and implementation of risk management of the organization in accordance with the strategic plan, business goals and the changing circumstances.

### 3.6 Anti-Corruption Working Group an average score of 86.07 at quite excellent level

Topic

The suitability of the structure which lead to the efficiency of the board's work	Average score 88.10
Board meeting / efficiency of the meeting	Average 89.58
Supervise and take action against the corruption in the company to be consistent principles of good corporate governance	Average 83.33
Give suggestions for guidelines to monitor and evaluate anti-corruption to the Risk Management and Internal Control Committee	Average 83.33
Consider the risk of corruption that may occur and establish effective risk control measurement	Average 86.11
Promoting anti-corruption operations in which all employees are involved	Average 83.33
Report the result of the performance to the board of director	Average 83.33

**Additional comments / remarks from the assessment** the anti-corruption group sees the importance of consideration of the risk of corruption that may occur and establish effective risk control measurement. The group establishes measurement to effectively control risks, promote and support anti-corruption operations in which all employees are involved.

**3 .7 The Board of Directors should supervise the Board and each director to have knowledge, understand of roles, nature of business and laws related to business operations, as well as encouraging all directors to receive various skills and knowledge relating to the performance of directors regularly**

### Director Development

1. The Board of Directors will promote and support the education of directors in acting as directors of the company by training courses of the Thai Institute of Directors Association (IOD) related to at least 1 director, namely the Director Accreditation Program (DAP) or the Director Certification Program (DCP), including any other courses related to supervision, good business acting as a director under the law and the requirements of relevant authorities or the business of the company to increase the skills of supervision. The company is responsible for all of the expenses.

2. The Board of Directors will supervise the management to arrange internal training courses for the company to the directors in order to increase knowledge in relation to the business of the company and responsibility as a director of the company

3. The Board of Directors should set up an orientation for every new director to create knowledge and understanding in the business including the various operations of the company in order to prepare them for their duties as the directors. The directors should have a policy to enhance knowledge and new perspectives for all directors to learn corporate governance, industry conditions, technology business and new innovations so that directors can take the position as quickly as possible with efficiently. The company secretary would act as the coordinator in various matters as follows

1. Matters to note: business structure, board structure, scope of authority, Laws that need to be known
2. General knowledge of the business: guidelines for operating various policies and visiting the production process
3. Provide a meeting discussions with all board members to inquire in-depth information about business operations. For the year 2019, the company appointed one new directors.
4. The Board of Directors will ensure that the company discloses training and director development information in various reports, according to the principles of good corporate governance, such as annual reports

### **Training of Directors**

The company has directors who are knowledgeable, capable and always seeking knowledge in directors and business functions, and the company encourages all directors to study and train more to continuously increase knowledge about directors' duties, including

1. The Board of Directors have participated in national activities that help promote and enhance the level of good corporate governance and exchanging opinions with those with regional experience, such as establishing a Plant visit of the companies' work site that have participated in overseas joint ventures to allow the Board of Directors understand the business of the company and bring knowledge and experience to benefit the company.
2. All directors have attended the training course with the Thai Institute of Directors Association (IOD). The company also encourage the directors to attend other training courses associated which gives a useful perspective to apply to the business of the company

In addition, the top executives of the company also participated in the discussion exchange activities various knowledge seminar activities that is related to the operation, as well as, being a guest speaker in various seminars to exchange knowledge, experiences and opinions with various institutions.

**3.8 The Board of Directors should ensure that the operation of the Board is completed. Can access the necessary information and has a company secretary who has the necessary knowledge and experience**

#### **Company Secretary**

The Board of Directors will appoint persons with appropriate qualifications and experience to perform duties as the company's secretary. The Board of Directors will determine the roles, duties and responsibilities of the company secretary to be in accordance with the legal requirements and best practices, which the company secretary will monitor various operations of the Board of Directors, the management, and the company in accordance with the requirements of laws, rules, regulations, relevant company regulations as well as supporting the operation of Board of Directors, Sub-committee, management and the company to be in accordance with the good corporate governance guidelines and disclose the information, qualifications and experience of the company secretary in the annual report and on the company's website (The appointment and qualifications of the secretary are shown in the management structure section).



### **Principle 4: Recruitment and development of senior management and personnel management**

**4.1 There is a recruitment and development of high-level executives to have knowledge, skills, experience and features necessary to drive the organization.**

#### **Recruitment of executives**

##### **Recruiting and appointing the highest level of directors and executives**

Nomination and appointment of directors and independent directors, the Board of Directors has appointed the Nomination and Remuneration Committee to act as a recruiting person with knowledge, ability, expertise and experiences that are useful and consistent with the company's business strategy. If the position of the director of the company vacant or directors due to retire, by rotation, the committee will prescribe criteria for considering the person who deserves to be nominated for appointment as a director, both from minority shareholders and major shareholder, by considered with the criteria for nomination of directors of the Stock Exchange of Thailand. The company gives priority to those with skills, experience, professional qualifications, specific qualifications in accordance with the business strategy of the company and to make the board

composition with integrity and utmost benefit of the company, including consideration of the conflict of interest and conflict of interest of the directors in a transparent and comprehensive manner. Guidelines for appointment of directors are as follows;

#### **Director**

1 . Appointment of new directors considering the composition, including qualification in accordance with relevant laws and regulations being a qualified person with diverse knowledge and experience in various professional fields, which is useful for the performance of the directors and the necessity of the composition of the board structure that is consistent with the business strategy by considering skills matrix in engineering, law, finance, accounting, economics, security and society Management. They will combine knowledge and capabilities that are beneficial to the operations of the company and having interests or conflicts of interest that may have with the company.

2 . Appointment of the same director considering the performance in the past year, giving feedback, comments that is useful to devote time and participation in various activities of each director to consider.

#### **Independent Director**

In the selection and nomination of independent directors will consider the number of independent directors on the composition of the Board of Directors to be consistent and in accordance with the requirements of the SEC. As of December 31, 2019, there are 4 independent directors from the total number of 11 directors. There are 45.45 percent of the Board of Directors, which is greater than the requirements of the SEC and according to the information disclosed in the management structure section by independent directors. There are definitions and qualifications as defined in the Good Corporate Governance Handbook and disclosed on the Company's website (The definition of independent director is shown in organization structure).

#### **Recruitment and appointment of the Chief Executive Officer**

Recruitment of the Chief Executive Officer and Managing Director in replacement of the vacancy Nomination Committee will consider from those with skills, experience, professional qualifications in various fields that is necessary and the most beneficial to the business of the company which must be approved by the Board of Directors Such criteria include

- Being a director of the company according to the company's regulations
- Knowledge, ability to conduct business

- Experience in the automotive parts manufacturing business Or other businesses related to the expansion of the investment of the company
- Experience in leadership of the organization
- High leadership
- Acceptance from related business organizations

(More details on the topic "Director and Executive Development" and "Talent Group Management and Succession Plan")

### **Succession Plan**

The Board of Directors will establish a succession plan for the management since the implementation of such plans is an important component of personnel strategy planning. The Board of Directors must ensure that the company has policies, plans and processes that is linked to the vision, mission, and business goals including corporate culture to ensure that the succession of executive positions is smooth including the preparation of replacement personnel for the continuing company's business operations.

### **Positions in other companies of the Executive Chairman**

The Chairman of the Executive Committee will perform full time for the company. Of the Chairman of the Executive Board, other companies or organizations must be approved by the Board of Directors

### **4.2 The Board of Directors should monitor, supervise and develop personnel to have the appropriate amount of knowledge, skills, experience and motivation.**

#### **Development of senior management**

The company has continuously developed the potential of employees with regular training at all levels, which are divided into both business, own profession, leadership and collaboration, learning from direct experience and from others. There are in-house training through classroom training, E-learning and sending employees to train outside the company.

### **4.3 The Board of Directors should supervise the structure of compensation and appropriate evaluation**

The Company considers the payment of remuneration in the form of salary and remuneration based on performance to be comparable to the payment of the same industry and to be fair in the company. In addition, in order to increase the ability to cope with various situations by focusing on the organization "Flat Organization" which will have flexibility in doing business, adapt quickly because it reduces the work process

and make decisions more quickly and to support this approach. The company has adjusted the compensation information to be appropriate with the scope of duties and responsibilities and provide tools to work according to the roles and duties without adhering to the employee level and the overall compensation framework In order to drive the culture under the concept of "Pay for Performance", which will vary according to the performance of the employees and the operating results of the company.

(Year 2019 Directors' remuneration Executives and employees Already reported on the topic Remuneration for directors, executives, employees)



### **Principle 5: Promote innovation and responsible business practices**

The Board gives importance and supports the creation of innovations that create value for the company and to create business opportunities coupled with creating benefits for customers or those involved and have responsibility to society and the environment including allocating and managing resources efficiently.

The Board will monitor the management to conduct business with ethics and having responsibility to society and the environment and reflected in the action plan to ensure that the management manage resources efficiently and effectively, taking into account the impact and development of resources throughout the value chain, including information technology management and risk supervision under the objectives, goals, principles and strategic plans of the company in a sustainable manner.

#### **1. Treatment of stakeholders**

The Board of Directors emphasizes the importance of treating all stakeholders equally so that the stakeholders receive full, fair and appropriate rights. There is a system to receive complaints from customers and to resolve problems with care and justice. Keeping customer information confidential and strictly complying with the contract terms provided to the business partner. The company would conduct business with fair and ethical competition principles, honest, without corruption, treat all employees fairly and equally by focusing on the development of training to increase knowledge, ability, and potential and provide opportunities for employees to relocate their duties in order to increase work efficiency and have a fair compensation comparable to the same industry including enhancing the corporate governance culture in the organization.

