



Part 2

Management and Corporate Governance

(7) Securities and Shareholder Information

Amount registered and paid-up capital

The Company has a registered capital of one billion baht, all is paid-up. The capital is divided into one billion ordinary shares, with par value of one baht per share.

Shareholders

List of 10 major shareholders of the Company. As of March 7, 2019, the list is as follows⁽¹⁾

Shareholder names	Number of shares	Per cent
(1) Lanna Resources Public Company Limited ⁽²⁾	510,000,000	51.00
(2) Siam City Cement Public Company Limited	47,234,796	4.72
(3) Sirirangsi Group		
(3.1) Mr.Kraisir Sirirangsi	41,200,000	4.12
(3.2) Mrs.Vassana Sirirangsi	4,100,000	0.41
(3.3) Total shares held by Sirirangsi Group	45,300,000	4.53
(4) Mr. Somchit Limwathanagura	28,322,657	2.83
(5) Chaturaphruek Group		
(5.1) Mrs.Hang Chaturaphruek	16,113,213	1.61
(5.2) Mr. Bunsin Chaturaphruek	5,900,080	0.59
(5.3) Mr. Manunsom Chaturaphruek	18,733	0.00
(5.4) Total shares held by Chaturaphruek Group	22,032,026	2.20
(6) Tantisunthon Group		
(6.1) Mr. Wisit Tantisunthon	16,346,400	1.63
(6.2) Mr.Tawee Tantisunthon	53,415	0.005
(6.3) Miss Vanida Tantisunthon	31,500	0.003
(6.4) Total shares held by Tantisunthon Group	16,431,315	1.64
(7) Susangkornkarn Group		
(7.1) Miss Kun Susangkornkarn	5,131,500	0.51
(7.2) Mr. Kan Susangkornkarn	2,880,600	0.29
(7.3) Total shares held by Susangkornkarn Group	8,012,100	0.80
(8) Miss Phanni Srisawat	8,100,000	0.81
(9) Louharanoo Group		
(9.1) Mr.Anun Louharanoo	4,771,895	0.48
(9.2) Miss Pornsuda Srikajornkul	2,622	0.0002622
(9.3) Mr. Arkhom Louharanoo	2,000,000	0.20
(9.4) Total shares held by Louharanoo Group	6,774,517	0.68
(10) Mr. Piphop Khunchak	6,500,000	0.65
(11) Other Shareholder	301,292,589	30.13
Total	1,000,000,000	100.00
Remark (1) Source: The roster of shareholders as of the closing date for suspension of share transfer as of March 7, 2019, made by The Thailand Securities Depository Co., Ltd. (TSD) (2) List of 10 major shareholders of Lanna Resources Pcl. as of October 2, 2018		



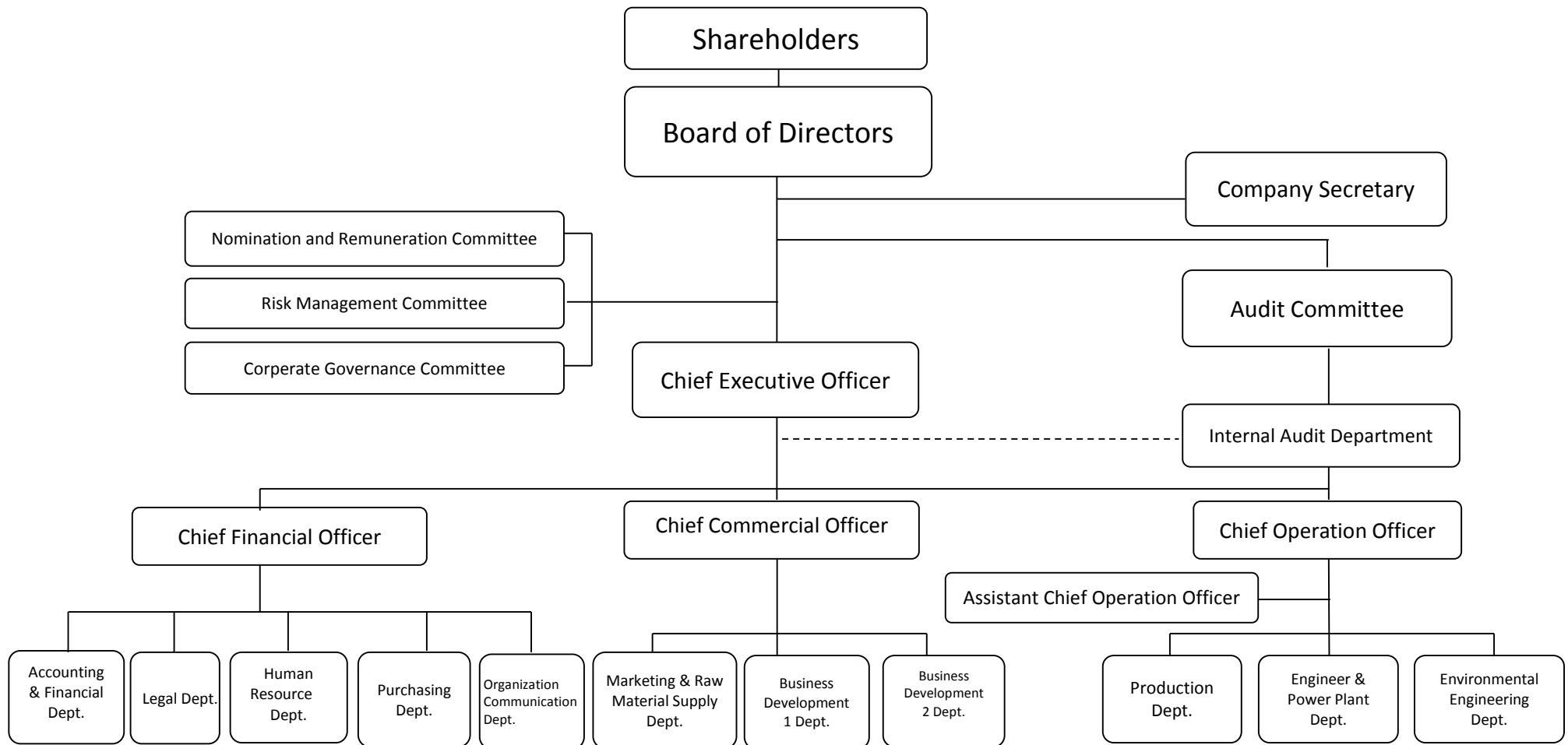
Shareholder names	Number of shares	Per cent
(1) Siam City Cement Public Company Limited ⁽¹⁾	236,733,980	45.09
(2) Mr.Thaweechat Jurankun	66,338,400	12.64
(3) Sirirangsi Group	42,697,781	8.13
(4) Tantisunthon Group	33,512,797	6.38
(5) Limsong Group	33,380,060	6.36
(6) Thai NVDR	14,563,459	2.77
(7) Loetphanitkun Group	5,957,000	1.14
(8) BNY MELLON NOMINEES LIMITED	3,519,700	0.67
(9) East fourteen limited-DFA Emerg Market Core EQ Port	2,397,350	0.46
(10)Mr.Wiloet Wongaphisamphoe	2,106,200	0.40
(11) Other Shareholder	83,792,952	15.96
Total	524,999,679	100.00
Remark ⁽¹⁾ The group of “Siam City Cement Public Co., Ltd.” and its executives is the largest shareholder, comprising of Siam City Cement Public Co., Ltd. and Mr. Vanchai Tosomboon holding a total of 236,733,980 shares or 45.09 percent of the paid-up capital and all shares with voting right, having three representing directors; namely, Mr. Paul Heinz Hugentobler, Mr. Siva Mahasandana, and Mr. Vanchai Tosomboon, whom are non-executives and nonauthorized Directors.		

Dividend Policy

The Company's policy is to pay no less than 60 per cent of the net profit as stated in the Company's financial statements each year. An amount of each year's dividend is considered after deduction of accumulated losses brought forward (if any), and the legal allocation of reserve. However, the Company may pay dividends at a rate less than the above subject based on the results of operations, financial condition, liquidity, and the need for working capital in the business operations. Repayment of loans and accrued liabilities, expansion of investment, or the expansion of the company in the future are also consideration for a dividend rate.



(8) Management Structure





The management structure of the Company consists of the Board of Directors and four committees, namely Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Corporate Governance Committee. All of the Company's executive members, including directors and executive officers are qualified under Section 68 of the Companies Act B.E. 2535 and in line with relating regulations launched by the capital market. The management structure of the Company in details is as follows:

Board of Directors

The Board of Directors comprises a total of 9 members⁽¹⁾. In 2017 and 2018, the Company's Board of Directors held 14 and 12 meetings respectively. Mrs. Somrudee Suwannaroop is the Company Secretary. Details of attendance of each director are as follows:

Name of Director	Position	No. of attendance / No. of Meeting in 2017	No. of attendance / No. of meeting in 2018
1. Mr.Suroj Subhasavasdikul ⁽²⁾	Chairman and Authorised Signatory	12/14	12/12
2. Mr.Kraisi Sirirungsi	Vice Chairman and Authorised Signatory	14/14	12/12
3. Mr.Anun Louharanoo ⁽²⁾	Director and Authorised Signatory, and Acting Chief Executive Officer	14/14	12/12
4. Mr.Srihasak Arirachakaran	Director and Authorised Signatory	12/14	10/12
5. Mr.Somchit Limwathanakura	Director and Authorised Signatory	14/14	10/12
6. Mr.Somchai Lovisuth ⁽³⁾	Director and Authorised Signatory	14/14	12/12
7. Mr.Padetpai Meekun-im	Director and Chairman of Audit Committee	12/14	10/12
8. Mr.Virach Aphimeteetamrong	Director and member of Audit Committee	14/14	9/12
9. Mr.Satit Chanjavanakul	Director and member of Audit Committee	12/14	10/12
<p>Remark: (1) The Board of Directors formerly comprises a total of 10 members. Then, Mr. Visith Noiphan has resigned from the Chairman of the Board of Director on May 17, 2018. The Company did not nominate new director in place of the vacancy position because the Company has considered that 9 directors are appropriate with the company management structure.</p> <p>(2) Mr.Suroj Subhasavasdikul has been appointed as the Chairman of the Board of Directors to replace Mr. Visith Noiphan, former Chairman who has resigned from the position, effective May 17, 2018.</p> <p>(3) Mr.Anun Louharanoo has been appointed as Acting Chief Executive Officer, replaced Mr. Somchai Lovisuth, effective January 1,2019.</p> <p>(4) Mr. Somchai Lovisuth, Director, has resigned from the Chief Executive Officer, effective December 31,2018.</p> <p>(5) Directors of the Board No. 1-4 are directors who are representatives of Lanna Resources Public Company Limited.</p>			

Directors authorized signatory of the Company

Mr. Kraisi Sirirungsi, Mr.Suroj Subhasavasdikul, Mr. Somchit Limwathanakura, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, Mr. Somchai Lovisuth: Two of these six can co-sign beneath the seal of the Company.

Composition and Qualification of the Board of Directors

- Board of Directors shall consist of not less than five members, who were appointed by the general meeting of shareholders. Directors of not less than one-half of the whole number of the directors in the board must be resident in the Kingdom. Number of the independent directors must be not less than one-third of all directors.



- Composition of the Board of Directors must be formed with members of diverse skills in various fields — industry and business management, strategic planning, accounting, finance, and marketing and sales management, as well as law and corporate governance administration. In addition, directors must be eligible to perform directing a listed company as defined by the Company's articles, and by laws.

- Appointment of directors must follow the agenda set with transparency, accountability. The consideration must be performed based on sufficient information and credentials of the persons to be appointed, which are useful for the general meeting of shareholders to make decision.

- Directors must pass the recruitment criteria and procedures prescribed by the Board in a clear and transparent manner.

- Terms of director positioning must be in line with laws stipulated on listed companies. In each annual general meeting of shareholders, one-third of directors must be retired by rotation. For the directors to be retired in the first and second years following the company's being listed, if not agreed otherwise, the company arranges lot drawing to determine who must retire. The practice for subsequent years defines that the directors who are in office for the longest time shall retire. Directors who are retired by rotation may be re-elected to the position. The Company has not determined how many times a director can be re-elected to the office.

- In addition to the already retired by rotation, directors will be retired on:

- (1) Death

- (2) Resignation

- (3) Disqualified or prohibited under the law governing public companies

- (4) At the meeting, shareholders vote to be fired following the law governing a public limited company.

- (5) The court orders to be retired.

- Board of Directors must disclose the records of each director in the annual report every year for the shareholders to be informed accordingly. The report must state that which directors are executive or non-executive directors, or independent directors.

- Board of Directors appoints the Company Secretary to be responsible for arranging meetings of the Committees, taking care of activities of the Board, and following up operations for accurate and consistent practices. The Secretary has to report any significant change to the Board for acknowledgement.

- Duties and authorities of Chairman of the Board of Directors and of Chief Executive Officers are clearly segregated. This will define a certain scope of duties in policy making, corporate governance, and business management routine.