**The Board of Directors defines guidelines for treating stakeholders in each group as follows.**

**Shareholder:**

The Board of Directors will supervise the business operations of the company to be transparent and free from corruption by taking into account the continued growth of sustainable performance in the long run on the potential and capability of the company to create additional value for the company both in the form of increased stock value and dividend payment at attractive rates.

**Staff:**

Aim to develop the organization to be a learning organization, strengthen culture and working atmosphere, promote teamwork, provide fair returns, supervise the safety and maintain the working environment, attach importance to development, transfer knowledge and the ability of employees, listening to comments and suggestions from employees at all levels equally and equitably, defining and extending the cultivation of corporate culture. The company recognizes that every employee is one important and valuable factor, bring success, progress and sustainable growth. The company adheres to the principles of good corporate governance and the United Nations that respects human rights, which the company has planned and set up a plan to manage human resources management in line with business operations, adjust the management structure of research and development and innovation units to support the business group of the company to be linked to business in foreign countries and enhancing the business context with greater size and diversity. Therefore, the company is emphasizing the recruitment of personnel in groups that are essential to driving the organization's strategy to be successful, prepare to recruit employees to prepare for the retirement of employees and to be in line with the business expansion to foreign countries. The company is recruiting and hiring both locally and internationally through Social media, as well as building a network in foreign countries to be known in the labor market.

The company encourages employees to be happy in their work and to have good quality of life, safety and good health, as well as, striving to improve and strengthen the capabilities of the organization and personnel management since personnel are considered valuable resources for building a strong and sustainable growth of the organization, details of operations and human resource management appear in the topic Employee Management and Development Policy.

**Customer:**

The company committed to create satisfaction and confidence for customers and the public to receive good quality products and services at a reasonable price level and continuously raise standards, as well as,

maintaining good and sustainable relationships. The company adheres to the mission to take care and improve the quality of products and good service to be the best choice for customers with innovative products and services to create maximum confidence and satisfaction. The company has a fair, appropriate, transparent and auditable management to create satisfaction and confidence for customers and the public to receive good quality products and services at a reasonable price level and raise the standard to be higher. Moreover, the company maintains good and sustainable relationships, responsible for customer care in trading raw materials and products through various activities namely marketing excellence that is centered in 5 areas:

1. Creating value for customers
2. New product development
3. Price strategy
4. Distribution channel strategy
5. Development of quality and efficiency of personnel

For the customer satisfaction survey in 2019, the company has improved and organized satisfaction measurement to meet international standards and to compare with the same industry. The results of the Customer Satisfaction Survey in 2019 showed that the average satisfaction of 72.52% was able to reflect the success in building relationships and responding to customer needs at a good level. The company regularly hosts / visits customers' businesses to listen to opinions and exchange information in the industry with customers, to provide information for customers to use in business operations, as well as, arranging for customers to visit the factory and production process to give customers confidence in the production process and product quality control of the company. The company arrange to receive and manage complaints about products / services and operate systematically for customers to receive a quick response. There are many channels, including websites, emails and phones, and create guidelines for solving and preventing problems that may arise in the future with continuous monitoring and evaluation of customer complaints management to use the results for future business development and planning.

**Partners:**

Taking into account equality and integrity in business operations, maintain mutual benefits with partners by strictly complying with the laws and regulations and have a code of business conduct, the company has business ethics in procurement and treatment of business partners, criteria for selection and treatment of trade partners fairly including organizing the company regulations on the supply of goods to streamline product operations. The company also has good control and auditable. The company is able to conduct business with business partners in an appropriate manner with the benefit of both parties in a fair and transparent manner. In addition, the company also considers equality and integrity in conducting business, maintaining mutual benefits with partners by strictly complying with laws and regulations that are jointly

defined such as improving the quality of products and services with product and service guarantee. There is a full disclosure of information about products and services, a system for receiving and managing complaints about products and services. The company has a satisfaction survey of partners, organize activities to educate and strengthen good relationships with partners and determine the code of conduct of the purchasing agency.

The company considers not accepting or paying any benefits that is not honest in trading with partners in the good corporate governance manual and business ethics and the policy of supervising the operation to be in compliance with the law (Corporate Compliance Policy), requiring employees to comply with the law on prevention and anti-corruption (Corruption), giving or receiving bribes (Bribery) with officials of government agencies or private agencies, both at home and abroad. The company considers any actions, which is a violation of such law that is incorrect and does not comply with the operational supervision policy. The personnel at all levels must resist and ignore that action and must perform duties with transparency for the benefit of the company or only companies in the group to prevent conflicts of interest and must not encourage others to act or ignore any action, which is against the law. The company has signed a contract of purchase in writing and strictly complying with the contract. In addition, there is a continuously meeting with partner to develop and improve joint operations as well as finding solutions to problems in the event that the conditions cannot be met with the partners by organizing a meeting to find the cause of the problem and find solutions together by the solution must be a way for all parties to be satisfied together and to solve problems until completed and finding ways to prevent such problems from happening again.

The company has procedures and procedures for selecting partners or contractor project arrangement or guidelines for anti-corruption including supporting activities that encourage and instill all employees to comply with the law and related regulations.

### **Creditor**

The company adhere to fair practices in accordance with the conditions and responsible for creditors including repayment on schedule. The company treats creditors with responsibility, fairness, adheres to good practices according to the guidelines, conditions, terms of the contract and strict financial obligations, especially the conditions of guarantee capital management, debt settlement and fairness to creditors including repayment on schedule, as well as not using dishonest methods to conceal information or facts that may cause damage to creditors. In the event of failing to comply with any of the conditions, the company must notify the creditors in advance to jointly consider finding solutions. The company has focused on information disclosure to stakeholders with emphasis on accuracy, completeness, speed and transparency

of information disclosed consisting of financial and non-financial information and the company has not sued for any default from all creditors.

**Competitors**

The Board will ensure that the company conducts business based on free competition, fairness, honesty, honesty without corruption, not destroying, causing damage, obstructing, preventing or limiting the business of competitors. The Board of Directors must ensure that the company performs under the rules of good competition, do not seek confidential information of competitors by dishonest or inappropriate means, such as giving bribes or bribery to competitor's employees, etc., and not destroying the reputation of competitors by malicious accusations.

**Investor**

The Board will ensure that the company has disclosed accurate, complete and sufficient information for investors' decisions within a reasonable time.

**Government**

The Board will ensure that the company conducts the business by strictly complying with laws, rules, regulations and regulations of relevant authorities and provide good cooperation to government agencies.

**Community, society and environment**

The Board will ensure that the company conducts business together with corporate social responsibility (CSR) with support in various activities to promote and develop the quality of society and the environment sustainably including building good relationships with communities that the company operates. In addition, the Board of Directors will ensure that the company discloses the activities and promotes employee participation in corporate social and environmental responsibility in the annual report.

**2. Compliance with international human rights principles**

The Board recognizes the importance of equality of employees and will take care of the company to not commit any acts that violate human rights by unfairly discriminating against individuals due to differences in origin, race, language, age, education, institution, gender, disability, physical or health condition, person status and economic or social status.

### 3. Non-infringement of intellectual property

The Board will ensure that the company does not violate intellectual property, act or seek benefits from copyrighted work or intellectual property (copy rights and intellectual property rights) unless the company will be allowed by the copyright owner to legally do one under that right.



#### **Principle 6 : Supervise to have an integrated control system and appropriate risk management**

The Board gives importance and supports the creation of innovations that create value for the company and to create business opportunities coupled with creating benefits for customers or those involved and have responsibility to society and the environment including allocating and managing resources efficiently.

#### **Fraud prevention Anti-corruption and giving and receiving bribes**

The company operates its business by giving importance to good corporate governance under the ethical management framework. The company conducts business with transparency and can be checked with the control and inspection process to reduce and prevent the risk of fraud occurring within the organization including the corruption in all forms, whether direct or indirect, which apart from defining the good corporate governance policy of the company. The company has prepared anti-corruption policies, giving or receiving bribes as a written anti-corruption practices. The company has also become a party related to anti-corruption both at the national level as a member of the Thai Private Sector Collective Action Coalition Against Corruption (CAC) by conducting an expression of commitment to anti-corruption of the company and the preparation for examination (Recertification) that IOD requires to be evaluated every 3 years. The audit committee of the company is required to be assessed every year. In 2019, the company has taken important matters summarized as follows:

1. Arrange for a fraud risk assessment project to analyze and assess the risk of fraud opportunities and the effects that may occur from fraud in various processes within the organization by applying risk assessment tools developed from the Risk Assessment of Enterprise Risk Management (ERM) to be used in the implementation of such information to consider the measures Internal control And internal audit regarding corruption And corruption for the benefit of supervising, monitoring, controlling and reducing the potential for corruption within the organization
2. Review anti-corruption measures and risk assessment in the existing work process of the company by the internal department with relevant responsibilities In order to be complete and current In accordance with the

changing circumstances and risks and report to the Audit Committee and the Board of Directors to be informed accordingly

3. Improve the complaint handling system (Whistleblower System) by adding channels to receive complaints and provide a work system that collects complaints more efficiently to comply with the criteria of the Thai Private Sector Collective Action Coalition against Corruption (CAC)

4. Promote and communicate to create knowledge and understanding so that employees are aware of the importance of anti-corruption as well as guidelines for anti-corruption for executives and employees.

5. Communicate with customers / partners of the company In regard to anti-corruption and not calling / not accepting gifts or other benefits through the Supplier Conference for the year 2018 in order to allow business associates have been informed and have guidelines in line with the company's policy.

#### **Clues or complaints**

The company has established a policy for all stakeholders to report clues or complain of improper actions, infringement Illegal or unethical behavior inaccurate financial reports or the defective internal control system of the company including a policy to protect whistleblowers the complainant can choose not to reveal himself. The recipient of the complaint will keep the information confidential and disclose as necessary, taking into account the safety and damage of the complainant and those who have suffered damage will receive relief through appropriate and fair procedures (Details about receiving clues Published on the company's website).

The Company has provided measures and channels to report clues or complaints of all stakeholders, which can report clues, complaints and comments to the company through the following channels

**Letter:** Company Secretary / Managing Director / Audit Committee

Fortune Parts Industry Public Company Limited

11/22 Moo 20 Nimitmai Road, LamLukka Subdistrict, LamLukka District, PathumThani 12150

Phone: 02-993-4970-77 ext. 108 (Company Secretary)

Fax: 02-993-0602

Website: [www.fpiautoparts.com](http://www.fpiautoparts.com) Email: o.saryuht@gmail.com

In the event that employees are able to report clues or complaints through supervisors that they trust the agency responsible for that matter directly or executives who supervise the regulatory agencies.

**Contact channels to the Audit Committee / the Board of Directors**

Stakeholders who wish to contact the Audit Committee / the Board of Directors Can complain through

Channel 1 The Company's Audit Committee

Mr. Sutanai Prasertsan [Tam.prasertsan@gmail.com](mailto:Tam.prasertsan@gmail.com)

Mr. Anan Ketpittaya [gatepithaya@gmail.com](mailto:gatepithaya@gmail.com)

Mr. Bhumipat Sincharoen [pumipatsina@gmail.com](mailto:pumipatsina@gmail.com)

Channel 2: Company Secretary or Board of Directors assigned by the Board of Directors

Mr. Sompol Thanadumrongsak [paulfpi@hotmail.com](mailto:paulfpi@hotmail.com)

Mrs. Nusara Thanadumrongsak [apple\\_fpi@hotmail.com](mailto:apple_fpi@hotmail.com)

Mr. Sarayuht ouybuan [o.sarayuht@gmail.com](mailto:o.sarayuht@gmail.com)

**Action when receiving complaints**

The company has prepared and announced the implementation process according to the complaint receipt policy (The Whistleblower Policy Procedure) consists of the following main processes:

1. **Screening complaints** The assigned person reviews the important information and the steps according to the policy. If the information is reasonable with a clear evidence, the complaints will be considered and report to the stakeholders who is the complainants to know
2. **Fact Investigation** Prepare the report of the investigation with comments and suggestions to propose to the Chief Executive Officer and Managing Director to appropriately order the action.
3. **Consideration of the order** The Chairman of the Executive Committee and the Managing Director consider ordering the investigation committee to file complaints following the work regulations of the company to be fair to all parties
4. **Reporting** As the complaint has been terminated, it will be reported to the stakeholders who are the complainants in the event that the complainant person has informed the way to contact. Then, report to the Corporate Governance Committee and the Audit Committee for acknowledgment

**Measures to protect complainants or those who cooperate**



Complainants or those who cooperate in the examination will be protected in accordance with the criteria and the complaints policy as follows;

1. The complainant or stakeholders or those who cooperate in good faith at all stages of the investigation process will be protected or non-Retaliation
2. Information of the complainant and related persons will be concealed in the confidentiality layer following the company regulations regarding the definition of confidentiality and security regarding documents
3. The complainant or the affected person will receive remedies and relief according to the appropriate steps of the company

In 2019, no clues or complaints relating to illegal acts or ethics of infringement, inaccurate financial reports, corruption and the defective internal control system of the company were reported to such channel.

#### **Caring for conflicts of interest**

The Board of Directors will be strictly monitoring transactions that may have conflicts of interest or related transactions or related transactions. In considering such transactions, the Board will ensure that the company's implementation is in accordance with relevant regulations and rules. The company will specify these transactions as they are the transaction with an external third party (arm's length basis), which any interested person in the transaction will not be involved in the approval process of the said transaction. The company has a policy of conducting transactions with individuals who may have conflicts of interest with the employees, so that the transactions that may have conflicts of interest would be treated fairly, transparently, in accordance with relevant regulations and must ensure that the disclosure of information is complete and accurate according to the principles of good corporate governance.

In considering the agenda with any director in the Board of Directors having an interest, the director must notify his / her interest at least before considering that agenda and the secretary of the board of directors shall record in the minutes of the board meeting including refraining from participating in the meeting for consideration in that agenda.

#### **Prevention of internal data usage**

1. The Board will ensure that the company has policies and guidelines for keeping and preventing the use of internal information in written document. The document should include information that has not been disclosed to the public in general, which is significant to changes in the price or value of securities and take care to be taken seriously in order to prevent directors, executives, employees and related person who are in

a position or status that has the opportunity to know the inside information of the company. The company would ensure that these people would not exploit that information for oneself or others, such as trading securities before the information is publicly disclosed, using information or secrets of the company / customers to use in doing business, competing with the company / customers of the company or exploitation of authority in wrongful ways.

2 . The Board of Directors will require the directors, executives from the Chairman of the Executive Committee, Executive Director, managing director or assistant managing director, Chief Financial Officer, Chief Operating Officer, Chief Financial Officer to responsible for disclosing information and reports on holding of securities issued by the company, both for themselves, spouses and underage children to the Office of the Securities and Exchange Commission (SEC) including reporting changes in such securities holding every time when buying, selling, transferring or accepting transfer of such securities regarding to the report form and within the period specified by the SEC.

In addition, the management has a duty to prepare a report of the shares of the company hold by the directors, executives and spouses, children who have not reach 20 years old to the board for acknowledgment. The management also has to prepare a summary report of changes in the holding of the Company's securities of the Board of Directors, the Chairman of the Executive Committee, Executive Director, managing director or assistant managing director, Chief Financial Officer Chief Operating Officer, and Management including spouses and underage children and disclosure those information in the annual report.

#### **Internal control**

The Board of Directors will ensure that the company has an internal control system both at the management level and the operational level and has a framework for overseeing risk management and information technology management that is in line with the needs of the company that is efficient, appropriate and sufficient. The company frequently assesses the internal control system of the company, and supervise various departments of the company to comply with laws and relevant regulations, policies and regulations of the company to ensure that the interests of the company and stakeholders are best taken care of.

#### **Business ethics and ethics**

The Board recognizes good practices in order to maintain and promote honor and reputation of the company. The Board will oversee the business ethics and the code of conduct for directors, executives and employees so that everyone understands the ethical standards that the company uses in business operations. Therefore, there will be a proper conduct of the business, showing virtue and ethics in daily work that will lead to the creation of trust and trust from stakeholders.

**Principle 7: Maintain financial credibility and disclosure.****Disclosure and transparency**

The company has a policy to disclose information of both financial information and important general information related to the business and operating results of the company that is true, complete, sufficient, reliable, straightforward and timely. The company would also demonstrate the status of the business, the true financial status of the company, as well as, the direction of the company's business operations in the future, so that shareholders and stakeholders can conveniently and quickly access information on various matters in both Thai and English. The company would disclose the information in the SET Portal of the Stock Exchange of Thailand and the website [www.fpiautopts.com](http://www.fpiautopts.com). The Company adheres to the laws, rules and regulations that is determined by the SEC, the Stock Exchange of Thailand and those that other agencies strictly stated. The company also regularly follow up on changes to ensure that what the company has treated is correct and is a guarantee for shareholders to believe in transparent of the business operations that are straightforward, with investor relations (IR) and company secretary takes care in providing information and answering questions.

**Disclosure**

1. The Board will ensure that the company discloses both financial and non-financial information related to the business and the operating results of the company that is true, accurate, complete, sufficient, reliable and timely by showing the status of the business and the true financial status of the company for the stakeholders of the company to receive sufficient information through various channels. The shareholders can access information equally on the company's website with both Thai and English version

2. The Board of Directors will ensure that the company discloses important information to the public in accordance with the rules and regulations for disclosure of information of the Stock Exchange of Thailand, the SEC, as well as the principles of good corporate governance.

3. The Board of Directors attaches importance to managing relationships with both domestic and foreign institutional and individual investors by considering the accuracy and completeness, quality and adequacy of the company's information disclosed to investors, securities analysts, etc. that are accurate, transparent Thorough and timely. The Board will ensure that the management of the company regularly meet with investors and securities analysts by holding a meeting to clarify the operating results at least twice a year, as well as, regularly attending seminars with investors and securities analysts both domestically and

internationally to create confidence in the operations of the company and building good relationships in the long term.

4. The Board will ensure that the company prepares management Discussion and Analysis or MD&A for the disclosure of quarterly financial statements in order to allow the investors to get information and understand the changes in the financial position and results of operations in each quarter.

5. The Board of Directors will establish an Investor Relations unit to communicate with investors, general securities analysts and etc. They will receive information about the company of both financial and general information of the company that is accurate, complete, timely and in accordance with the law or various rules to be useful for investment decisions, building confidence and create a good image for the company.