- To enable all directors to be fully devoted time and efforts to their duties, the Company's Board of Directors has set numbers of enterprises that each director can hold a position as follows:

- (1) Executive Director or Full-time Director, for up to four companies

- (2) Non-Executive Director or Professional Director, for up to six companies

- (a) In the case that a director needs to work for more than five listed companies, the company must inform shareholders and stakeholders and clarify the reasons, impact to the duties, and the director's performance in the company by documents in the Annual Information Form (Form 56-1) and annual reports (Form 56-2).



- (b) To nominate a person to be a director, the company must disclose sufficient information regarding the position in other companies of that nominee to shareholders to consider before the vote.
- (c) Senior management to become a director of a board in the company's subsidiaries and affiliates are required to get prior approval from the Board of Directors.

Leadership and independence of Directors

- Board of Directors has a role in defining the vision and policies and govern the management to perform accordingly. The Board is independent in its decision making with a purpose to offer maximum benefit for the Company's operation, all parties concerned, and stakeholders.

- Board of Directors, under the leadership of Chairman, can control the operation of the management efficiently and effectively, with the clear segregation of roles among Chairman, Chief Executive Officer or Managing Director.

- Board of Directors shall consist competent Independent Directors recruited from outside. The independent directors can access financial and other business information sufficiently to be able to express their opinions freely. They must safeguard the interests of those involved and attend meetings regularly. They must prepare a report certifying their independence when appointed which will be disclosed in the company's annual report (Form 56-2).

- The Chairman is independent from any relationship with the management and not a Chairman or member of any committee or subcommittee.

- Independent Directors must be qualified as independent as notified by the SEC and SET. They must have other qualifications as set by the Company for the position that has to take care of the interests of all shareholders equally, and of performances to avoid conflicts of interest among the Company and the executives or major shareholders, or other companies whose executives/major shareholders belong to the same group. In addition, an Independent Director must be able to give comments to the meetings independently.

Responsibilities of the Board of Directors

Board of Directors has the authority and responsibility to manage the Company, in line with relevant laws and the Company's regulations and objectives, including the legal resolutions of the general meeting of shareholders. It must work with integrity and be careful to protect the interests of the company. Its powers, duties, and responsibilities are summarised, as follows:

(1) Providing the Company with policies, directions, goals, business plans and budgets. Must oversee the management for efficiency and effectiveness so as to maximise the economic value and stability to the Company and the shareholders. Significant duties of the Board are as follows:

- (a) Determine the Company's organisation structural with a management and operational systems for the maximum efficiency and effectiveness.
- (b) Approve the annual work plan and budget within 30 days of the end of each year for the management to carry on the administration through the yearly plan and budget as approved by the Board.
- (c) Approve investment and expansion projects, or a project to downsize the entity that is seen most beneficial to both short- and long-term operations of



the Company. This does not include items that are required approval from shareholders as defined by the Securities and Exchange Commission and The Stock Exchange of Thailand.

- (d) Approve the Company's financial plan, as well as financing loans and business credit to be sufficient and appropriate to the operations of the Company periodically.
- (e) Provide the Company's balance sheet and income statement as at the end of the accounting period for the auditor, appointed by the shareholders, to audit and authentication before the general meeting of shareholders to approve on an annual basis.
- (f) Consider and screening proposals before present to the general meeting of shareholders to seek their approval case by case, such as dividends, capital increase, capital reduction, the issuance, sale or transfer, purchase or transfer, acquisitions, mergers, and so on.
- (g) Determine the Company's policy, direction, goal, vision, mission, value and other principles that are important and may affect the financial condition and the operational results presently or in the future.

(2) Determine and clearly separate roles and responsibilities of the Board of Directors, Sub-committee, and the management. It must disseminate the segregation among such sub-committees, management and the employees on a regular basis.

(3) Provide a control system, internal audit, and appropriate risk management systems that are substantial and effective enough. Follow up the operations regularly by querying in the meeting of the Board of Directors held periodically.

(4) Hold the annual general meeting of shareholders within four months after the end of the accounting period of the Company and arrange an extraordinary general meeting of shareholders from time to time as necessary to the operation.

(5) Be aware of the importance of the good corporate governance (Good Corporate Governance) principles by holding onto the values including justice and honesty (Fairness and Integrity), responsibility for work (Accountability), and fairness and equity in every function. It is a must to build trust among all stakeholders concerned (Stakeholders), with a commitment to creating value for the Company and its stakeholders for long-term prosperity with stable growth and sustainability in years to come.

In addition, the Board has duties to oversee the Company to operate in compliance with laws relating to securities and securities exchange, as well as notifications and regulations of the Securities and Securities Exchange Commission, and/or the Securities Exchange of Thailand which rule performances such as transactions, acquisition, or disposition of key assets. To comply with laws relating to the Company's business in all respects is also essential.

(6) Board of Directors may delegated one or several directors in sub-committees or any other person to take action on a certain affair on behalf of the Board. The delegate will perform under the supervision of the Board as well as the conditions and duration of the mandate as deemed appropriate and necessary. And it has the power to revoke or modify the authorisation of all matters as considered appropriate.

The delegation as mentioned in the previous paragraph must not be in a manner to authorise a proxy, to consider and approve the transactions with equity or any other conflict of interest with the Company, or its affiliates unless the approval is given for certain matters that are based on policies and guidelines approved by the Board.



(7) Board of Directors must provide a meeting at least once every three months and arrange performance evaluation of the Board of Directors annually.

(8) Encourage all employees to have a strong sense of ethics and morality by making a written code of business conduct. So that all employees can understand the ethical standards that the Company uses in the business and recognise the importance of internal control and risk management systems. This will reduce the risk of corruption and abuse of power, including will help prevent illegal acts relating to the company's business.

(9) Board of Directors opens an opportunity for all directors to propose an agenda within at least 10 days before the meeting, by sending the proposal to the Company Secretary: E-Mail address: somrudee@thaiagroenergy.com or Fax: 0-2627-3889. The Company Secretary will include the agenda in the next meeting.

(10) Board of Directors shall appoint the Company Secretary and determine its duties and responsibilities to act with responsibility, prudence, and integrity as stated below:

- (a) Arrange meeting of shareholders and the Board of Directors to comply with the laws and the company's articles.
- (b) Arrange minutes of the General Meeting of Shareholders and of the Board of Directors, as well as to monitor operations to be performed in fully and correctly compliance with the resolutions of the General Meeting and of the Board of Directors.
- (c) Make sure that the disclosure of the information and reports that are under the Secretary's care have been accomplished in accordance with the laws and regulatory requirements of the SEC and SET.
- (d) Prepare and file documents, including registration, notice of the meeting of the Board of Directors, notice of the Annual Meeting of Shareholders, annual report, and other documents required by laws (if any).
- (e) File reports on the interests of directors and management that were given the company.
- (f) Give initial advice to the Board in terms of rules and regulations of the company and follow up the operations to be performed in fully and correctly compliance with those rules. And the Secretary also has to report significant changes to the directors.
- (g) Oversee activities of the Board and perform other operational functions as required by laws or as assigned by the Board.

(11) In addition, each director must hold and practice the following tasks:

- (1) Must not engage in the business of the same nature and in competition with the company's business or be a partner in a limited partnership or limited liability partnership, or be a director of a private company or other entities that operate the same nature and in competition with the business of the company, whether done for the benefit of themselves or others. Exception is applied if the director has informed the shareholders prior to the appointment.
- (2) Must notify the company without delay if owning interest, whether direct or indirect, in any contract made by the company or its affiliates, or hold shares or other securities in the company or affiliates that are increasing or decreasing.

**Executive Team :** The Company has a total of six executive members.

Name-Surname	Position
1. Mr.Anun Louharanoo ⁽¹⁾	Acting Chief Executive Officer
2. Mr.Somtawin Boonbanyen	Chief Operation Officer
3. Miss Kanyaphat Chinantdej	Chief Commercial Officer
4. Mrs.Somrudee Suwannaroop	Chief Financial Officer
5. Mr.Anan Rayaruji	Assistant Chief Operation Officer
6. Mr. Korn Tangviroon	Assistant Chief Operation Officer
Remark (1) The resolution of the Meeting of the Board of Directors No. 12/2018 held on December 20,2018, appointed Mr.Anun Louharanoo as Acting Chief Executive Officer to replace Mr. Somchai Lovisuth who resigned from the position regarding to the contract, effective on January 1, 2019.	

Responsibilities of Chief Executive Officer**General Authority**

(1) Chief Executive Officer (CEO) supervises and directs the Company's management effectively and in accordance with the resolutions made by the meeting of shareholders / Board of Directors. Any performance must respond to the Company's objectives and regulations for the best interest of the Company with both short- and long-term benefit.

(2) CEO needs to prepare an operational plan, budget income, book of staffing employees, budget plans for hiring employees and annual investment to submit into the Board of Directors' consideration for approval annually.

(3) CEO must operate the business in line with policies defined by the Board of Directors and in accordance with the Company's budget, revenues, expenditures and investment budget as approved by the Board of Directors.

(4) CEO must report the Company's operations to the Board of Directors on a regular basis/once a month, and present a report summary to the Board on a quarterly basis/once every quarter.

(5) CEO must follow the laws related to the Company as well as perform in compliance with contractual obligations which are binding the Company to government agencies and other outsider individuals.

(6) CEO must handle the financial management in accordance with the Company's financial plan as approved by the Board of Directors and in line with the contractual obligations which are binding the company to all creditors.

(7) CEO must operate and/or carry on any other matters as assigned by the Board of Directors on case by case basis.

Financial Authority

(1) CEO is authorised to make approval on daily expenditure in accordance with the expenditure and staff employees hiring budgets as approved by the Board of Directors. Besides, CEO can handle the expenses under contractual obligations which are binding the company to government agencies and outsider individuals, or as required by law.

(2) CEO is authorized to purchase/hire outsiders to make a fixed asset and/or pay for objects that are not included in the normal operational expenses of the company. The expenditure must be within the budget approved by the Board of Directors with an amount not exceeding 200,000 baht per order or per transaction.

(3) CEO has authority to take on a loan to expend in the Company's operation. The loan amount must be within the limits and under the terms and conditions as approved by



the Board. And in the case of using the assets of the Company to guarantee the loan, CEO must seek approval from the Board every time prior to loan procession. Exception is provided for the following items which are considered normal and CEO has authority to approve in all cases.

(a) Open Letter of Credits (L/C), Trust Receipt and Shipping Guarantee for procurement / outsourcing of work from overseas enterprises.

(b) Preparation of financial guarantees for commercial banks and/or financial institutions as collateral for the fulfillment of contractual obligations which are binding the company to government agencies and other outsider individuals.

(c) Contracts to hedge foreign currency such as the Forward Exchange Contracts, etc. only for cases that the company has agreements or obligations that must be paid or pay in foreign currencies.

(4) CEO has authority to approve for employees to borrow cash as a margin to carry out the following tasks beneath the company's operation:

(a) Expenses as bound by contractual obligations, or as required by law or approved by the Board to borrow cash to use according to actual payment, such as costs on real estate, electricity and other utilities, and taxation etc.

(b) Other expenses in addition to the above (a) can be approved at a time or a list of up to one million baht.

(5) CEO has authority to set provision and/or write off bad debt of the Company at not more than Baht 50,000 each time or per item during each financial year, and not exceeding Baht 1,000,000 overall in the financial year, and report the matter to the Board of Directors once every quarter.

(6) CEO has authority to sell and write off inventory and/or damaged or lost assets, and/or make compensation at not more than Baht 50,000 each time and not more than Baht 1,000,000 overall in the financial year, and report the matter to the Board of Directors once every quarter.

(7) CEO has authority to set aside reserve for depreciation of every type of asset, and/or outdated or deteriorated inventories in accordance with relevant accounting standards, and report the matter to the Board of Directors at the earliest opportunity.

Production Authority

(1) CEO must set goals and production plan each year to be in line with the market demand, and according to the contractual obligations of the company made to all customers, and propose the matter to seek approval from the Board of Directors on an annual basis.

(2) CEO has authority to approve for purchasing / procurement raw materials for use in the company's business within the budget and in accordance with the rules and conditions as approved by the Board.

(3) CEO must plan and implement production according to working plans and targets as approved by the Board of Directors, with the lowest cost. In the case of change to differ from plans and goals, the matter must be raised to seek approval from the Board prior to or at the first opportunity to do so.

(4) CEO must plan and/or propose policies, or directions of doing business that are beneficial for of the company to maximize its commercial, production, and sales potential in the future, and to enable the company to expand and/or achieve sustainable growth in the long term.

**Sale Authority**

(1) CEO must set targets, working plan, and strategies each year in accordance with market demand and to meet contractual obligations of the company made with all customers, and propose the matters into the Board of Directors' consideration for approval on an annual basis.

(2) CEO must plan and accomplish sales operation according to the scheme and goal approved by the Board to maintain or increase its Market Share as well as raising revenue or profit as much as possible. In case of change to differ from the plans and goals, CEO must propose the matter into the Board's consideration for approval prior to or at the first opportunity to do so.

(3) CEO must undertake distribution of products and services to meet the price and conditions prescribed by the Board or contractual obligations of the company made to all customers.

(4) CEO has authority to purchase/hire and/or order imported goods for sale as an effort to enable the company to maintain or increase its Market Share as well as to increase revenue or profit as much possible. The matter is subjected to the approval of the Board before proceeding.

(5) CEO has authority to sell products and services for both domestic and international market on contracts binding for a period of not more than one year.

Staff Authority

(1) CEO has authority to determine the number of staff to be appropriate to the company's operations, the salaries, wages, remuneration and reward for all employees at all levels. The task must be in line with capacity of staff employees and staff hiring budget as approved. Any determination on employees in the level of director or above must be approved by the Board of Directors.

(2) CEO has authority to hire, designate, transfer, revoke, and lay off employees at all levels, except for those in director level and above which must be approved by the Board of Directors prior to determination.

(3) CEO has authority to impose rules and regulations relating to working conditions and welfares of the employees. The operation must be in accordance with the terms and the budget as confirmed or approved by the Board of Directors.

Authority to deal with lawsuits and legal contracts

(1) CEO has authority to make a legal contract binding the Company only on the routine operation within the budget approved by the board, of which duration does not exceed one year.

(2) CEO has authority of litigation and the defense on the interests of the Company. CEO must report the matter to the Board at every meeting and when the lawsuit arose.

Authority in respect of project

(1) CEO must consider and carry out feasibility study of the preliminary project that will benefit the company's future business operations and/or provide a good return in the long term operation.

(2) CEO can consider hiring a consultant on various projects within the budget approved by the Board of Directors.

(3) CEO must present details of the project, after completion of the preliminary study and conclusion of possibility of the project to seek approval from the Board before proceeding.

(4) For projects that have been approved for implementation, CEO has authority in response to the project as follows



- (a) Set plans and budgets for project to achieve the target or Internal Rate of Return within the framework as presented to the Board of Directors.
 - (b) Contact authorities to negotiate and sign a Memorandum of Understanding on co-financing in a primary stage for a period not exceeding one year.
 - (c) Propose Shareholder Agreement and the establishment of Joint Venture Company to the Board for approval before proceeding.
- (5) Report the progress of projects approved for preceeding to the Board at every meeting.

Other responsibilities

(1) Matters that are required for confirmation or approval from the Board, CEO must consider every matter as to screen or agree to propose to the Board.

(2) Matters beyond the scope of duties and responsibilities of CEO, as defined above, must be propose to the Board to seek their approval before proceeding.

(3) CEO may delegate the duties to employees in any position or any staff member within the scope of their duties and responsibilities in accordance with the appropriateness on the case by case basis.

Delegation of authority and responsibility of the Board of Directors, Subcommittees, Directors, or management of one or many people must not be in the form of authorization or delegating for the appointees to make approval on matters that are the company's stakes, or potential conflict of interest, its subsidiaries or affiliates, unless the transactions are in the normal course of business that the scope of the mandate is clear.

Company Secretary : The Board of Directors passed a resolution at the board meeting 7/2556 held on 25 July 2013 to appoint Mrs. Somrudee Suwannaroop to the position of the Company Secretary company. Duties and responsibilities of the Company Secretary are as follows.

(1) Supervise and advise the Board and management on performances that must be compliance with legal requirements, and rules and regulations of the company. To monitor all operations to be implemented properly and consistently is under the Company Secretary's responsibility as well.

(2) Responsible for arrangement of meetings of the Board of Directors and shareholders, as well as take care of the the resolutions of the conference to be implemented by coordinating with other operating sections.

(3) Ensuring the disclosure and reporting information in respect of the responsibility to follow the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission as well as relating legal provisions.

(4) Preparation and storage of the documents as follows.

- (a) Register of Committee
- (b) Notice and minutes of board meeting
- (c) Notice and minutes of meeting of shareholders
- (d) The company's annual report
- (e) Report of executive directors' stakes

(5) Other actions according to the notification of the Capital Market Commission



Remuneration of Directors and Executives

Remuneration in cash

(a) Remuneration of Directors : The Company pays compensation to directors in the form of monthly remuneration and bonus for the year. The compensation paid to directors in 2018 is as follows.

Name-Surname	Position	Unit: baht		
		Remuneration	Bonus	Total
1.Mr.Visith Noiphan ⁽¹⁾	Chairman	180,000	321,426	501,426
2.Mr.Suroj Subhasavasdikul	Chairman	360,000	214,286	694,286
	Vice Chairman	120,000		
3.Mr.Kraisi Sirirungsi	Vice Chairman	360,000	214,286	634,286
	Chairman of the Nomination and Remuneration Committee	60,000		
4.Mr.Anun Louharanoo	Director	360,000	214,286	574,286
5.Mr.Somchit Limwathanagura	Director	360,000	214,286	574,286
6.Mr.Srihasak Arirachakaran	Director	360,000	214,286	714,286
	Nomination and Remuneration Committee	40,000		
	Expert Director ⁽²⁾	100,000		
7.Mr.Somchai Lovisuth	Director	360,000	214,286	614,286
	Nomination and Remuneration Committee	40,000		
8.Mr.Padetpai Meekun-iam	Audit Committee Chairman	180,000	214,286	754,286
	Independent Director	360,000		
9.Mr.Virach Aphimeteetamrong	Independent Director	360,000	214,286	694,286
	Audit Committee	120,000		
10.Mr. Satit Chanjavanakul	Independent Director	360,000	214,286	784,286
	Audit Committee	120,000		
	Nomination and Remuneration Committee	30,000		
	Risk Management Committee	60,000		
Total		4,290,000	2,250,000	6,540,000
Remark : (1) Mr. Visith Noiphan has resigned from the Chairman of Board of Directors effective from May 17, 2018. The resolution of the meeting of the Board of Directors No.5/2018 held on May 17,2018 approved the appointment of Mr. Suroj Subhasavasdikul to be the Chairman replaced Mr. Visith Noiphan. (2) Mr. Sihasak Arirachakaran was appointed as Expert Director by the Meeting of the Board of Directors No. 19/2554 dated December 22, 2011, with responsibility to provide counsel and represent the Board in monitoring implementations and issues approved by The Board of Directors for the management division to process to achieve maximum efficiency and effectiveness. The remuneration was set to 10,000 baht per month from the effective date of January 1, 2555 onwards. Until the resolution of the meeting of the Nomination and Remuneration Committee No. 3/2018 has canceled this position effective October 31, 2018.				

(b) Executive Remuneration : The Company pays remuneration to executives in the form of salary and annual bonus from 2016 to 2018. This will vary according to the performance of the company. The details are as follows:

Year	Number of executives * (persons)	Amount of remuneration (million baht)
2016	8	17.97
2017	7	22.41
2018	6	24.20
Remark : Number of executives includes those who resigned during the year		

Other compensation : None



Personnel

Number of personnel

As of December 31, 2018, the company employed a total of 233 employees (excluding six management members), dividing to 198 full-time staffs and 35 daily-waged workers as listed below.

Department	Full-time staff (person)	Daily-waged worker (person)	Total (person)
Management, Head Office	6	-	6
Financial Accountant	7	-	7
Human Resources	5	-	5
Purchasing	3	-	3
Legal Affairs	3	-	3
Audit	2	-	2
Business Development	1	-	1
Marketing and Supply	2	-	2
Management, Factory	19	17	36
Production	51	2	53
Engineering and Energy	58	-	58
Environmental Engineering	41	16	57
Total	198	35	233

Labour Disputation : None

Employee Compensation

(a) Compensation in Cash : In the years 2016,2017, and 2018, the company paid compensation to employees (excluding management) totally 58.19 million baht, 63.71 million baht, and 64.29 million baht respectively as compensation in the form of salaries, bonuses, overtime, contributions to the fund, and house rental.

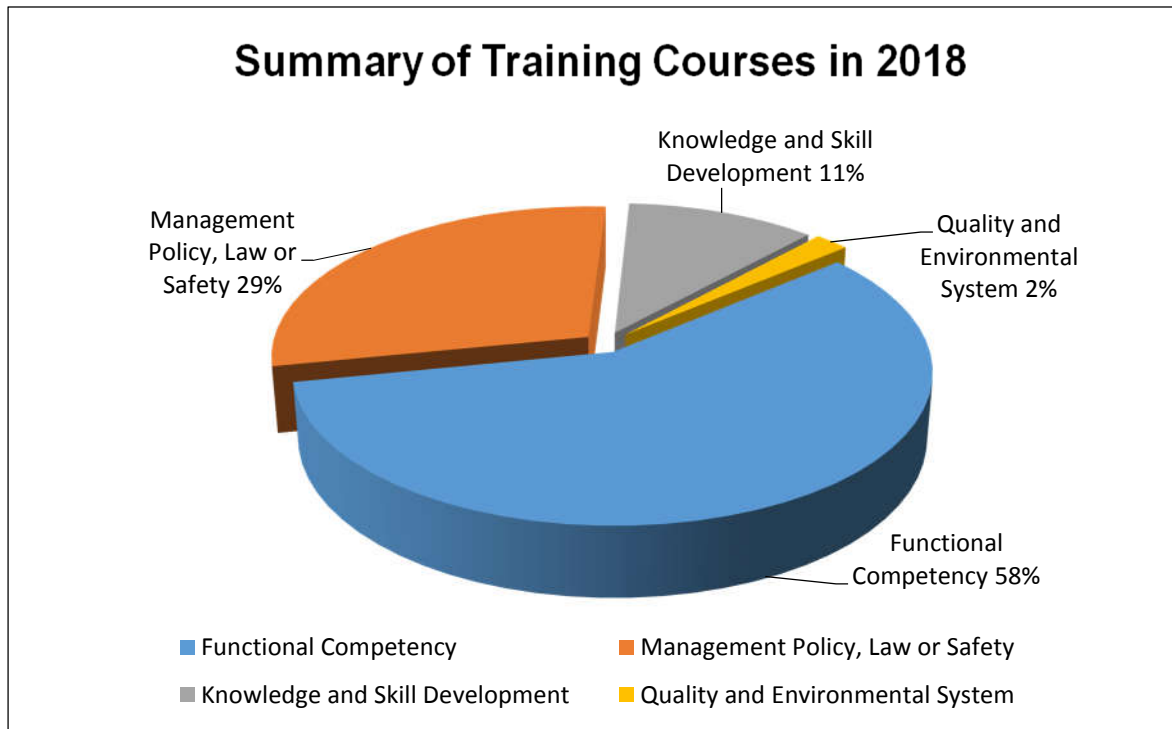
(b) Other compensations : None

Personnel Development Policy

The Company has a policy of constant development. The objective is to increase the knowledge, skills and expertise, including efficiency in the performance of employees at all levels. The company is encouraging employees to develop expertise from the practical learning (On the Job Training). New employees are supervised by supervisors in each department who perform as acting coach in any line of work. Training will be provided by the consultants of the company to transfer experience and additional knowledge to the employees on a regular basis. In addition, the company will consider arrange for employees and executives in various operations to attend workshops and seminars on subjects related to the operation of each department.

Presently, the company Promote personal development by used utilizing human resources development tools. Such as, Competency Development Systems to develop the full potential of performance.

The Company develops employees at all levels. The training is delivered to the public and private sector, as well as the training of the company. To focus on the employees' knowledge, abilities and skills to work in accordance with the performance of the position (Functional Competency) according to the operating procedures under the quality management system. And by exploring the need for training. The training plan for the year 2018 is as follows:



On 24 February 2018, Training course on “Building Safety Mind” was organized by Occupational Health and Safety section with Human Resource section.



During 20-22 March 2018, Suphanburi Institute of Skill Development 2 with Human Resource section organized a training course on how to control and maintenance forklift in the right and safe way.



During 18-21 September 2018, Human Resource section organized 12 classes of training course on ISO9001:2015&ISO14001:2015: Regulations & Application for staffs.



On 5 and 26 May, 2018, Training courses on Fraud Risk Management was held at Chantara Villa Hotel, Dan Chang District, Suphanburi organized by Professional Internal Auditservice Co.,Ltd. with Human Resource section.



During 29-30 October 2018, Occupational Health and Safety section with Human Resource section organized 4 classes of training courses on Personal Protective Equipments.

(9) Corporate Governance

Policy of Corporate Governance

The Company recognises the importance of good corporate governance as it is considered the significant component towards efficient, transparent, and verifiable management system. This will help build trust and confidence among shareholders, investors, stakeholders, and other related parties. Having good corporate governance is a tool to accomplish value-added business, create competitiveness, as well as promote sustainable growth of the company in the long term. In the Meeting of the Company's Board of Directors No. 9/2556 held on 20 September 2013, the Company established a policy of good governance as defined by the Stock Exchange of Thailand.

Thai Agro Energy Plc. is aware of the importance of good corporate governance (GOOD CORPORATE GOVERNANCE) based on the principles of justice and honesty (FAIRNESS AND INTEGRITY). The Company is always responsible for its portfolio (ACCOUNTABILITY) and recognises its duties (RESPONSIBILITY) which are carried out in a transparent manner (TRANSPARENCY). The Company encourages the fair, equitable, and reliability practice among all stakeholders concerned (STAKEHOLDERS), with a commitment to creating value for the business and for the long term mutual benefit, as well as a stable and sustainable growth of the Company in the future. The Board of Directors set a policy or basic principles of corporate governance to guide the business and the performance as follows.