6. The Board of Directors will ensure that the company discloses general information of the company on the website or annual report of the company in Thai and English for the shareholders, investors, the public or interested persons to have easy access to the company information with the following minimum information;

1. Vision and Mission of the company
2. Nature of the company's business
3. List of directors and executives
4. Financial statements and reports on current and previous financial and operating results
5. Form 56-1 and annual report that can be downloaded
6. Any other information or documents that the company brings to analysts Fund manager or various media
7. Group structure including subsidiaries, associates, joint ventures
8. Shareholding structure of major shareholder groups, both direct and indirect, which hold shares from 5% of the paid-up shares all with voting rights
9. Shareholding of directors and senior management
10. Invitation to the Annual General Meeting and Extraordinary General Meeting of Shareholders
11. Company regulations and memorandum of association
12. Corporate Governance Policy and anti-corruption policy
13. Risk management policy of the company Information Technology Supervision and Management Policy
14. Roles and Responsibilities of the Board and sub-committees
15. Ethics for directors and employees
16. Contact Information or the person responsible for investor relations, such as the name of the person who can provide information telephone number Information for the person responsible for the company secretary

17. Other information in accordance with good corporate governance principles or according to relevant official rules



### **Principle 8: Support participation and communication with shareholders**

The board should ensure that shareholders participate in important decisions of the company, including supervising the disclosure of the resolutions of the meeting and the preparation of the minutes of the shareholders meeting that is accurately and completely following the basic rights

#### **Rights of Shareholders**

The company recognizes the importance of the rights of shareholders with responsibility in managing the company with care and prudence, taking into account the rights and equality of the shareholders and maintaining the best interests of the shareholders by the shareholders of the company have the following basic rights

1. Right to trade or transfer shares
2. Right to attend the shareholders' meeting
3. The right to appoint a proxy to attend the meeting and vote
4. Rights to propose additional agenda
5. Right to receive dividends
6. Rights to nominate persons as directors
7. The right to vote, elect or remove directors individually
8. The right to vote, appoint and determine the auditor's remuneration
9. The right to vote for various agenda of the company
10. Rights to express opinions and ask questions at the shareholders' meeting and sending questions in advance
11. The right to receive information and company information adequately and timely
12. Facilitating shareholders to exercise their rights to attend and vote fully

The company gives importance and respects the rights of every shareholder. Regardless of whether the shareholder is a major or minority shareholder, institutional investor or foreigner. In 2019, the company has conducted the right of shareholders' as summarized below;

1. Providing important and necessary information for shareholders that is clear and up-to-date business operations although some of them are not in the criteria required by law to be disclosed. If the company considers that it is necessary that the shareholders should be informed, the company will disclose that

information on the company's website and the information will be immediately disseminated in system of the SET.

2. The Annual General Meeting of Shareholders for 2019 held on Tuesday 22 April 2018 at 14.00 at the Emerald Hotel, Panorama Room 1, 14th Floor, 99/1 Ratchadaphisek Road, Din Daeng Subdistrict, Din Daeng District, Bangkok. The Company took care of the shareholders who attended the meeting and provide them with the convenience. The important points of the meeting is summarized as follows:

#### **Before meeting**

1. Allowing shareholders to propose matters for consideration as agenda items and nominating qualified persons to be elected as directors before the Annual General Meeting of Shareholders for the year 2019. The company announced the criteria for nominating persons and specify the clear steps. The nomination period was between 31 October 2018 and 31 December 2018, via the channel of the SET and published on the website of the company [www.fpiautoparts.com](http://www.fpiautoparts.com) in the topic of shareholder information Shareholders' meeting in order to show the right of shareholders, as well as, treating every shareholder fairly and equally.

According to the criteria set by the company by the Nomination and Remuneration Committee, they will selected qualified individuals and the Corporate Governance Committee will consider and scrutinize matters that are appropriate to be proposed as meeting agenda in accordance with the criteria before proposing to the Board of Directors' meeting to consider again. The Board of Directors will notify the result of the consideration together with the reasons for the shareholders to know in the shareholders' meeting, which appears that the year 2019, no shareholder proposed the agenda and nominate persons to be elected as directors to the Company.

2. In order for all shareholders to receive information that is clear enough and has time to study information in advance, the company has reported to the Stock Exchange of Thailand to disseminate to shareholders immediately after the Board of Directors held on 21 February 2019. It was resolved to set the date of the 2019 Annual General Meeting of Shareholders on Tuesday, 22 April 2018 and also informed the date of the right to Shareholders attending the meeting (Record date) on March 15, 2019 and in receiving dividends Book closing date for share transfer Including dividend payment by notifying the company website

3. Publish meeting invitation both Thai and English on the company website in advance over 30 days before the meeting date with meeting documents proxy procedure, important documents used to attend meetings and proxies that are convenient and not difficult to attend the meeting, as well as, travel maps to attend the meeting, and telephone numbers to inquire about meeting attendance conveniently, the meeting agenda, objectives and reasons, opinions of the Board of Directors on each proposed agenda are provided with clear

information. The invitation letter was sent in advance by mail to shareholders for 21 days before the meeting date

4. In the event that the shareholders are unable to attend the meeting by themselves, the company allows shareholders to appoint independent directors who have no interest in the proposed agenda or any person to attend the meeting on their behalf. They can choose to use the proxy form as specified by the Ministry of Commerce in any form that the company have been sent together with the invitation letter which the company suggesting to use a format that shareholders can set the voting direction. Download Proxy Form Both Thai / English through the Company's website so that shareholders can be more convenient and faster. In addition, the company also gives shareholders the rights to attend the meeting after the chairman of the meeting has opened the meeting. The shareholders can attend the meeting and vote on the agenda that is being considered and has not yet voted and counted as a quorum from the agenda that had been attended, which will increase the number of shareholders attending the meeting in the minutes of the meeting

#### **Meeting date**

1. The company held a shareholders' meeting on Tuesday, April 22, 2019 at 14.00 at The Emerald Hotel, Panorama Room 1, 14th Floor, 99/1 Ratchadaphisek Road, Din Daeng Subdistrict, Din Daeng District, Bangkok. The company has selected the meeting place where shareholders can travel easily and prepare a meeting room that supports a large number of shareholders attending the meeting so that shareholders can attend and ask questions, as well as, expressing opinions in the same meeting room, which will make the meeting run smoothly and effectively. In addition, the exhibition provides knowledge about the business and operating results of the company by the speaker who is the employee of the company in front of the meeting room to allow shareholders to receive information and asked question about the operations of the company in, as well as providing adequate food and beverages to the number of attendees

2. The company has determined that the meeting procedure is legal and consider the convenience, rights and equitable treatment of shareholders by registering to attend the meeting with a barcode system for convenience. This makes the registration process faster and has arranged by the staff with appropriate and adequate technology knowledge to facilitate the examination of shareholder documents in advance. It was opened for shareholders to register before the meeting for more than 2 hours

3. At the 2019's Annual General Meeting of Shareholders, there were 10 directors attending the meeting. The Chairman of the Board did not attend the meeting but she assigned the independent director and the chairman of the audit committee to act on behalf. All sub-committee members attended the meeting along with high-level executives, auditors, legal counsel, rights volunteer Including lawyers and shareholders who

volunteer to act as witnesses in the vote counting, where the chairman acts as the chairman of the meeting, introducing the attendees and announced the number of attendees, the total number of shares entitled to vote, to the meeting. In the Annual General Meeting of Shareholders for 2019, there were a total of 38 attendees. In addition, the voting method was explained and counting votes for shareholders to acknowledge before the meeting starts. Chairman of the meeting conducted the meeting according to the agenda without adding any other agenda other than those specified in the meeting invitation. They have arranged for ballots in every agenda, both agree, disagree and abstain. The chairman of the meeting has allocated sufficient time to allow the shareholders to have equal rights in expressing opinions and asking questions relating to the agenda and the operations of the company by the chairman. At the meeting, the chairman of the sub-committee as well as the Chief Executive Officer and the President were assigned. Also, related senior executives answered questions of shareholders on various issues including having to record important questions and comments in the meeting report completely

4. The company has given the right to select and appoint directors who are retire by rotation according to the company's regulations and also gives shareholders the right to consider and approve remuneration for the board of directors and sub-committees, with details about each director proposed to be elected along with details about the remuneration of the board and adequate sub-committees that shareholders can use for consideration In addition to the rights of such shareholders. The Company does not prevent or create obstacles to allow shareholders to communicate between each other.

#### **After the shareholders' meeting**

1. The company disclosed the resolutions of the 2019 Annual General Meeting of Shareholders through the news system of the Stock Exchange of Thailand. Within the next working day after the meeting, the resolution stated that the votes of the shareholders were both agreed, disagree and abstain in each agenda and prepared the minutes of the meeting, which indicated the names of directors, executives and related persons attending the meeting important explanations, Questions / answers, complete summary both Thai / English are delivered to the Stock Exchange of Thailand, shareholders and related agencies within 14 days from the date of the meeting and published on the company's website <https://www.fpiautoparts.com/ir> to allow the shareholders to be able to check from the continuous development and improvement of the shareholders' meeting in 2019, the company received the assessment results of the 2019 Annual General Meeting of Shareholders in accordance with the criteria "Very good. (3 stars) "From the Annual General Meeting: AGM Quality Assessment Program from the Thai Investors Association.