- (1) Implementation for the Company's management structure to have a clear and reliable scope of duties and responsibilities among the Board of Directors, the committees, and the management for these executive members to the perform their duties effectively.
- (2) Continuity of performance to ensure the Company's reliable operation. This is to guarantee that every operational process is carried out proficiently, under a stringent internal control system. The balance of power must be preserved to enhance the transparent operation which can be inspected at any given time. Disclosure of the facts and information is assured through an effective system.



- (3) Continuity of the performance to ensure that the Company's financial report reflects the true result of operations and financial status, with assessment and measures to prevent and manage the risks to a reasonable level.
- (4) Conflicts of interest must be managed carefully and reasonably in a way that the company's benefits must be preserved.
- (5) Morality and good conscience are property to be encouraged among the Company's executives and employees to accomplish the quality of good conduct, integrity, and discipline. This quality helps to instill into staff members a sense of duty and responsibility, both for themselves and teamwork. With these, they are well prepared for transition to a better future.
- (6) Commitment to business excellence through customer's satisfaction. Hearing customer's requirements and opinions, doing self-assessment for improvement, and relentless creativity are among executions to satisfy valued customers.
- (7) Awareness of and honour the right of ownership of the shareholders must be cherished. The rights of stakeholders as well must be recognised. The company treats these people with fairness and equality and without discrimination. Opportunities are opened for stakeholders to voice their concerns with channels available for them to submit complaints of wrongdoing or defects. Compensation measures is considered essential in the event of stakeholders has been damaged by infringement proceedings.
- (8) The Company is well aware of its duties and responsibility towards shareholders, stakeholders, the community and society as a whole. With responsible care for the environment, the Company participates in projects that encourage creativity and support of sustainable development which benefits the public. All will be conducted within the company's capacity.
- (9) Measures are imposed to prevent any person from exploiting the Company's inside information.
- (10) Measures and procedures are imposed for employees to report fraud or suspected fraud or violation of law or other unusual actions, which may significantly affect the reputation and financial position of the company. Report must be performed immediately to amend the defects or dissolve the impact without delay. Additional measures might be applied to prevent repeat incidents.

Responsibilities

- Board of Directors is responsible and accountable for imposing policy and governance that provide support systems to fight against corruption with efficiency and effectiveness. This will ensure the management to recognise the importance of anti-corruption endeavour and cultivate this principle into the corporate culture.
- Audit Committee has responsibility to review the company's accounting and finance systems, and other systematic functions including internal control, internal audit, and risk management. This performance will ensure that all operations meet international standards, and are adequate to enable efficient productivity.
- CEO and executives at all levels are responsible to establish an anti-corruption system and promote policies to combat corruption at full strength. They are dutiful to inform employees and all related agencies,



about the attempt, including to review the appropriateness of the systems and measures to make sure that these tools comply with business change, regulations and provisions of various laws related.

- Audit Department is dutiful to review and make sure that all functions are done in line with the operational policies, guidelines, regulations, and orders. All activities must be approved by the authorization bodies and complied with relevant statutory provisions. Audit has to establish control systems adequately to prevent the risk of fraud and corruption that might happen. Suspicion of any fraud potential must be reported directly to the Audit Committee.
- Risk Management Committee is responsible for assessing the risk of fraud and corruption that may arise in the process. The Committee must present and update appropriate solutions for the Executive Committee and Board of Directors to review and consider setting measures accordingly to reduce the risks that may emerge.

Policy on community, social, and environmental responsibilities

The Company operates its business with transparency and fairness. Adhering to its commitment to the principles of good corporate governance, the Company is responsible to take care of the community, environment, and society. The Company insists to operate its business with ethics and in compliance with the relevant legislation. The Board of Directors has installed following policies to reflect its care of the environment, community and society as whole:

- (1) Do not conduct business or take any action that undermine the country or damages natural resources, the environment, or society as a whole.
- (2) Support activities that benefit the community and society with a focus on the environment, as well as the valued local cultures and traditions.
- (3) Earnestly instill in all employees awareness of responsibility towards society and the environment. Efforts to raise quality of life and safety for the community residents, as well as to contribute to the quality of society and overall environment are encouraged within the company's operation and in collaboration with government agencies.
- (4) Perform and control all activities in compliance with related laws and regulations.
- (5) Do not cooperate or support individuals whose businesses are illegal or a threat to the stability of society and the nation. The Company supports anti-fraud principles and rejects all forms of corruption.

Policy on notification of mishaps and complaints

Board of Directors established a policy on stakeholders' notification of mishaps and complaints which is in line with the good governance principle. The policy is a mechanism to encourage involvement of the stakeholders.

Upon the policy, stakeholders can submit their comments about the company's business or complaints directly to the company. They may notify the company of wrongdoing or unethical frauds, such as corruption or illegal conducts as well. Stakeholders who wish to contact



directly to the company, you can send your message to the Audit Committee at the following addresses:

- **Postal mail**

Chairman of Audit Committee
27/1 Phaholyothin 37, Khwaeng Ladyao, Chatuchak District,
Bangkok 10900

- **Company's website** <http://www.thaiagroenergy.com/anticorruption>

- **Intranet** <http://www.intranet.com/TAE>

- **By phone**, contact the Internal Audit Department +66 (0) 81-8027001

- **E-Mail** : padetpai@yahoo.com and/or suphachai@thaiagroenergy.com

Protection of whistleblowers

Stakeholders can inform the Company about wrongdoing or complaints, as mentioned in (1) anonymously.

(1) Action after the whistleblowing

The Audit Committee will conduct investigation of information or facts that are reported or in complaints, as mentioned in (1), and present the case directly to the Board for acknowledgement and consideration.

(2) Corrective measures and compensation for damages

In case that there are stakeholders being damaged by the infringement caused by the company's operations, the company welcomes comments or complaints and will remedy the situation without delay, and will install measures to prevent such incidents, as well as consider a reasonable compensation for each sufferer, individually and on case by case basis.

Policy on giving/receiving gifts, assets, or other benefits

Aiming to encourage the company's management and employees to be aware of the anti-corruption principles, the Board of Directors has set guidelines and engaged in cultivating moral values into the staff members. Neither acceptance nor support of illegal actions or wrongful exploitation that will harm operations or reputation of the company are allowed. Guidelines are given as follows:

- (1) Prohibit directors, executives and employees to claim or receive gifts, assets, or any benefit from customers, suppliers, or from individuals and businesses associated with the company, whether for personal or other individual's interest. The prohibition must be applied intensely and with no exception whatsoever since the practice may influence decision to operate unfairly causing bias or embarrassment that could lead to a conflict of interests.
- (2) Gift receipt or gift giving on traditional occasion or festival must be of little value or without unreasonably excessive prices, such as souvenirs or promotional premiums. All employees should make their own judgement on this matter. If not sure, then consult or seek advice from their superiors. Always take into consideration the intention of the donor and recipient on this matter to determine the appropriate deed.
- (3) Receiving or giving gifts of cash, checks, vouchers, gold jewelry or valuables shall be deemed extremely inappropriate. This shall be presumed to be wrongful exploitation due to job responsibilities.



- (4) Any employee found guilty, through an investigation, of wrongful act or exploitation for both personal gain or for other individual's benefit, he/she will be disciplined in accordance with the company's rules uncompromisingly.

Policy on labour and human rights

The Company gives priority to unforced labour and fairness to all employees. The Board of Directors set a policy with following practices to assure its intention to comply with human rights principles:

- (1) The Company must operate in line with human rights principles and is obliged to provide all employees with better understanding about the human rights. They are supposed to take this competency as part of their operations and learn to reject activities that violate human rights.
- (2) Employees at all levels must learn to understand the laws related to their own duties and responsibilities and adhere to the legal orders strictly. If in doubt, seek advice from superiors or specialised legal counsel. Do not act following the understanding of oneself alone.
- (3) When employees have to work abroad, they should learn about the laws, tradition, and culture of the country of destination before departure. This will ensure the staff that their attendance in that territory is not illegal or against tradition and culture of the land.
- (4) The Company will use the principle of justice and sincerity in the management on monthly salary, wages and benefits, as well as conditions of employment. Unforced or involuntary labour and child labour are prohibited. Discrimination is not allowed and the company continues to support the equal opportunity for all employees and the good and proper working environment. The company is decisive to strictly follow the Acts relating to labour protection and Thailand's labour standard, as well as other provisions of laws and regulations.

Policy of political neutrality

The Company focuses on political neutrality and support democracy. Employees at all levels are encouraged to act their political rights under the rule of law as a good citizen and the company has initiated guidelines as follows:

- (1) As political neutrality is considered important, do not take part or endorse any political party or political authority.
- (2) The Company will not participate in or allow campaigns or advertising of political parties or any politician to be held in the area of the Company or using resources and assets of the company to do so.
- (3) The Company has no policies to provide financial support and/or any resources of the Company to any politician or political party either directly or indirectly.
- (4) The Company encourages employees at all levels adhering to democracy. They can use their political rights by the rule of law as a good citizen. They are able to express their views, join or support political activities, or perform political rights acutely, but outside working hours.
- (5) All employees can use their political rights as deemed ownership by acting individually, without using a position in the Company and the name or seal



of the Company to induce others to pay subsidies or to provide support for any politician or political party.

- (6) The Company has no policy for employees at all levels to command or convinced by any means in making staff and subordinate to participate in the political activities of all types, which may cause conflicts within the organisation, and may damage the company in all terms.

The practice of good corporate governance

To achieve the objective of good corporate governance which reflects the effective, transparent and accountable management system, the Board has set guidelines of good corporate governance as follows as a tool to build trust and confidence among stakeholders.

(a) Guidelines for the Board

To illustrate the Company's intention to conduct the business professionally with transparency, integrity and responsibility toward all stakeholders, the following guidelines are set for the Board of Directors.

- (1) Perform duties in accordance with laws, regulations, the company's rules and resolutions made by the Meeting of the Board of Directors and the Meeting of shareholders.
- (2) Administer with honesty, neutrality, and independence in both decision making and acting.
- (3) Authorise management to fully handle daily operations, without unreasonable interference.
- (4) Have no interest in a business entity associated with the company's business, its affiliates or in competition with the company or its affiliates, whether directly or indirectly.
- (5) Avoid conflicts of interests leading to a clash between the person's self-interest and the company's to ensure proficient and effective management.
- (6) Administer with caution and avoid bond making that may later lead to a conflict with one's own duty.
- (7) Do not seek improper benefits generated from one's duty, either directly or indirectly.
- (8) Perform one's duties with full capacity to achieve maximum benefit to the company's business.
- (9) Do not take any action that may undermine the interests of the company, or produce benefits to other individuals or entities.
- (10) Strive to prevent and eliminate actions implied in a way of fraud. React quickly and decisively against deception to create moral values and good image for the organisation.

(b) Guidelines for management and employees

The Company is a manufacturer and distributor of ethanol for use as fuel. Its operation is considered value-added for stakeholders as it preserves environmental balance and beneficial value for the society as a whole. To maintain such favourable features and to continue evolvement consistently and sustainable in the future, the company launched the following guidelines for the management and employees.



- (1) Work with responsibility, integrity, commitment and dedication. Follow the rules, regulations, policies, and corporate culture by taking maximum interests of the company as first priority.
- (2) Respect confidentiality of customers, partners, and the company strictly. Take great care of restricted documents or information to ensure that any secret is not leaked to irrelevant individuals or outsiders.
- (3) Respect the privacy rights of employees. Avoid bringing information, both on operational and personal matters to discuss or criticize in a manner that would cause damage to the employees, or the overall image of the company.
- (4) Do not say or do anything that would lead to breakage or damage within the company, or individuals related to the company.
- (5) Maintain and contribute to the unity and solidarity among employees by supporting each other in ways that favour the interests of the company as a whole.
- (6) Conduct towards colleagues generously with courtesy to enhance relationships. Do not withhold information necessary for the performance of associates. Adapt to work with others, and honor others without claiming success of others falsely as a result of one's own work.
- (7) Be committed to being good and skilful by self development in a way that is beneficial to oneself and the company.
- (8) Learn to gain knowledge and experience in ways to strengthen one's proficiency in work and keep abreast of new technology constantly.
- (9) Adhere to morals while abstain from all vices. Do not behave in a way which may tarnish the company's or one's own reputation.
- (10) Inform immediate supervisors or the Audit Committee, once exposing to actions that indicate fraud or misconduct within the organisation.
- (11) Help in action to preserve the environment and working atmosphere as well as in the development to achieve the operational excellence.
- (12) Avoid giving or accepting things, receptions or any benefit from partners or other stakeholders related to the company's business. Otherwise must be in accordance with the company's regulations and order.

(c) Guidelines for human resources management

Duties of the Company's personnel administration include personnel recruitment, selection, development, and promotion. It is responsible to preserve the competent employees who are considered valuable asset of the enterprise. To promote a good image and achieve the goal of operating efficiency in the long run, personnel administration should pursue the practical guidelines as follows:

- (1) Be aware of the fact that employees are treated fairly, and are worthy as part of the organisation.
- (2) Select individuals to employ to any position with fairness on consideration of qualifications, education, experience, physical condition and other criteria essential for the position.



- (3) Assess to reward employees fairly on consideration of status and nature of the work and performance, and based on knowledge and capability of each employee.
 - (4) Arrange for annual performance evaluation of individual staff. The evaluation will be conducted by a superior in the working line of each employee based on the Company's regulations and practices.
 - (5) Take care of the employees' welfares and maintain working conditions as safe and good hygiene.
 - (6) Invite and encourage employees to express their opinions involving improvement for even greater efficiency and effectiveness of their work and the Company.
 - (7) Support the Company's policy to give training and seminars, which are necessary for the employees to achieve a higher level of proficiency and skill.
 - (8) Encourage employees to adopt and adhere to the company's policies for regularity, good relationships, and a better understanding of each other.
- Various schemes are presence with regard to the security and prosperity of all employees. The Company considers superiors in each department an important organ to handle personnel administration and management, and promote a good relationship between the Company and the employees. And everyone is involved in maintaining companionship among each other.

(d) Guidelines for accounting and finance practices.

It is essential for the Company's accounting and finance division to always keep all records accurate, complete, and verifiable, and in line with the Company's regulations and relating legal mandates. All employees must adhere to the principles of integrity and ethical duty as follows:

- (1) Authenticity of recording
 - (1.1) Records of all business transactions of the company must be correct and verifiable, without restrictions or exceptions whatsoever.
 - (1.2) Account posting and business records must be based on fact, without distortion or false entries on any purpose.
 - (1.3) Employees at all levels must conduct business operations correspondingly and in compliance with the company's regulations and specifications, with correct and complete documentation for business records. Always give enough information timely for the staff in charge of recording, preparing accounting transaction, and all finance duties can undertake the account posting accurately.
- (2) Accounting and Financial Reporting
 - (2.1) All employees must not conduct information distortion or create lists of false information, such as accounting and finance documentation, or performance data of the company.
 - (2.2) The employees have to realise that the accurate report of accounting and finance is under the responsibility sharing among directors, executives and employees.



- (2.3) All the staff are responsible to prepare and/or provide correct, truthful, and complete detailed information to attach to the accounting and finance documentation.

(e) Guidelines for internal control

The Company has a corporate governance policy to enhance the business functions to become even more systematic, efficient, and effective as targeted. Preservation and the use of property or assets must be executed through economical and appropriate approaches, with careful assessment and risk management. Each unit must provide a standardised operational system with internal control which is rigid enough to control risk to exist at a reasonable level that does not significantly harm the operation of the company. Communications and development should be done to encourage participation and unity among employees. This leads to good cooperation in the work place with proper and verifiable performance that is coherent with laws and regulations concerned. Following guidelines are given for better accomplishment:

- (1) Provide enough Control Environment. Executives at all levels are directly responsible to take care and investigate operation systems within their own divisions to be consistently effective and agreeable to the Company's regulations. There must be a concise and verifiable internal control system and every unit must provide a handbook containing procedures set forth in its respective departments.
- (2) Provide Risk Assessment procedure. Each division has its own Risk Assessment on the job responsibilities and find proper approaches to control or eliminate the effect or reduce the potential of such risks. The company aims to engage all employees to assess and manage risk accordingly to help prevent damage that may occur.
- (3) Provide Control Activities in every function and level, with an acceptable risk-based inspection system. Each unit must provide a standardised operational system with sufficient internal controls which allow risks at a reasonable level that does not cause any harm to the company significantly.
- (4) Provide sufficient reliable and timely Information and Communications. Improve the efficiency of the Company's information technology system and have adequate information security to optimise the effectiveness of the performance and administration. This will enhance reliability and use of such information to communicate more widely both within and outside the organisation. This will facilitate communications and employee development leading to good cooperation in the work place with proper and verifiable performance that is coherent with laws and regulations concerned.
- (5) Provide Monitoring and Evaluation. Management at all levels must maintain and monitor operational systems within their departments for efficiency and in compliance with the regulations. The Audit Office will support all executives to provide internal control systems and conduct periodical checks appropriately to ensure that all agencies have an effective audit system and follow the steps given consistently. This practice will lead to improvement of the functional systems and even more efficiency throughout the business operations.
- (6) The inspection focuses on evaluation in a constructive manner and improvement of the system. The report prepared by the Audit Office and



agreed by the division that owns the system will be taken into consideration of the Audit Committee for its approval before implementing it. Once appearing that there is a system in any division needing improvement for more efficiency or rigidity, all divisions concerned are dutiful to resolve and strengthen the system immediately. The company will assume such functions as part of the division responsibility which becomes part of the annual performance evaluation of the employees involved.

(f) Guidelines on the use of information and communication technology

Information and communication technology has become an important factor to promote the business and enhance the effectiveness of the work. The Company designates all employees to share responsibility by using this facility under regulations of the law and the Company's rules and standards set as follows:

- (1) The company provides safety management of the IT system by launching rules and orders for the employees to practice legally in accordance with the Computer Act.
- (2) Employees must abide by the following rules:
 - (2.1) Must comply with copyright law, the law governing computer usage regulations, and orders of the Company relating to the use of various information systems.
 - (2.2) Do not pirate software or intellectual property rights of others.
 - (2.3) Be aware of the fact that application of the Company's programmes is prohibited for personal use or for non-employee individuals to use. It is restricted for anyone to reproduce, distribute, commercially exploit, or make changes, whether it be partial or total of the Company's softwares, without the Company's permission.
 - (2.4) Prohibit the use of the Company's email system, whether it be one's own or other employees' accounts, to post or transmit any information or messages that are prejudicial to the security of the nation, religious, and monarchy. Consider not to post private messages or text content which invite credulous actions. Do not create a chain letter threatening data with a computer virus spreading within or outside the Company. Do not counterfeit the Company's email messages, without any exception.
 - (2.5) Do not use the Company's email to release the Company's news or other information to third parties, except authorised personnel in charge of the Company's public relations or promotions.
 - (2.6) Do not download any file type without permission. And do not use network for entertainment to prevent decline of data reception-transmission effectiveness.
 - (2.7) Do not use a computer network on offensive purpose which is contrary to the moral order, or aims to leak commercial confidential, or express personal comments.



- (2.8) The use of a computer or personal communication devices to be connected to the Company's network must receive a prior approval from CEO.
- (2.9) Must set a password every time when using computers in the company or outside on the Company's notebooks for safety of work performance. The password must be kept secret and should be changed at regular intervals, at least every three months.
- (2.10) Do not install a programme that can detect or capture all network traffic unless it has been authorised by CEO as a special case, in order to comply with the laws and other relevant regulations.
- (2.11) Must maintain good conditions of computers and other equipment in one's responsibility and take care to use the facilities properly.
- (3) The Company will monitor, follow-up, investigate, and control the employees' use of the IT systems. The practice aims to detect for doubtful or improper usage or potential to cause damage to the company, in order to protect the security of the Company's information systems.
- (4) If the Company finds that an employee has violated or failed to comply with the company's regulations and order, the violator will be considered having disciplinary punishment, and/or be punished by law as appropriate on a case by case basis.

(g) Guidelines on procurement

The Company set up a purchasing unit to operate various procurement in order to meet requirements of all offices, and to meet the required quality standards. The procedures and guidelines for procurement are as follows:

- (1) All procurements mainly focuses on the benefits and quality for the Company's operations. Supplies must meet the requirements of quality, price, quantities, and service with fast delivery. Every procurement must be made considerably on the basis of the Company's quality policy, safety, health and environmental schemes.
- (2) Employees who perform procurement have to plan well in advance to avoid purchasing in a rush mode without justifiable reasons.
- (3) The Company will not take advantage of its suppliers. It must take into account the benefits and damages that may occur in the company's image, reputation and character, in the eyes of outsiders.
- (4) Employees who are in charge must deliver a complete, clear, an accurate information to suppliers in a disclosure way, and provide equal opportunities among suppliers.
- (5) Employees should conduct hearing. Suggestions or complaints from suppliers would be essential for rectifying the problems to accomplish even more operational efficiency.
- (6) Employees in charge must keep information received from bidders or contestants confidential, and do not disclose to any other competitor.
- (7) Bids invited for all suppliers must be done equally in fair competition among traders.
- (8) Negotiation must be performed on the basis of business relationships with fair and open procedures for both parties up with proven references.



- (9) Maintain relationships with all business suppliers equally. Do not claim assets or other benefits, both directly and indirectly from any supplier unexceptionally whatsoever.
- (10) Management and authorised bodies must exercise discretion in procurement by acting a consultant, giving advices, and accept comment feedback from employees in charge with neutral and fair manner.
- (11) Management and authorized bodies must monitor and take care of procurement to ensure that all precedures are in compliance with the code of conduct in this regard stringently. Any violation found, the authority must conduct an investigation and consider providing a disciplinary punishment to the violator in compliance with the Company's procedure.
- (12) The Company encourages the procurement of Thai operators and/or the company's affiliates by taking into account that quality and the Company's benefits are an important criterion.
- (13) Procurement must be conducted systemically on an accurate technical basis, with a rigid control. The practice must be adjustable to comply with consistent changes in business trends

(h) Guidelines on safety, vocational health and environment

The Company is committed to prevention of accidents and environmental pollution by complying with laws and regulations related. Improvement has been continually performed to provide safety and environmental hygiene for all employees.

'Five S' Policy

'Five S' has been considered part of the Company's operation. Employees at all levels are involved. Supervisors are responsible for activities and supervision to promote an efficient and productive operation. Consistent improvement has been conducted to provide safety and a better working environment, as well as to raise awareness of great performance for greater operational effectiveness.

The Company's guidelines for safety, vocational health, and environmental hygiene are as follows:

- (1) Management and all employees must operate within the Quality Management System relating to Safety, Occupational Health, and Environment, in order to enhance the operational efficiency and effectiveness that would value the company's business.
- (2) Management and staff must adhere to and operate in accordance with the laws, policies, regulations and standards relating to quality, safety, vocational health and environment respectfully.
- (3) The Company will carry out all the way to control and prevent different forms of losses caused by fire, accidents, injury or illness from working, or any loss or damage to property. It is considered responsibility of management and employees to report incidents concerning a breach of security system, improper working practices, and error occurrence as set in the functional procedures. All staff must take care of maintaining a safe working environment and follow the procedures and regulations set by the Company earnestly.



- (4) The Company will provide a plan on emergency control and prevention for all operating areas. The organisation's emergency and crisis management plans focuses on preparation for and managing emergency incidents that may occur. Arrangement to resolve any crisis that could cause business interruption, damage the corporate fame and image is also deemed necessary.
- (5) The Company will launch PR campaigns to create awareness and understanding, and share information among employees and stakeholders involved. This effort aims to build awareness of the policy, regulatory procedures, and precautions in all aspects, including quality, safety, vocational health and environment, as well as how to act in response to emergency without causing harm to health, property and the environment.
- (6) The Company will promote awareness of the precept concerning quality, safety, vocational health and environment among employees and encourage them to hold these basis in their daily life practices.
- (7) The Company will train employees and expand the roles and responsibilities of supervisors in operational control to secure better safety system and consistent implementation of safety rules.
- (8) The Company will improve the safety and environmental measures to meet an international standard for quality of life of working people, and for a better environment.
- (9) The Company is involved extensively in social responsibility in terms of quality, safety, vocational health and environment. In recognition of the importance of the environment and the safety of stakeholders and other people involved, the Company works to maximise the use of natural resources, as well as promote social activities to protect the environment and improve the quality of life in the community based on the principles of sustainable development.

(i) Guidelines on reporting fraud or breach of law.

The Company has defined measures and procedures for the management to report to the Board of Directors and Audit Committee immediately in an occurrence of fraud or suspected fraud or a breach of laws, or other unusual actions, which may significantly affect the reputation and financial position of the company. The fraudulence includes:

- (1) Practices that cause conflicts of interest
- (2) Fraud or irregularity or a significant deficiency in internal control.
- (3) Violation of the regulations of the Securities and Exchange Commission and The Security Exchange of Thailand and other laws related to the Company's business.

The Board of Directors is responsible to remedy the situation and eliminate any impact caused by the incident immediately, including seeking measures to prevent such incidents. The Company urges employees to abide the laws and follow the guidance given:

- (1) Employees at all levels are required to comply with regulations and legal requirements relating in the arrangement of and recording the company's accounts and financial documents with accuracy, completion and perfection.



- (2) All employees must adhere to integrity and honesty value. Account booking and data filing must be accomplished honestly without bias. This value includes refusal to activities that are illegal or unethical, too.

(j) Guidelines on prevention of the use of inside information

The Company has defined measures and guidelines to prevent exploitation of the company's inside information that has not been disclosed to the public for personal or other individual's own benefit.