#### **Equitable Treatment of Shareholders (The Equitable Treatment of Shareholders)**

The company is aware of the duty to take care of the interests of both major and minor shareholders, institutional, investors or foreign shareholders. According to fair rights that has a policy to treat all shareholders equally when they are attending the shareholders' meeting and voting to receive information, performance and consistent and timely management policies as follows

1. Give importance to every shareholder regardless of gender, age, color, nationality, religion, belief, political opinion or disability. Define supervision guidelines to protect the basic rights of shareholders equally and fairly, creating confidence in investment with the company, to operate efficiently, to create sustainable growth for the organization and for the shareholders to continuously receive appropriate returns and stakeholders with sustainable and fair care by using modern management tools that are accepted in the monitoring of results

2. Practice and take care of every shareholder. All shareholders can suggest and comment or report to the Chairman of the Corporate Governance Committee (Independent Director) and Company Secretary via email [o.sarayuht@gmail.com](mailto:o.sarayuht@gmail.com). The independent directors of the company will consider and screen various matters and announce appropriate actions. In the case that it is necessary to propose to the Board of Directors for consideration and that it is beneficial to the business of the company, the matter will be proposed to the Board of Directors' meeting for consideration as an agenda in the shareholders' meeting. In addition, there is a channel for institutional investors can request information or comment via email [ir@fpi.co.th](mailto:ir@fpi.co.th), which has an investor relations unit responsible for providing information to investors and in the event that the shareholder wishes to appoint a person to attend the meeting and vote on behalf of the company, the company sends a proxy form that shareholders can specify the vote to approve, disagree or abstain in each agenda as desired, as well as details about the name and history of the independent directors of the company as an option for shareholders to appoint proxies, including identifying evidence documents and proxy procedures along with the invitation letter in both Thai and English

3. Strengthening good relations with shareholders. In 2019, the company has also organized activities that are benefit to society. It also creates a good relationship with the shareholders of the company, which gives equal rights to shareholders regardless of whether they are major or minor shareholders by organizing activities for shareholders including organizing the shareholders' visit to the company "Company Visit 2019" at the company's office. Shareholders meet with executives, listen to the business information, visit the factory location of the company on December 25, 2019. In addition, they also met with shareholders through various activities, such as

1. Analyst Meeting 1 time
2. Site Visit 5 times or Company Visit

3. Opportunity Day of Stock Exchange of Thailand 2 times
4. Interview the company's management with domestic newspaper 6 times
5. Earning Release 5 times (If including news, opening business plans and analysis news will be 8 times)

#### 9.4 Audit fee and Non-Audit fee

##### 1. Audit Fee

The company paid the audit fee to EY Office Limited, which is the auditor of company amounting to Baht 2,050,000 in 2019.

Audit Fee		Baht
Audit fee of the Company	2,050,000	Baht
Amount	2,050,000 Baht	

##### 2. Other Service Fee

The Company paid other service fees including accounting, finance and tax services to:

- EY Office Limited, the auditor, which are travelling and photocopies expenses in 2019, accounted for Baht 135,167.

## 10. Corporate Social Responsibility

### Sustainable Business Development Policy



The company has prepared a sustainability report. The details are separate from this annual report which can be downloaded by scanning this QR Code and selecting the item **Sustainability Report 2019**.

The company is committed to managing in accordance with good corporate governance and focus on business development and achieve sustainable economic, social and environmental. The company is recognized by all sectors of both domestic and international. The company also encourage stakeholders to operate the business with responsibility to social and environmental or CSR, follows the international model as well as international business development along with environmental and social guidelines of Global Reporting Initiative (GRI) and Sustainable Development Goal (SDGs). The company implements leading practices in corporate social responsibility and the environment as a part of the management of business processes. The policies are as follows:

#### Good Corporate Governance

Operate business with transparency and morality under the framework of good corporate governance, risk management and new risks occurring in the future, compliance with various requirements and business ethics, have social responsibility, environment and taking into account the interests of all stakeholders.

#### Responsible for business operations

Use resources that are worthwhile and suitable for the size of the business such as plastic resins, energy, water, chemicals, according to the target objectives by reducing waste, reuse, use raw materials / equipment, and recycle waste / waste. Continuously throughout the product life cycle.

#### Fair business operation

Support free trade and business competition. Avoid operations against beneficial discrepancies and intellectual property infringement. Resist every form of corruption and support social responsibility in every step of the business chain.

## **Creating sustainable return on investment**

Create business innovations and social innovations to create value added based on ecological excellence to increase the return on investment as well as balancing economic, social, and environmental conditions.

## **Promoting human rights according to international principles**

Applying fairness principles to treat all employees with equality, provide opportunities for all employees to have equal rights to work, no discrimination, not separate ethnicity, religion, gender, age, skin color, education, nationality, and do not use child labor.

## **Managing sustainable environment and energy**

Manage the impacts of climate change and manage energy, water, biodiversity, waste management by using technology and innovation to prevent, control, and reduce negative impacts to minimum level to the environment and energy from normal business operations throughout the product life cycle.

## **Creating social participation**

Create valuable work and economic growth through the products that are safe and environmentally friendly.

Value for money throughout the product lifetime as well as developing the capability of employees, business partners, business alliances, and disclosing sustainability operations in accordance with international standards.

## **Developing environmentally friendly product**

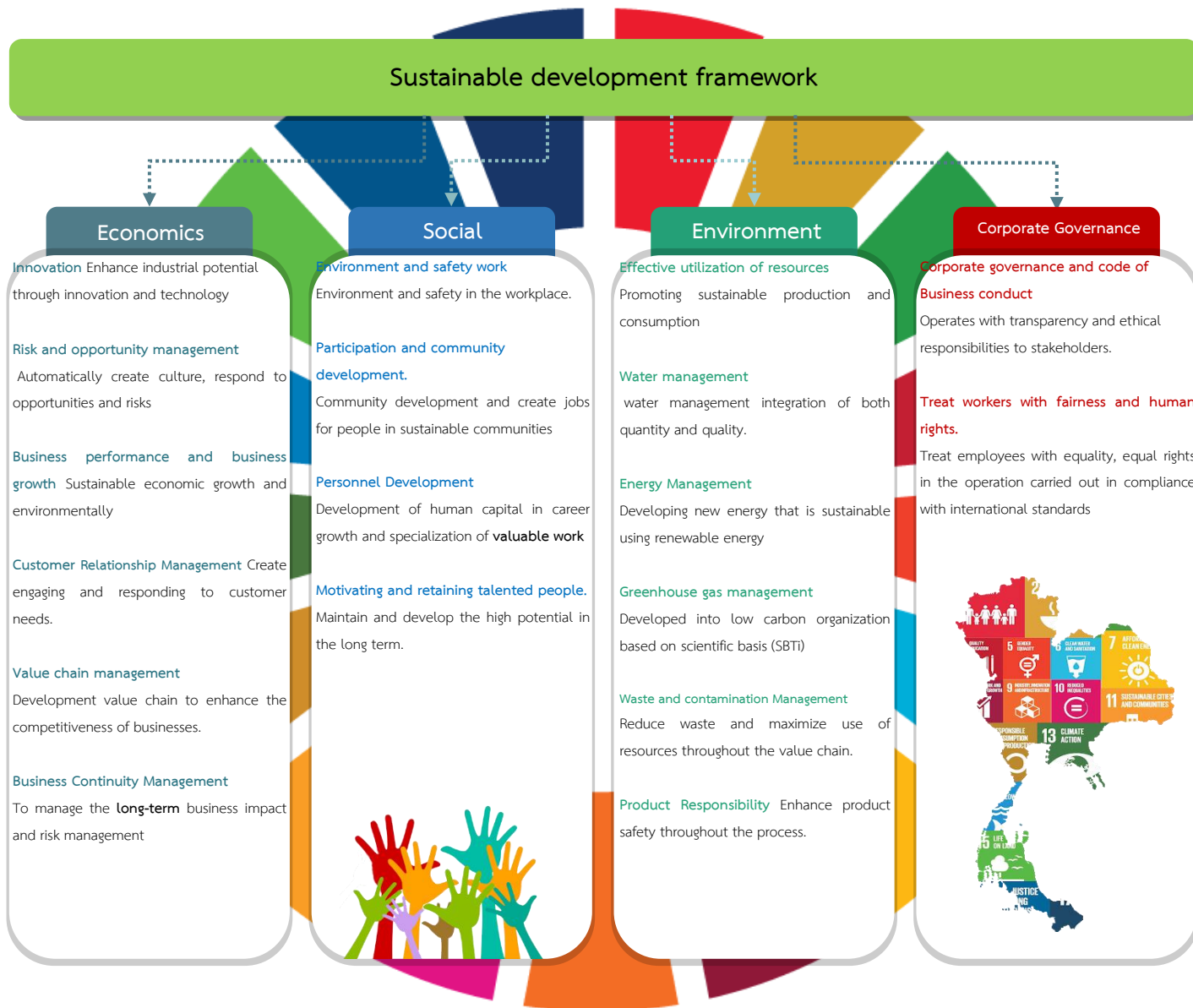
Design products and develop environmental friendly in production processes to reduce the amount of waste caused by the production process by using materials that can be reused and recycled, which leads to creating a low-carbon society through sustainable consumption and production.

## **Organizations with excellent ecological operations**

Systematic development of operations in increasing the ability to compete internationally by focusing on the development of business resources, product and service development, information system development, human resource development, occupational health and safety development, energy development and sustainable environment.

## The Road to Sustainability

The company uses innovation as a guideline to drive business, either to change products or services. And the change in the manufacturing process or product presentation process to the market is a guideline for targeting, and business strategy. For sustainable development and focus on meeting the needs and expectations of 4 stakeholders.



**11. Internal control and risk management****11.1 Internal control and risk management**

In doing today's business, there are both internal and external incidents that the company is facing, which could impact the company's objectives. The company commits to operate to achieve its goals by covering risk management in operation, financial and compliance with relevant regulations. For the management of business risk with clear directions and in line with business strategies and goals under the framework of good corporate governance, the company's risk management committee has reviewed the control processes in accordance with the operational quality standards, assessed the risks and appropriateness of the risk management policy.