- (1) The Company has notified the Board of Directors and other executives to be aware of the obligation to report their shareholdings in the company of their spouse, minor children, and persons holding securities by proxy. They must as well report changes in shareholdings to Securities and Exchange Commission and be noticed of penalties defined by laws under the Securities and Securities Exchange Act.
- (2) "Directors" means the directors as defined by the end of this chapter and shall include persons holding management positions in accounting, finance, or a manager level and above or equivalent.
- (3) The Company prohibits directors, executives, managers, and employees who have access to the company's inside information from disclosing the internal confidences to third parties or the personnel who are not involved, and prohibits trading in securities of the company during one month before the launch of the company's financial statements to the public.
- (4) The Company prohibits directors, executives, managers, and employees from exploiting the Company's inside information that's not revealed publicly and is essential on changes of the company's share price, to seek personal gain and/or for trading of the company's securities. The company will proceed legal action against offenders and will provide disciplinary punishment to the violators reasonably and on case by case basis.
- (5) In case that directors, executives, managers, or employees are charged with a criminal offense under the Securities and Exchange laws, the Company will give the offenders severe penalties, either singly or as a combination.
 - (a) Cut salaries or compensation.
 - (b) Lay off, fired or dismissed from the positions of executive, manager, or employee regarding that the offenders are deliberately causing damage to the company. If the offender is a director, the company will propose the case to the meeting of the company's shareholders.
 - (c) Inform the offences to the SET and/or Office of the Securities and Exchange Commission.
 - (d) Notify police officers to proceed the prosecution.
 - (e) Take any other action following the resolution set by the Board of Directors or the meeting of shareholders.

The Company expects its directors, executives and employees at all levels honestly report to their superiors on performances which are, or suspected, contrary to the principles of the use of the Company's inside information in for one's own benefit. It is the responsibility of those superiors to monitor and guide subordinates to utilise the internal data in compliance with the principles correctly.

**(k) Guidelines on confidentiality**

The Company has taken measures and guidelines on the treatment of trade secrets which are significant to the company's business and can not be disclosed to the public.

Confidentiality of the company

(1) Board of Directors, management and employees are required to maintain the confidentiality of information and documents that can not be disclosed and/or trade secrets, including the invention of the formula, which is the right of the company exclusively.

(2) Directors, executive officers, employees, and other staff members of the company will not disclose confidential information and documents, or trade secrets, for the other two years after their resignation.

(3) The management and employees must know the procedures and practices concerning information security, and must follow the rules strictly to prevent confidential information to be accidentally exposed.

Classification of secret information

(1) Trade secrets of the company must be concealed from leaking. Classification was set based on how important the data is, such as disclosable information, concealed information, confidential information, and top secret.

(2) The shared usage of the inside information must be practiced within the framework of duties and responsibilities of staff members as assigned only.

Providing information to third parties

(1) Only directors or executive members who are assigned by the company are able to give approval for the information to be disclosed to the public.

(2) Disclosure to other joint investors must be approved by a joint venture as well.

(3) To meet the requirements of SET and/or other relevant laws governing the disclosure of listed companies, the company has determined that individuals who desire information from the company can approach the Company Secretary to obtain the information.

Commenting on outsiders

Typically, executives and employees of the company must not disclose or give opinions to outside individuals. The management and employees should ask oneself whether it is their duty to answer questions from outsiders or not. If not, all are advised to refuse to express views or comments with courtesy and give advice to directly contact agencies as mentioned above.

Committees**(a) Audit Committee****Composition and properties of Audit Committee**

- The Company's Audit Committee consists of at least three independent directors. Each has a term of three years. When some directors complete their term or are unable to hold the office until the end of the term, making the number of directors in the Audit Committee less than a certain amount required by the Board of Directors, the meeting shareholders must appoint new directors to fully complete the Committee. This has to be done immediately or not later than three months from the date of member incomplete to



ensure continuity of operations. The Audit Committee shall have the following composition and properties.

(1) Must be appointed by the Company's Board of Directors or shareholders. In the event of the nomination of directors, the company must disclose the nominees' names, credentials, personal data, qualifications, and evidence of independence status by stating in the invitation of the meeting to seek approval and appointment of nominees to become directors of the Audit Committee.

(2) Must be independent directors with limit of authority as to be mentioned below:

(2.1) Not a director appointed by the Board of Directors to make decision on the operations of the company, subsidiaries, affiliates, and ventures similar to subsidiary. This director must not be one of the company's major shareholders or an authorised body to control the company or must not represent entities that have conflicts of interests. He/She can make a decision only in the form of a tribunal / Collective Decision.

(2.2) Not a director of a parent company, subsidiary, or venture similar to subsidiary which is listed as a public company.

(3) Must function in a manner as set forth by the Stock Exchange of Thailand under the statement of features and scope of operation of the audit committee.

(4) Must be knowledgeable and experienced enough to serve the Audit Committee. There must be at least one director in the committee who can review the reliability of financial statements. The company encourages the committee members to be trained and enhance their capability consistently to keep pace with the changes and maximise the overall performance of the Audit Committee.

(5) Audit Committee shall appoint a secretary and an assistant secretary of the Audit Committee. Responsibilities of the secretary and its assistant include arrangement of meetings of the Audit Committee, overseeing activities of the Audit Committee, as well as coordinating in submission of periodical reports to the Board of Directors.

The Company's Audit Committee comprises of 3 members. Mr. Suphachai Kaewfueng is the Secretary of the Audit Committee.

Name-Surname	Position	No. of attendance / No. of meeting in 2018
1. Mr. Padetpai Meekun-iam	Audit Committee Chairman	9/9
2. Mr. Virach Aphimeteetamrong*	Director	9/9
3. Mr. Satit Chanjavanakul	Director	9/9
Remark : * A director who is competent and experienced enough to review the reliability of the company's financial statements. Mr. Virach Aphimeteetamrong is a licensed auditor, and works as chairman of an audit firm, namely Dr. Virat and Associates Co., Ltd. He holds a bachelor's degree and master's degree in accounting and a master's degree and doctorate in business administration and finance		

Scope of duties and authority of Audit Committee

• The Audit Committee of the Company has the scope of duties and responsibilities to the Board of Directors on the following matters:

(1) To review that the Company's financial reports are correct and disclosure of information are adequate.



(2) To review that the Company has established appropriate and effective internal control system and internal audit system, and observe the independence of the internal audit unit, as well as to approve the appointment, transfer and dismissal of the head of the internal audit unit or any other units responsible for the internal audit.

(3) To review that the Company abides by the law and regulations of the Securities and Exchange Commission and/or the regulations of the Stock Exchange of Thailand, or any relevant laws governing the Company's business.

(4) To review that the Company abides by the policy and guidelines of the Company's Anti-Corruption measure.

(5) To select and propose for appointment of the Company's auditor and the audit fee, as well as reappointment or removal of continuing auditor based on the trustworthiness, adequacy of the resources and audit work amount by the audit firm, as well as work experience of the personnel assigned to perform the financial audit of the Company; and to attend a meeting with the auditor without the presence of the management at least once a year.

(6) To consider the connected transactions or transactions that may involve conflict of interest and acquisition or disposition of assets in accordance with the laws and regulations of the Securities and Exchange Commission and/or the regulations of the Stock Exchange of Thailand to ensure that such transactions are appropriate and most beneficial to the Company.

(7) To review that the Company has established appropriate and effective Risk Management System.

(8) To review and consent to internal audit plan and procedure of the Internal Audit Department to be fully effective throughout the Company and its subsidiaries or companies within the same group.

(9) To review and proceed that the executives or management responsibility has established a system or procedure for receiving petitions or complaints including appropriate rectification and supervision over each petition or complaint case individually.

(10) To annually assess performance of the Audit Committee and report the assessment results to the Company's Board of Directors for acknowledgment and consideration at least once a year.

(11) To prepare the Report of the Audit Committee over the past year and disclose the report in the Company's Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2). The Report of the Audit Committee must be signed by the Chairman of the Audit Committee and must at least contain the following information.

(A) Opinions concerning with the correctness, completeness and trustworthiness of the financial reports of the Company.

(B) Opinions concerning with the adequacy of the Company's internal control system.

(C) Opinions concerning with the Company's compliance with the laws and regulations of the Securities and Exchange Commission and/or regulations of the Stock Exchange of Thailand, or any relevant laws governing the Company's business.

(D) Opinions concerning with the appropriateness of the auditor.

(E) Opinions concerning with the connected transactions or transactions that may involve conflict of interest and acquisition or disposition of assets as stipulated by the laws.

(F) The number of the Audit Committee's Meetings and attendance record for each of the Audit Committee Members each year.



(G) Opinions or overall observation that the Audit Committee has received by performing according to the Charter as established by the Board of Directors.

(H) Other reports which should be acknowledged by the shareholders and general investors under the duties and responsibilities as assigned by the Board of Directors of the Company.

(12) To perform other activities as delegated by the Company's Board of Directors with consent from the Audit Committee considering case-by-case.

(13) To periodically present the Report of the Audit Committee to the Company's Board of Directors for at least once every quarter.

The Audit Committee is responsible to the Board of Directors directly. The Board still has responsibility for the operations of the company and to outsiders.

In the event of a change in the scope of the Audit Committee's duties, the Board has to inform the resolution leading to the change and make lists of names and new scope of duties and responsibilities of the committee in a format required by the SET. The report must be delivered to the SET within three days from the date of such changes, in accordance with the requirements of the SET on the report sent through the electronic media.

- Within the duties performed by the Audit Committee, should any of the following transactions or actions be found or suspected to have significant impact to the Company's financial status and operating results, the Audit Committee shall report to the Company's Board of Directors so that the matter may be resolved within the time period that the Audit Committee deem appropriate.

(1) Transaction having conflict of interest

(2) Illegal conduct or irregularity or significant deficiency in the internal control system.

(3) Violation of laws relating to the Securities and Exchange, regulations of the Stock Exchange of Thailand or laws relating to Company's business. Should the Company's Board of Directors or executives did not resolve the matter within the established time period, any one of the Audit Committee members may report of the said transaction or action to the Securities and Exchange Commission (SEC) or the Stock Exchange of Thailand.

- To fulfill the duties of the Audit Committee. The Audit Committee shall have the following powers:

(1) Authority in relation to management

Audit Committee has the power to invite management. Managers / Heads or employees of related companies attend the meeting to make comments or submit relevant and necessary documents.

(2) Authority in relation to the internal auditor

(A) It is required that the understanding be aligned between the auditors, Board of Directors and internal audit.

(B) To approve the appointment, removal, transfer, dismissal and consideration of the merits of the head of the internal audit unit.

(C) Guarantee the independence of the internal auditor.

(D) The performance of the internal audit function is under the direct supervision and control of the Audit Committee. (Performance of internal audit units Must have supervision and control. In each year, the internal audit unit will have to work out what to do. Then submit to the Audit Committee for approval or approval. The order for the internal audit unit to perform the duties of the audit plan. Must be under the supervision of management or Chief Executive Officer. Because the required audit report will need to be



corrected immediately. So that the management or chief executive can issue corrective orders in time).

(3) Authority in relation to the auditor.

(A) Review and evaluate the performance of the auditor.

(B) Propose the list of auditors to the Board of Directors. Along with the Annual audit fee. To obtain the appointment from the general meeting of shareholders, and to review and evaluate the performance of the auditor to propose the appointment of the former auditor or to dismiss the former auditor.

(C) Determine the rate of service pay and other consultants that the auditors serve.

(D) Upon receipt of facts from the auditor regarding suspected circumstances, the Chief Executive Officer or the person responsible for the conduct of the offense has committed an offense. The Audit Committee shall report the results of the preliminary examination to the SEC and the auditor within 30 days from the date of receipt of the report from the auditor. In the event that the Audit Committee fails to act as the auditor stated in the preceding paragraph. The auditor shall inform the SEC Office.

(4) Other powers.

Audit Committee has the power to inspect relevant persons and matters within the scope of authority and responsibility of the Audit Committee. It has the authority to hire specialists to consult and discuss opinions as deemed appropriate and appropriate by the Audit Committee. The units shall perform their roles and duties in relation to the Audit Committee as set out in the Attachment to the Charter. This is part of this charter.

(b) Risk Management Committee

Composition and properties of Risk Management Committee.

- Risk Management Committee comprises executives from all departments of the company. The committee's members are selected from employees in the manager level, with a number of at least one member from one department. The committee's members must have the following features:

(1) A person who is proficient and experienced with good understanding of features, functions and responsibilities as a member of the Risk Management Committee.

(2) Committee's members must be able to devote sufficient time to operate and should be trained and to enhance their knowledge consistently, in fields related to the implementation of the Risk Management Committee. This will help them to keep pace with the changes and enhance the efficiency of the committee.

(3) Risk Management Committee, as well as its Chairman, has a term lasting for one year. Committee's members, who are retire by rotation, may be re-appointed for another term. Unless retired by then, the members of Risk Management Committee will be retired on:

(a) Death

(b) Termination of an employee of the company

(c) Board of Directors vote for them to leave or be removed

(d) Resignation

(e) In case that a committee's member will resign before the end of the tenure, that member shall notify the company 1 (one) month in advance, along with reasons as for the Board of Directors will appoint another qualified person to replace the resigning member.



(4) Board of Directors or the Risk Management Committee will appoint suitable persons to be Secretary and Assistant Secretary of the committee. Both positions are responsible to arrange meetings, prepare agendas and documents and deliver all materials to all committee's members at least seven days before the meeting. The Risk Management Committee will have time to review the papers carefully and may request additional information prior to the meeting. The Secretary and its Assistant shall send the minutes to all members of the Risk Management Committee within seven days after each meeting. Certification of the minutes will be carried out in the next meeting of the committee. In addition, the Secretary is responsible for preparing information to report to the company's Board of Directors and Audit Committee.

(5) Secretary of the committee has not a right to vote unless the Secretary is a member of the committee. The right to vote is regarded as the right of a committee's member.