The company considers reference to changes in business operations and the possibility of events that may cause risk factors to the organization to specify measures to control and reduce the likelihood of risk factors or risk impacts to an acceptable level.

Risk Management Committee has the role to monitor and manage the organizational risk following the responsibilities and accountabilities assigned by the Board of Directors. In 2019, there were a total of four Risk Management Committee meetings. The major issues of what the Risk Management Committee has done can be demonstrated as below.

1. Set up the evaluation of operational risk 2 times per year by the management of each department in the organization to investigate the existing risk in the company and issue the plan to improve, solve and control the risks, as well as set up a plan to manage the risk.
2. Set up research and development department in the company to study the impact of technology in the future and support the growth of the primary business whether it is technology for producing automotive parts. The company plans to use robots in production process to replace and reduce dependence on labor and increase production efficiency in the long run, online trading and data connection technology.
3. Reviewed and made recommendations on the risk mitigation measures and key risk indicators (KRIs) for corporate risks to ensure that FPI's risk management covered all of important issues were all are in acceptable levels. The Risk Management Committee also monitored the risk management progress by quarter.
4. Reviewed and provided recommendations on risk assessment and risk management measures for FPI's major investment projects, e.g., Biomass Project Power Plants, to ascertain the appropriateness and sufficiency of risk management measures for the Board of Directors' consideration.
5. Provided opinions and recommendations on 2019 corporate risk factors to ensure the alignment on business directions, strategies, organizational goals, with the changed environment.
6. Quarterly reported the risk management performance to the Board of Directors.
7. Annually evaluated the Risk Management Committee's performance and of each individual members. The results were presented to the Board of Directors for their acknowledgement. Overall, the Risk Management Committee greatly values their roles, which ensure both efficiency and effectiveness in the risk management. Rigorously work of

the Risk Management Committee to allow FPI to achieve its goals and objectives, as well as create a long-term sustainable value added to FPI for its shareholders and stakeholders

## 11.2 Opinion of the Board of Directors regarding the internal control system of the company

The Board of Directors of Fortune Parts Industry Public Company Limited assigned the Audit Committee to review the suitability and effectiveness of the internal control that the management has provided to ensure that the company has an effective internal control system and adequate oversight of operations to ensure compliance with goals, objectives, laws, and requirements which consistent with the SEC and the Stock Exchange of Thailand. The company also see the importance of the internal control system in accordance with the international standards of the Committee of Sponsoring Organization of the Treadway Commission: COSO to support the work of the company that has accuracy, transparency, verifiable, and can reduce or prevent any potential damage.

Regarding the committee meeting of 1/2020 on 24 February 2020, the committees including five people participated in the meeting. The committees assessed the company's internal control system for the year 2019 by following the assessment format of SEC. The assessment of internal control system focused on five sections: 1) organization and control environment 2) Risk Assessment 3) Management control 4) Information and Communication 5) Monitoring. Accordingly, the management has performed and the results of reviewing the internal control system evaluated by the Audit Committee that the Board of Directors considered stated that FPI's internal control system has adequate and sufficient personnel to effectively operate the system, including an internal control system to monitor and control the company's operations to conserve the company's assets from the authority of directors or executives in misleading way or without authorization.

FPI's Internal Control System can be summarized as follows;

### 1. Control Environment

The Board and the management strive to promote corporate culture values that focused on integrity and ethics in operation. They also provide supervision of FPI's operations to ensure its compliance with the organizational vision and missions and to ensure that FPI's control environment is appropriate and effective. The details are described below;

The Board maintains its independence from the management who has responsibility to supervise the overall operation of FPI as well as expressing views on the directions and strategy of FPI which will be used as guidelines to formulate business and operating plan. Furthermore, the Board regularly monitors the performance of FPI and its Sub-committees to ensure achievement of FPI's objectives and goals.

The Board and the management have defined Corporate Governance Policy, Business Code of Conduct, Corporate Compliance Policy, Internal Control System Policy and Anti-Corruption Guidelines which provide preferred practices for all directors, management and employees. All employees are accountable for their internal control activities and maintain effective internal control system. The policies have regularly been communicated and promoted to all employees through training courses, activities, regarding corporate governance and business code of conduct, corporate compliance, risk management, and internal control.

FPI's corporate structure has been grouped into business units and functions in a way to best support its business operations in an efficient manner and good governance. This structure comes with a system of checks and balances which delegates duties and responsibilities appropriately.

FPI has specified personnel qualifications for individual positions. These qualifications form the basis for recruitment and personnel development. FPI has also put in place succession plan for important management positions to ensure business continuity. Furthermore, it has established performance management and fair rewarding system as incentives provided to motivate employees.

## **2. Risk Assessment**

The Board and the management recognize the significance of risk management which enables FPI to achieve its short-term and long-term goals. Therefore, the Risk Management Committee appointed by the Board is responsible for oversee the appropriateness, effectiveness, and efficiency of FPI's risk management as following details;

### **1. Objective Setting**

The company has established objective of risk management that is consistent with FPI's strategic direction and the company's acceptable risk to implement the precise and suitable goals of the company's risk management.

### **2. Risk Identification**

Each of the management section will gather the possible incidents that could happen in the section and process, including both internal risk and external risk that if happen could affect the company's objective and goal; for instance, management policy, employees, operation, finance, information and communication, laws, rules and regulations. Entirely to understand the incident and situation, so the management could consider the way and policy to manage potential risk.

### **3. Risk Assessment**

Risk assessment is a way to measure the degree of risk that could impact in order to rank the significant of the existing risk by assessing from the likelihood and the impact of the risk. The company also assess the opportunity to improve in which each departments will chose and propose the measure of improvement. The company has defined the risk assessment in every six months. If it has high risk or it need to be improved, it will be reported to the risk management committee for consideration and immediately find out the solution. The risk management committee will report to another committees in every quarter for effective improvement.

### **4. Risk Response**

The company will response to the risk after the company can identify and assess the risk. The company would mitigate the likelihood that the risk will occur and reduce the impact to the degree that is acceptable by using appropriate risk management and worth the investment.

### **5. Control Activities**

To develop activities and framework to reduce or control the risk in order to build the confidence that the company has the best way to manage risk. Therefore, the company could operate the business to meet objectives and goals of the company, prevent and reduce the risk to the acceptable level.

### **6. Information and Communication**

The company has effective information and communication system because it is the important basis to consider in managing the risk following the company's stipulate process and conduct.

### **7. Monitoring**

The company set up a policy to follow up the result of risk management in every 6 months to acknowledge the appropriateness of the business operation and whether the activities could effectively manage the risk or not.

For risk management, the company assesses and control the risk of all of the organization including: 1 . Prepare risk profile for organization level, business unit, and business section, 2. Investment risk management, 3. Process risk management. Risk assessment take into account for both internal and external factors, as well as, the opportunity of occurrence of fraud and corruption. What is more, the company implement plan to manage and mitigate the risk to acceptable level. The company also frequently reviews and monitors the operation following the risk management plan which are the responsibility of all the business unit in the company to manage and control the risk into acceptable level.

### 3. Control Activities

FPI has developed efficient and effective control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. They have been detailed as below;

FPI has designed its control activities which follow internal control principles. These include the segregation of duties, policies and good practices for conflicts of interest transactions. In addition, business is operated in transparent, fair and auditable manner. There is a transparent transaction approval process which takes into account the utmost benefit of the organization.

The company has adequately implemented manual and automated control of crucial processes.

FPI has established Information Technology Security Policy in accordance to ensure efficiency and effectiveness of FPI's information technology security.

FPI has written rules, regulations, policies, and procedures to specify work process and appropriately limit the power and authority of Chief Executive Officer, the Management, as well as all levels of Employees. Furthermore, operations are reviewed regularly to ensure their compliance with rules, regulations, policies, and procedures.

FPI has established guidelines to govern and manage companies invested by FPI. The purpose of this is to ensure that these companies align with FPI in terms of operating direction as well as comply with FPI's policies, procedures and strategic direction. Operations of these companies are monitored regularly and continuously.

### 4. Information and Communication

FPI recognizes the quality of Information & Communication which largely supports the effectiveness of FPI's Internal Control System, as has been detailed below;

FPI has set information classification, instructions for filing important documents and controlled documents. This includes information from both internal and external sources. This process is intended to ensure that important information concerning FPI and its business operations is accurate, complete, adequate and timely.

FPI has appropriately communicated the relevant information to the Board, the management, employees and stakeholders. Crucial information relevant to FPI's performance will be delivered to Directors prior to the Board of Directors meetings in order that they will have sufficient time to study, review and make decisions. When necessary, the Board may request additional information from relevant specific departments or personnel.

FPI has set up several internal communication channels, for example, the organization's intranet, e-mail, etc. In addition, new employees receive important information through orientation and giving knowledge in operations. Moreover, FPI has provided a lot of communicate channel for stakeholders such as Website, Electronic mail of company. There has department that is directly take responsibility and regularly reveal the important information for stakeholders.

FPI has set up external communication channels to communicate with stakeholders, such as FPI website, e-mail, Facebook and twitter. In addition, assigned departments are responsible to disclose important information to all stakeholders regularly.

FPI has established an open communication channel managed by Whistle Blower System. This allows employees and external individuals to be confident that the complaints will be handled with transparency, fairness and confidentiality in timely manner.