Risk Management Committee appointed by the Board of Directors is composed of following members:

Name - Surname	Position	No. of attendance / No. of meeting in 2018
1. Mr.Satit Chanjavanakul	Risk Management Chairman	4/4
2. Mr.Somchai Lovisuth	Director	4/4
3. Mr.Somtawin Boonbanyen	Director	4/4
4. Miss Kanyaphat Chinantdej	Director	4/4
5. Mrs.Somrudee Suwannaroop	Director	4/4

Mr. Suphachai Kaewfueng is the Secretary of the Committee.

Duties and Responsibilities of Risk Management Committee.

- Risk Management Committee plays an important role with duties as assigned by the Board of Directors as follows.
 - (1) Define a policy and operational framework to operate risk management of the Company, as well as giving advice to the Board of Directors and the Management regarding the organization's risk management, which must cover 9 categories of risk including Business risk, Production risk, Operation risk, SHE risk, Climate Change & Hazard Risk, Financial Risk, Compliance Risk, Intangible Assets Risk, and Corruption & Fraud Risk.
 - (2) Monitor and support the organisation's overall risk management (Enterprise Wide Risk Management). Emphasising the importance of risks (Risk Awareness), any operation concerned risk management must bring each factor into consideration before making a decision on what resources and processes to be properly use.
 - (3) Analyse and evaluate risks and potentials that may occur, including impact to both internal and external operation of the company.
 - (4) Present a work plan and report on the adequacy of the implementation following the roadmap and the risk control system to the Audit Committee and The Board of Directors at least once every quarter.
 - (5) Acts as a hub to oversee significant risks.
 - (6) Perform other duties as assigned by the Board of Directors.
 - (7) Risk Management Committee may consult independent experts if necessary at the expense of the company, subject to approval by the Board before proceeding.



- (8) Risk Management Committee is required to hold a meeting, at least once every quarter. The Chairman or members with a number of more than one half of the committee may call an additional meeting as it deems suitable and proper.
- (9) To be considered a quorum, each meeting of Risk Management Committee must consist of more than one half of its members attending the meeting by themselves. If the Chairman is not present at the meeting, the committee shall select one of its directors to act as chairman of the meeting.
- (10) Voting at the meeting shall be by a majority vote of the meeting. Chairman of the Risk Management Committee has not right of casting vote. Opinions of committee's directors both who agree and disagree to the voting issues must be recorded in the minutes as well.
- (11) Any director of the Risk Management Committee has a personal interest in a certain matter or an interest in any matter which is brought into the consideration of the meeting for vote, the director cannot cast his/her vote.
- (12) Risk Management Committee has an authority to invite those involved or who is seen suitable to attend the meeting or to explain the matter involved.

(c) Nomination and Remuneration Committee

Board of Directors has a resolution in the meeting of the Board at 12/2015 dated 17 December 2015, making approval for the appointment of the Nomination and Remuneration Committee ("NRC") which shall have qualifications, duties and responsibilities as stipulated in the Charter of the Nomination and Remuneration Committee to start functioning on January 1, 2016 onwards.

NRC refers to the Nomination and Remuneration Committee of Thailand Agro Energy public Company Limited, Mrs.Somrudee Suwannaroop is the Secretary of the Committee. The NRC held 4 meetings in year 2018, which can be summarized as follows:

Name - Surname	Position	No. of attendance / No. of meeting in 2018
1. Mr.Kraisir Sirirungsi	Chairman of NRC	4/4
2. Mr.Satit Chanjavanakul	Director	3/4
3. Mr.Somchai Lovisuth	Director	4/4
4. Mr.Srihasak Arirachakaran	Director	4/4

Composition and properties of the Nomination and Remuneration Committee

- The Stock Exchange of Thailand has proposed principles on good corporate governance for listed companies that: "Apart from the Audit Committee that shall be provided as required, the Board of Directors of listed companies should consider providing Committees for good corporate governance". Thus, the Board of Directors appointed a new sub-committee, recognised as Nomination and Remuneration Committee.

The composition and properties of the Nomination and Remuneration Committee, as stated in the charter, include:



- (1) NRC consists of at least 3 (three) directors and one, at least, must be an independent director who is not an employee or executive of the company.
- (2) When some directors complete their term or are unable to hold the office until the end of the term, making the number of NRC directors less than three, the Board of Directors must appoint new directors immediately or later than 3 (three) months from the date of member incompleteness to ensure continuity of NRC's operations.
- (3) The meeting of NRC will consider selection and appointment of one of NRC's directors to become the committee's Chairman.
- (4) NRC will appoint an appropriate individual to hold the office of its Secretary. The HR manager will function as the Assistant Secretary. Both positions are responsible for arrangement of the NRC meeting, as well as being coordinator to present reports to the Board of Directors and other agencies involved (if any).
- (5) NRC's Secretary and Assistant Secretary are dutiful to attend the NRC meeting, but has not right to vote in any way or in any case.
- (6) NRC's directors must devote adequate time for the committee's operations and should be trained and strengthen their proficiency consistently in matters related to their duties and responsibilities, in order to keep pace with the changes and continuously enhance the NRC's effectiveness.
- (7) NRC Directors and Chairman have an office term of 3 (three) years. Upon the expiration of the term, the retired members may be reappointed to the office for another term.
- (8) Apart from retiring by rotation, NRC Directors will be retired on:
 - (a) death;
 - (b) Resignation
 - (c) Termination of Directors.
 - (d) The Board of Directors vote for them to leave or be removed.
 - (e) disqualified or prohibited under this charter.

In case that the a position of the committee is vacant, due to reasons other than retirement by rotation, the Board may appoint a qualified person to be an NRC member to replace the retired person. The new member will be in the position for the duration equal to the remaining time in term of the replaced one.

Duties and responsibilities of Nomination and Remuneration Committee.

- NRC has major duties and responsibilities as assigned by the Board of Directors, according to the Charter, as follows:

(a) Duties and responsibilities in relation to the nomination of directors and executives.

- (1) Consider the nomination process for directors to replace ones who are retiring by rotation or proposed for the vacant position and present the proposal to the Board of Directors for consideration to advance into Meeting of Shareholders to consider for appointment.
- (2) Consider and nominate suitable candidates to be appointed as members of sub-committees of the Board of Directors, in case that the position is vacant.
- (3) Consider the nomination of Chief Executive Officer or Managing Director in case of such a position is vacant for submission to the Board's consideration.



- (4) Propose mechanism to evaluate performance of the Board of Directors, CEO, or Managing Director and senior executives and follow-up the assessment to inform the Board of Directors to acknowledge and consider.
- (5) Assess the independence of directors on duty and propose ways to improve to the Board of Directors.
- (6) Consider the structure and properties of people who are elected as directors of the Board and sub-committees, by taking into account the diversity of skills, experience and expertise that are useful to the company and propose to the Board to consider or undertake amendments.
- (7) Determine the appropriateness of the qualifications of independent directors and propose ways of improvement to the Board.
- (8) Define and plan the succession process or the CEO and senior management to propose to the Board of Directors for consideration to advance the matter into the Meeting of Shareholders to approve on an individual basis.

(b) Duties and responsibilities in respect of the remuneration

- (1) Propose ways and means to pay remunerations to members of the Board of Directors and sub-committees appointed by the Board of Directors.
- (2) Propose policy on remuneration to the CEO or managing director and chief executive, in accordance with the results of the company's operations and determine mechanism for actual performance evaluation to (KEY PERFORMANCE INDICATOR) presented before the Board to seek approval.
- (3) Consider increase or changes in the budgets or salaries, wages and the money given as annual awards to employees below the executive level, in accordance with the results of the company's operations. It also determine mechanism for actual performance evaluation (KEY PERFORMANCE INDICATOR) before the Board of Directors for approval.
- (4) Propose suggestion on the structure of salaries, wages, benefits, and other welfares for directors, management, and employees in the forms of both monetary and non-monetary.
- (5) Consider offering of new securities. (Or warrants to purchase shares) to certain directors and employees prior to presentation to the Board of Directors to seek approval.

(c) Duties and responsibilities in general

- (1) Report on NRT's operations to the Board of Directors, at least once a year.
- (2) Has authority to hire consultants or specialists to consult and discuss or make comments as it deems appropriate and reasonable. The company is responsible for all costs incurred.
- (3) Has authority to invite executives and all those involved to attend a meeting or to submit every or all relevant documents as requested.
- (4) Perform any other duties as delegated by The Board of Directors.
- (5) Hold a meeting of NRC as its Chairman deems appropriate. The Secretary will submit documents for the meeting to the NRC Directors and other participants, at least 7 (seven) days before the meeting to allow time for the participants to consider or call for further information.

In addition, NRC Directors may call a meeting of NRC for issues within the committee's scope of duties and responsibilities as it deems appropriate. The Secretary will operate as mentioned in the preceding paragraph.



- (6) NRC Directors, who are ones of stakeholders in any matter that is under the committee's consideration, must not comment and vote on that matter. Names of those directors and their interests must be noted clearly in the meeting documentation.
- (7) To be considered a quorum, each NRC meeting must consist of more than one half of the committee's members.
- (8) Voting at the NRC meeting must be by majority vote of the meeting. The committee's Chairman has not right to cast arbitrary vote as . Opinions of directors both who vote for and con must be recorded in minutes of the meeting.

(d) The Corporate Governance Committee ("CG Committee")

The Corporate Governance Committee ("CG Committee") comprise of 1 (one) chairman and at least 2 (two) members, include any staffs or executives that was agreed by the CG Committee members to join the committee. The CG Committee shall appoint a suitable person as Secretary. Mrs. Prapatsorn Kantawong is the Secretary of CG Committee. The namelist of the CG Committee members that was appointed by the Board of Directors are as follows.

Name - Surname	Position	No. of attendance / No. of meeting in 2018
1. Mr.Anun Louharanoo	Chairman of CG Committee	1/1
2. Mrs. Somrudee Suwannaroop	Director	1/1
3. Ms.Kanyaphat Chinantdej	Director	1/1
4. Mr. Somtawin Boonbanyen	Director	1/1

Composition and Qualification of CG Committee

(1) Office term of CG Committee

(A) The CG Committee members has a three-year term of office each. The member of CG Committee who is retired by rotation maybe re-appointed.

(B) In event that the term of the CG Committee has ended or it can no longer serve until the term ends, resulting in a lesser number of members as specified in (1) above, the Board of Directors shall nominate and appoint new CG Committee member(s) to complete the CG committee immediately or at least within three months after the date with incomplete members as described in (1) above.

(2) The Corporate Governance Committee of which members are executives whom already receive monthly salary and other benefits as the Company's employees; therefore, there are no additional remunerations.

Authorities, Duties and Responsibilities of the CG Committee

(1) To consider and propose to the Board of Directors to determine the policy, rule and practice guidelines for activities in accordance with corporate governance principles.

(2) To prepare the Corporate Governance Handbook to be adhered and followed by the directors, executives and employees at every level, which must be regarded as important duties to operate in accordance with corporate governance principles and must not be neglected by everyone.

(3) To monitor, improve and promote effective corporate governance culture and practice within the organization.



(4) To consider forms of self-assessment of the performance of the Board of Directors and subcommittees including offering opinions to propose to the Board of Directors for consideration on a yearly basis.

(5) Other Duties and Responsibilities.

(a) To regularly report the operation of the CG Committee to the Board of Directors at least once every year for disclosure in the Annual Registration Statements (Form 56-1) and Annual Reports (Form 56-2) in accordance with the good corporate governance.

(b) To have authority to hire consultants or experts to provide advice and/or opinions as deemed appropriate on a case-by-case basis. The Company shall be responsible for the incurred expenses.

(c) To have authority to invite executives and/or relevant persons of any level for briefing meetings or submission of related documents.

(d) To perform any other tasks as assigned by the Board of Directors on a case-by-case basis.

Nomination of Directors and Chief Executive Officer

Selection of persons to be appointed as directors of the company in 2018 was made through the shareholders' meeting. Board of Directors considered nominees based on experience, knowledge, and qualifications required by laws, by recruiting of the company's NRC to select candidates for such positions. Then, the meeting of shareholders elected directors, in accordance with the rules and procedures set forth in the articles of the company.

Appointment of Board of Directors

Composition, nomination, appointment, removal or termination of office of directors are set out in the company's articles, which can be summarised as follows:

(1) The Board of Directors shall consist of not less than five directors, and not less than one-half of the directors must be resident in the Kingdom. All must be qualified under the laws.

(2) The meeting of shareholders elect directors, according to the rules and procedures below.

(a) A shareholder has one vote for each share held.

(b) Each shareholder can vote to elect one or several persons to be directors, in the event of electing several directors, a shareholder can offer his/her votes no matter how many to any or several candidates.

(c) A candidate who receives the highest votes in descending order are elected as directors of the Board of Directors in a number that shall have a casting vote at that meeting. If the number of persons, elected in descending order having tied with each other, larger than the number of directors appointed or elected at that time, the Chairman must cast the arbitrary vote.

(3) One-third of the current directors in the Board of Directors must be retired in the annual general meeting of shareholders every year. If the number cannot be divided into three parts, consider using the number nearest to one third. Use raffle drawing to decide which directors to be retired in the first and second years after the company's being listed. For the subsequent years, the directors who are in office for the longest time shall retire. Directors retired by rotation may be reelected to the post one more time.