## 5. Monitoring Activities

FPI has monitored and evaluated the sufficiency of its internal control system. Development and improvement processes have also been in place to ensure the efficiency and effectiveness of FPI's Internal Control System. They have been detailed below;

FPI evaluates sufficiency of corporate's internal control system on an annual basis. In addition, FPI has implemented Control Self-Assessment to evaluate internal control mechanisms at process level. The adequacy and appropriateness of Control Self-Assessment results will be verified by the VRIA Co., Ltd., the internal auditor, which also provides recommendations for improvement on internal control deficiencies, if any. A reporting and monitoring process is also in place to report deficiencies to the Management and track remediation progress on a timely basis. The Internal Auditor, which is an independent unit reporting directly to the Audit Committee, examines and evaluates the effectiveness of internal control activities according to the audit plan approved by the Audit Committee. Deficiencies and recommendations are communicated to parties responsible for implementation. The audit reports and findings are presented to the Audit Committee on a quarterly basis.

In 2019, the company assessed the internal control of sales, purchase, production, quality control, store and deliver, receive and payment, accounting process by independent internal auditor whose is directly under the Audit Committee. The internal auditor has audited and assessed the effectiveness of the company's internal control following the approval of audit plan from the Audit Committee. The audit plan is based on the company's strategy and the crucial risk that could affect the company's operation. Moreover, the internal auditor also provides suggestion to enhance effectiveness and efficient of internal control to the company's management. However, in 2019, the Audit Report did not find any significant issues related to

conflicts of interest, fraudulent activities, or any other significant deficiencies in the Internal Control System. Furthermore, no violations of SEC and SET rules and regulations or other laws related to FPI were found.

### 11.3 Report of the Audit Committee

The Audit Committee consists of five independent directors who are experienced in the fields of management, finance, accounting, and economics. Currently, the Audit Committee are consisted of Mr.Suthanai Prasertsan, president over the committee as chairman. The other three directors are Mr. Anant Gatepithaya, Mr. Pumipat Sinacharoen, Mr. Anantachai Yoonprathom, and Ms. Parichatara Laotheerasirivong. Each of them meets all requirements and criteria set forth by the Stock Exchange of Thailand.

The Audit Committee performs its duties as laid out by FPI's Board of Directors and in its Charter. These are consistent with announcements from the Stock Exchange of Thailand and the Securities and Exchange Commission. In performing its duties, the Audit Committee has emphasized the adherence to principles of Good Corporate Governance and compliance with related laws, rules and regulations in both domestic and international operations including given precedence to the adequacy and effectiveness of the Company's internal control and internal audit systems, as well as reviewing operating results of all business groups and major investments.

In 2019, the Audit Committee held a total of four meetings. The Audit Committee, Mr. Suthanai Prasertsan, Mr. Anant Gatepithaya, Mr. Pumipat Sinacharoen, Mr. Anantachai Yoonprathom and Ms.Parichatara Laotheerasirivong attended all five. The following is a summary of opinions and key activities undertake by the Audit Committee:

#### 1. Review of Financial Reports and Non-Financial Reports

The Audit Committee reviewed FPI's quarterly and annual financial statements for the year 2019, as well as any transactions that could have led to a conflict of interest. The reviews were attended by related members of management and auditor, to give explanations and clarify any questions that arose related to the accuracy, completeness, significant adjusted entries that affected the financial statements, sufficiency of the information disclosure, and audit results. The Audit Committee has opinion that FPI's financial reports present fairly in all material respect in accordance with Thai Financial Reporting Standards. In addition, the meeting between the Audit Committee and auditors without the presence of management was held to make independent discussion on the preparation process of financial statement and reporting, namely the auditor's annual audit plan and framework, risks, internal control, internal audit, allegation, fraud, and other related issues. The Audit Committee realized that auditor received good cooperation and supported from management, independently performed his duties with sufficient knowledge, experience and appropriate audit approach.

#### 2. Review of Risk Management

The Board of Directors, the Risk Management Committee, and management in general have given precedence to risk management. Internal and external risk factors have been identified and assessed for their impacts and likelihoods, risk mitigation plans were developed, implemented and regularly monitored to ensure those risks

were mitigated down to the acceptable level. Key risk indicators were set to monitor the changing factors and enhance the effectiveness and timeliness of the risk responses. The Management reported the progress of risk management activities to the Board of Director on a regular basis. Additionally, the Audit Committee reviewed the effectiveness of risk management based on business groups' performance reports, internal audit reports and auditor reports. These could reasonably assure that the company would be able to mitigate potential risks down to acceptable level.

### 3. Review the Effectiveness of Internal Control Systems

The Audit Committee reviewed FPI's internal control system by reviewing the result of internal control assessment performed by the management in accordance with the guidelines set forth by the Securities and Exchange Commission (SEC), the internal audit reports and auditor reports. From this review, no major irregularity that could significantly affect the company was discovered. Moreover, management continuously improves internal control system based on suggestions from the Audit Committee, the auditor, and the internal auditor. These lead to the conclusion that the company has given precedence to internal control, which could be reasonably assured in its adequacy and effectiveness.

### 4. Oversight of Internal Auditing

The company has appointed VRIA Co., Ltd. as an internal auditor. The Audit Committee approved an improvement of internal audit charter, risk based internal audit plan covering significant controls of company and its subsidiaries, the internal audit strategic plan which focused on the development of internal audit capabilities, alignment with company strategies, and built good relations with stakeholders including the key performance indicators (KPIs) of Internal audit. From monitoring and assessing the execution of those plans, the Audit Committee found that Internal Audit succeeded in carrying out its tasks as described in the plans and International Standards for the Professional Practice of Internal Auditing and international leading practice were applied. Internal audit has emphasized the adherence to the Code of Ethics, is independent according to the defined structure and has well collaboration with management and auditor. These indicate that the Company has independent and effective internal audit which operate in accordance with the international practices.

### 5. Compliance with Related Laws and Regulations set by Stock Exchange of Thailand and other applicable Laws

Internal audit was assigned by the Audit Committee to review the compliance of applicable laws, rules and regulations that effect the company's operation. The review result indicates that the Company had laid down a system to ensure compliance, including compiling applicable laws and monitoring changes and new laws. The company had also appointed responsible persons to oversee compliance. There is no non-compliance that would significantly affect the company was found. Furthermore, the Audit Committee did not receive any reports from the auditor, allegation from outsiders, or management's information disclosure which indicated that the company had breached any law and regulations that would significantly affect it. It could

be concluded that the company has effective control of legal compliance and there is no non-compliance that would significantly affect it.

6. Review of Connected Transactions or Other Transactions that may result in Conflicts of Interest to comply with law and Stock Exchange of Thailand's regulation

Internal audit was assigned by the Audit Committee to randomly review related parties transaction of purchase of raw material/service and sales. The review result indicated that there was no connected transaction which irregularities from approved contracts those were processed in accordance with the announcements of the Securities and Exchange Commission (SEC).

7. Appointment of External Auditor for the year 2019

The Audit Committee selected, appointed and considered the remuneration of auditors in 2019, which is based on the performance of the previous year of the auditors according to the company evaluation criteria which are their qualifications, independence, quality and standard of work. The auditor is qualified according to the announcement of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Therefore, the audit committee proposed to appoint EY Office Limited as the company's auditor for the year 2019

The Audit Committee nominated the following auditors to the Board of Director, who then proposed these names to the shareholder meeting to be appointed as the 2019's auditor:

Miss Manee Ratanabunnakit, C.P.A. License No. 5313 or Miss Kosum Chaeam, C.P.A. License No. 6011 or Mr. Termpong Opanakun, C.P.A. License No. 4501 or Mrs. Kunlapee Piyawannasud, C.P.A. License No. 6137 from EY Office Limited. All of the nominees were from the list approved by the SEC; they possessed sufficient experience and hadn't audited or expressed their opinions on FPI's financial statements for more than five fiscal years.

8. Review of Company's Self-Assessment on Anti-Corruption Measures according to The Collective Action Coalition against Corruption (CAC)

The Audit Committee reviewed the result of anti-corruption program review and fraud risk assessment performed by company in 2019, the Audit Committee found that the company has improved its fraud risk assessment program. Moreover, the company implements many activities to promote and communicate anti-corruption stance to all employees' level. Also, the company is certified by CAC in the 4th quarter of 2019.

9. Reviews of Audit Committee Charter and the Charter for Internal Audit

The Audit Committee has reviewed its requirements to be suitable and in accordance with its established duties and responsibilities as well as relevant legal provisions by performing its duties with due care, independence and transparency for maximum benefits of the company. Accordingly, the Audit Committee is confident that the financial statements of Fortune Parts Industry Public Company Limited is correct, reliable and in accordance with generally accepted accounting principles. The company operates under risk management and internal control system that is effective and adequate.

In addition, the Audit Committee has reviewed the Charter of the Internal Audit Department to ensure its suitability and consistency with the responsibilities of the Internal Audit Department as the Charter would be



used as operational guidelines. This will also raise awareness of the importance of corporate governance. The Internal Audit Department can perform its duties independently, while the Audit Committee can provide recommendations, consultation and information useful for making decision in making improvement of the company's operations.

#### 10. Performance Reports of Audit Committee

The Audit Committee provided reports on its operations and activities to the Board of Directors on a regular basis. In 2019, a total of four reports were made.

From the above-mentioned activities throughout 2019, the Audit Committee believes that the Company has good corporate governance, sufficient internal control that is suitable for its business, effective risk management, credible accounting, and financial reporting, as well as compliance with laws, rules, and regulations applicable to its business. The Audit Committee received good collaboration throughout 2019 from the Board of Directors, management, the auditor, and relevant parties. As such, we'd like to express our gratitude to all of them.

## 12. Related Party Transaction

### 12.1 Connected transactions with related companies

The company has related party transactions with related person and related parties who may have conflict of interest in which all of these being made in a normal course of business of the company. To approve the related party transactions, the company implement policies to proceed according to normal trading terms by referring to appropriate market prices and conditions. In case when the transaction is not the ordinary business transaction or trading terms, such transaction must be approved in the Board of Directors' meeting. For the approval of the related party transaction, the directors, person and parties who may have conflict of interest will not be entitled to vote of such transaction. Moreover, the transactions must be reported to the company's Board of Directors for further acknowledgement accordingly and it must be ensured that the transaction provides maximum benefit to the company.

To examine the transactions, the Audit Committee must attend the meeting for review its necessity and reasonableness by considering price and rate of return of such transaction unless the transaction is the normal business transaction or has normal trading terms which can be approved by the Executive Board of Directors or Chief Executive Officer within the predetermined authorized limit. Nonetheless, if the Audit Committee does not have expertise in reviewing the arisen transaction, the company would arrange to have person with expertise and skill such as the company's auditor and independent expert to provide opinion on the related transaction. Opinion of the Audit Committee or expert may be used to support the decision making of the company's Board of Directors or shareholders.

Furthermore, the information of related party transactions will be disclosed in the notes to financial statements which is audited by the company's independent auditor. The related party transaction must be made in accordance with the Securities and Exchange Act, rules and regulations, notifications, orders or terms and conditions of the Office of Securities and Exchange Commission and/or the Stock Exchange of Thailand which concern the related party transactions or the acquisition and disposal of the company's asset in a strictly manner. The company must also comply with the procedure concerning the disclosure of information of the related transaction, and the acquisition or disposal of major assets of the company.

To enter in the potential related party transaction in the future, the company has approval procedures of the transactions stipulated above. The company has policy to operate in accordance with the ordinary course of business by referring to applicable market prices and condition to maximize the benefit of the company.

## Details of Related Party Transactions

According to the resolution from the Board of Directors meeting No. 2/2019 on 21 February 2019 with the participation of Audit Committee and the independent directors to review the related party transaction for the period ended 31 December 2019 and 31 December 2018. The Board of Directors provided an opinion regarding the company's related party transactions that such related party transactions were necessary for the ordinary course of business while the terms of such related party transactions with related person and parties during the period followed the market prices, purchase prices from other sellers and weight average price of the region which are reasonable and in accordance with the business. The details of the transaction can be summarized as follows:

(Unit: Thousand Baht)

Related person and parties	Type of transactions	Value of related party transaction for the year ended		Nature of the transactions
		31	31	
		December 2019	December 2018	
Sangthong Auto Partsworld Co., Ltd.	Sales	49,718	52,070	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
	Trade Receivable	17,487	25,521	
	Company owned by related person of the company's management			
Sangthong Auto Partsworld Co., Ltd.	Purchases of	32,301	37,892	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
	Goods	6,399	5,602	
	Trade Payable			
Company owned by related person of the company's management				
United Auto Co., Ltd. (Previous name: Tongfong	Sales	-	-	Related party transactions are in accordance with an ordinary
	Trade Receivable	-	6,225	



Automobile (Thailand) Co., Ltd.)				course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
Company owned by related person of the company's management				
EMP Innovation Co., Ltd. (Previous name: United Engine Co., Ltd.)	Sales	-	-	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
	Trade Receivable	1,727	6,472	
Company owned by related person of the company's management				
ALP FPI PARTS PRIVATE LIMITED	Sales	10,511	17,387	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
	Trade Receivable	1,467	6,642	
Joint Venture				
ALP FPI PARTS PRIVATE LIMITED	Other Receivable	451	26	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
Joint Venture				
Safe Energy Holdings Co., Ltd.	Other Receivable	31,591	35,496	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction
	Interest Receivable	1,173	291	
Joint Venture				



				is reviewed by Audit Committee and approved by the Board of Directors.
ALP FPI PARTS PRIVATE LIMITED  Joint Venture	Other Payable	-	-	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
FORTUNE-PARTS INDUSTRY ECUADOR CIA.LTDA  Joint Venture	Other Payable	7,776	8,361	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
Fortune Box Industry Co., Ltd.  Company owned by related person of the company's management	Sales Trade Receivable	23 4	23 2	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
Fortune Box Industry Co., Ltd.  Company owned by related person of the company's management	Purchase of Goods Trade Payable	27,472 8,699	27,340 5,210	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.



S.C.G. Industry Co., Ltd.  Common director and shareholding	Purchase of Goods	1,195	1,310	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
	Trade Payable	113	663	
S.C.G. Industry Co., Ltd.  Common director and shareholding	Services	112	5	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
Imperial Cable Industry Co., Ltd.  Common shareholding	Sales	-	-	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
	Trade Receivable	-	-	
Imperial Cable Industry Co., Ltd.  Common shareholding	Purchase of Goods	171	11	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
	Trade Payable	78	-	
Joint Ventures	Non-Current Assets	-	-	Related party transactions are in accordance with an ordinary course of business and support

				the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
K-Mart Service Co., Ltd.	Oil and Gas	71	280	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
	Other Payable	-	48	
Common director and shareholding				
S C G Hatairath Co., Ltd.	Oil and Gas	318	343	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
	Other Payable	66	55	
Common director and shareholding				
Super Central Gas Co., Ltd.	Service fees	32	149	Related party transactions are in accordance with an ordinary course of business and support the operation of the company to maximize profit. This transaction is reviewed by Audit Committee and approved by the Board of Directors.
	Other Payable	35	34	
Common director and shareholding				

#### Measures or Process of Related Party Transaction Approval

To prevent any conflict of interest that could be arisen from the transaction, the process to perform the related transaction between the company and related person/parties, and the benefit that is not in the normal course of business or normal commercial terms must be presented to the Board of Directors' meeting for approval. Directors and any person with interest or potential conflict of interest in such transaction will not be

entitled to vote on such matter and must report the Board of Directors accordingly. Such transaction must be entered for the maximum benefit of the company.

To examine the transactions, the Audit Committee must attend the meeting for review its necessity and reasonableness by considering price and rate of return of such transaction unless the transaction is the normal business transaction or has normal trading terms which can be approved by the Executive Board of Directors or Chief Executive Officer within the predetermined authorized limit. The related party transaction must be made in accordance with the Securities and Exchange Act, rules and regulations, notifications, orders or terms and conditions of the Office of Securities and Exchange Commission and/or the Stock Exchange of Thailand which concern the related party transactions or the acquisition and disposal of the company's asset in a strictly manner. The company must also comply with the procedure concerning the disclosure of information of the related transaction, and the acquisition or disposal of major assets of the company.

#### Policy or Tendency of Related Party Transactions

To enter in the potential related party transaction in the future, the company has approval procedures of the transactions stipulated above. The company has policy to operate in accordance with the ordinary course of business by referring to applicable market prices and condition to maximize the benefit of the company. The Audit Committee and/or Independent Directors are required to audit and provide opinion, taking into account the necessity and appropriateness of price and return of the transactions. To enter in the potential related party transaction in the future, the company has approval procedures of the transactions stipulated above. The company has policy to operate in accordance with the ordinary course of business by referring to applicable market prices and condition to maximize the benefit of the company.

The company has a policy to sell and buying with people who may have conflicts as well as customers or other vendors. The main policy is Products that are traded must be based on market prices. According to normal business conditions. The policy of selling and buying products with persons who may have conflicts can be summarized as follows:

Product sales policy	Product purchase policy
The selling price is determined from the cost price plus the margin. Which is the price according to normal business conditions Based on the market price of that product Which the price is close to the competitor's price Or in the average selling price range of	OEM products - purchases must be purchased from various dealers Of each brand The price will be equal to all companies. Because it is determined from the parent company as the market price, with the Price List referenced by each dealer giving discounts with a similar price range, approximately plus / minus no more than 5 percent

Product sales policy	Product purchase policy
<p>Asia and the Middle East. The selling price may be higher or lower than plus / minus 15% depending on</p> <ul style="list-style-type: none"> <li>- Product quality</li> <li>- Order quantity</li> <li>- Competition in each market</li> <li>- Special product characteristics</li> </ul> <p>In the case of not being in the plus / minus 15% range, the Managing Director can approve up to 800,000 baht per product item. And with a total value of not more than 1,200,000 baht per item per month, more than 800,000 baht per product item Or with a total value of more than 1,200,000 baht per month, must be approved by the Audit Committee</p>	<p>REM - Purchase Group will compare prices from other vendors. By considering the price Including the ability to deliver products according to the schedule of each vendor In the case of REM products with a few major manufacturers such as starter, generator, car cable Will be the price that is similar to the supplier who may have a conflict of interest to sell to other customers The said price may be different from other customers depending on market conditions and competition of each country and the amount ordered.</p> <p>In the case of depositing goods to the cabinet - in some cases, the company's customers Contact to buy directly from the supplier. But because the order cannot be delivered in full The customer therefore gave the company As a buyer and delivery of goods, including making export documents In order to deliver with other products purchased by the customers with the Company, which the Company will buy from suppliers who are in conflict with the Company At the same price as the supplier who may have a conflict Set the selling price for such customers but use the exchange rate less than Baht 1 .5 0 -2 .0 0 . The difference is considered as an expense for the export operation. Or accounted for approximately 5 -8 percent of the operation cost, which is the same rate as if the customer bought from another supplier who is not a person who may have a conflict And let the company Manage export matters</p>