(4) Any director who wish to resign from the post shall submit his/her resignation to the company. The resignation is effective from the date of resignation arrives to the company.

(5) In case that the a position in the Board is vacant, due to reasons other than retirement by rotation, the Board may appoint a qualified person, who has not prohibition under the laws concerning public companies, and/or regulations of the Securities and the SET, to be a director to replace the retired person in the next Board meeting. If time in the term of the vacant position is less than two months, the new member will be in the position for the duration equal to the remaining time in the term of the replaced one.

Resolutions of the Board shall be made by votes of not less than three-fourths of the remaining directors.

(6) The meeting of shareholders may vote for any director to retire from office before the expiration of the term, by the vote of not less than three-fourths of the shareholders present at the meeting and entitled to vote, and holding shares amounting to not less than one-half of the shares held by the shareholders present at the meeting and entitled to vote.

Composition and appointment of Independent Directors

Board of Directors will jointly consider the initial properties of persons to be appointed as independent directors, based on qualifications and disqualification of directors as defined in the public company act, laws relating to securities and the SET and notification of the Capital Market Commission, including relevant rules, regulations and/or regulations issued by the Board of Directors. The Board also consider selection of independent panel from experts who are experienced and other appropriate qualifications. The Board will propose the nominees into the meeting of shareholders' consideration for appointment as independent directors. It is the company's policy to appoin at least one third of the total membership to be independent directors of which number must not less than three persons.

Qualifications of Independent Directors

- (1) Hold no more than 1 (one) per cent of the shares with voting rights of the company, its subsidiaries, and affiliates. They are not ones of the major shareholders or controlling shareholders of the company. Their reports on shareholding must be inclusive of the shares held by related persons of the independent directors as well.
- (2) Not or never be a director joining in the company's administration of employees and workers. They must not be consultants who receive a regular salary or controlling shareholders of the company, its subsidiaries, affiliates, ventures similar to subsidiary, parent company, or major shareholder or controlling person of the company. They are qualified if being clear from the foregoing relationships not less than two years before being appointed. The prohibition does not include the case of independent directors was a government official or consultant of a government agency which is a major shareholder or controlling person of the company.
- (3) Have blood ties or by legal registration, in aspect of father, mother, spouse, siblings, offspring. They must not be spouses of the children of the company's executives, major shareholders, controlling shareholders, or a



person who has been nominated as executive or controlling person of the company or its subsidiaries.

- (4) Not have or never have had business relationship with the company, its subsidiaries, affiliates, major shareholders, or controlling persons in a manner that may impede their independent judgment. They must not be or have never been a significant shareholder or controlling shareholders of the businesses of which owners have business relationships with the company, its subsidiaries, affiliates, major shareholders or controlling shareholders. They become qualified if being clear from the foregoing relationships not less than two years before being appointed.

Not be or never have been a significant shareholder or controlling shareholders of the businesses of which owners have business relationships with the company, its subsidiaries, affiliates, major shareholders, or controlling shareholders. They become qualified if being clear from the foregoing relationships not less than two years before being appointed. The business relationships mentioned above include usual commercial transaction, rental or lease of real estates, provisions concerning assets or services or offering or receiving financial assistance with obtaining loans or guarantees to assets pledged as collateral for liabilities. Prohibition also covers other similar circumstances, which make the company or its contract parties liable for debt payment amounting at least 3 (three) per cent of the net tangible assets of the company, or at least 20 (twenty) million baht, whichever is lower. The calculation of such indebtedness shall follow the method used in calculating the value of the connected transaction relatively in pursuance of the Notification of The SET Board of Governors regarding Disclosure of Information and Operations of Listed Companies Concerning the Connected Transactions. However, such debt must be considered a sum in the total debt incurred during a year before a business relationship with the person exists.

- (5) Not or never have been an auditor of the company, its subsidiaries, affiliates, major shareholders, or Controlling shareholders and a significant shareholder. They must not be or have never been controlling shareholders or partners of an audit firm of which auditor works for the company, its subsidiaries, affiliates, major shareholders, or controlling person. Exception is provided for the case that has exempted from such properties for not less than two years prior to the appointment.
- (6) Not or never have been provider of any professional service, including serving as legal counsel or financial advisor, whose service fee accounts more than 2 (two) million baht per year from the company, its subsidiaries, affiliates, major shareholders, or controlling shareholders of the company and a significant shareholder. Also, they must not be or have never been controlling shareholders or partners of such service provider firms. Exception is provided for the case that has exempted from such properties for not less than two years prior to the appointment.



- (7) Not or never have been a director appointed as a representative of the company's directors, its major shareholders or shareholders who are related to the major shareholders of the company.
- (8) Do not operate a business with the same nature and in significant competition with the business of the company and its subsidiaries. Also, they must not be a significant partner of a partnership company, or a director, an employee, a salaried consultant. They must not hold more than 1 (one) per cent of the shares with voting rights of any other company operating business which has the same nature and in competition with the business of the company or its subsidiaries.
- (9) Not having any characteristics which make it impossible to provide an independent opinion about the company.

After being appointed as an independent director with qualifications in accordance with (1) to (9) as mentioned above, the independent director may be assigned by the Board of Directors to make a decision in the operational affairs of the company, parent company, subsidiaries, affiliates, ventures similar to subsidiary, major shareholders or controlling person of the company. Any decision must be made in the form of collective decision.

If the person appointed as an independent director has or used to have a business relationship, or offer or used to offer professional service with compensation exceeding the amount determined under paragraph (4) or (6) as mentioned above, he/she will receive a waiver of the prohibition upon the conclusion of the Board to ensure that the appointment of such a person has no impact on the performance and the independence of commentary. Following facts and information must be disclosed in the notice of the General Meeting of Shareholders of which agenda includes the appointment of independent directors.

- (a) Nature of the business relationship or professional service of such persons that are not in accordance with the procedure.
- (b) Reasons and necessity to maintain the appointment of such persons as independent directors
- (c) Conclusion of the Board for the proposal to appoint such persons as independent directors.

Evaluation of the performance of the Board

Board of Directors has set guidelines and provide evaluation of its own performance of the entire Board on an annual basis. Each year, an assessment topic is modified appropriately to the situation of the company. The evaluation will be conducted on four main topics — Structure of the Board, The Company's Strategy and Direction, Monitoring and Evaluation of the Management. Responsibilities and Duties of the Board. The aim is not set to evaluate the performance of any individual director. The evaluation has determined for the assessment operator to identify the strengths and weaknesses and functions that need improvement. The evaluation objectives are as follows:

- (a) To ensure more effectiveness in the function of the Board, resulted from the full awareness of their responsibilities.
- (b) To help improve the relationship between the Board of Directors and management.
- (c) The Board will jointly consider the evaluation result and



- (d) define guidelines for the improvement of Board's functions in the coming years.

Succession and Development Plans for Directors and Executives

(1) The Board shall take steps to ensure that company has appropriate recruitment and selection systems for staff or employees to assume the duties and responsibilities in key administrative positions at all levels.

(2) The company has senior executives who are secondary to CEO to carry out the work if the CEO is unable to perform his duties.

(3) The company has set following development plans for its directors and management:

- (a) The company has a policy to promote and facilitate educational accomplishments among the directors with the ongoing training courses delivered by Thai Institute of Directors Association (IOD) and other courses. This helps to enhance the understanding of director roles and, at the same time, these directors will be fully aware of the company's business nature.
- (b) The company continually promotes education among its executives and employees, such as the Company Secretary, audit staff, and accountants, etc. Training courses related to regular work are given to enhance their knowledge and ability to catch up new techniques all the time.

Meeting of the Board of Directors

According to the policy, the company's Board of Directors holds a meeting at least once every three months, with additional meetings to be held as necessary. Each meeting is completed with a clear agenda and the meeting notice sent to those involved seven days in advance. This will help the Board's member have time for study all information prior to meeting. Minutes of the meeting in a hard copy format will be approved by the Board before being filed and ready for the Board and other relevant bodies to check.

Remuneration of Directors and Executives

According to the Public Companies Act B.E. 2535, Article 90, First Paragraph provides that "Prohibits the Company to pay money or assets to its directors except for remuneration compensation as per the regulations of the Company".

The company's Article 30 stipulates that "the directors are entitled to receive remuneration from the company in the form of meeting allowance, pension, bonus payments, or other benefits, in accordance with the regulations or by the consideration of the Meeting of Shareholders. This could be defined as an exact amount, or a criteria, that will be set forth from time to time, or until it is changed. In addition, directors may receive allowances and welfares, according to the company's rules". Herewith, the Board would like to clarify the structure of directors' remuneration in 2015, which consisted of the following items:



Elements of Compensation

(1) Payment for The Board of Directors:

(1.1) Monthly remuneration was paid as a fixed amount every month.

The Chairman received 45,000 baht per month, and the 30,000 baht per month for each director. This format has been used since the 2013 onwards without any changes whatsoever until these days.

(1.2) Annual remuneration, which must be approved by the shareholders' meeting each year, varied according to the Company's operating results of each year. For the past year 2018, the Annual General Meeting of Shareholders Year 2018 resolved to approve the annual remunerations for ten Directors, totaling Baht 2,250,000, using the same basis as every past year by which 1.5 parts are given to the Chairman of the Board at Baht 321,426, Vice Chairman and 9 Directors by which 1 part at Baht 214,286 each person.

(2) Other Committees receive remunerations, in addition to (1), as follows:

(2.1) The Audit Committee members each receive fixed monthly remuneration. The Chairman of the Audit Committee receives Baht 15,000 per month, with the other Audit Committee Members receiving Baht 10,000 per month per person. The above remuneration rates have been used since year 2013 without any changes. The composition and scope of duties of the Audit Committee have been disclosed within the Annual Report Year 2018, under the topic "Management Structure", which has been disseminated on the Company's website and forwarded to every shareholder along with the meeting invitation.

(2.2) The Nomination and Remuneration Committee shall receive compensation by each occasion of attended meeting, 15,000 Baht an attendance for Chairman and 10,000 Baht a attendance for other members. The above remuneration rates have been used since January 1, 2016 without any changes. The composition and scope of duties of the Nomination and Remuneration Committee have been disclosed within the Annual Report Year 2018, under the topic "Management Structure", which has been disseminated on the Company's website and forwarded to every shareholder along with the meeting invitation.

(2.3) The Risk Management Committee shall receive compensation by each occasion of attended meeting, 15,000 Baht an attendance for Chairman and 10,000 Baht an attendance for other members. Executives whom already receive monthly salary and other benefits as the Company's employees; therefore, there are no additional remunerations. The above remuneration rates have been used since year 2018 without any changes.

(2.4) The Corporate Governance Committee of which members are all executives whom already receive monthly salary and other benefits as the Company's employees; therefore, there are no additional remunerations.



The Company does not provide any other remuneration or offer any other privileges to the Directors other than what mentioned in (1) and (2) above.

The Company has set remuneration for directors and executives at an appropriate level and rate. The remuneration is sufficient to maintain quality management members without excessive payment and at a level comparable to other companies in the same industry or business. Factors used for consideration include experience, obligations, extent of their roles and responsibilities. In respect of the remuneration of executives, the consideration would adhere to the principles and policies set by the Board of Directors, which is determined by obligations and responsibilities, performance of each executive, and results of the company's operations.

Control of the use of inside information

(1) It is specified for the management to report their shares holding in the company and changes in core holdings to The Securities and Exchange Commission (SEC) under Section 59 of the Securities Exchange Act of B.E. 2535 including provisions for the law to be amended in the future (if any).

The word "executive" means a director, manager or the first four in the executive level lower than manager, or all those serve in the position equivalent to the fourth level. The definition extends to all persons holding management positions, or equivalent, in accounting or finance who are responsible for preparation and submission of reports concerning securities holding of the company, either on its own behalf, spouses, and minor children, to the SEC.

(2) Prohibit directors, executives, managers and employees who have access to inside information of the company to disclose materials as such to third party or other inapposite personnel. Prohibition also includes trading in securities of the company during the first month of the previous financial statement prior to publicising.

(3) Prohibit directors, executives, managers and employees to exploit the company's inside information, which has not been publicised and is substantial for changes of the company's stock price, for personal gain or for purchasing the company's securities. Any violation of the above provisions, the company will take legal proceedings and punish the guilty individually, in accordance with the cause and effect of the incident on a case by case basis.

(4) In the case of executives, managers and employees conduct a criminal offense under the laws relating to securities and the SET, the company will place a heavy punishment, either singly or in combination as follows:

- (a) Cut salaries or wages, compensation, and other benefits.
- (b) Fired or laid off from being a director, executive, manager, or employee since the action is intentionally causing damage to the company. If the offender is one of the Board's member, the company must raise the issue in the Meeting of Shareholders to consider punishment.
- (c) Report the crime to the Stock Exchange of Thailand and/or the Securities and Exchange Commission (SEC).
- (d) Notify the police to take legal proceedings.



(e) Take any other action as approved by the Board of Directors or the Meeting of Shareholders.

Remuneration of Auditor

Audit Committee recommended to the Board of Directors to propose the Annual General Meeting of Shareholders for the year 2018 to approve the appointment of one of the following nominees; Miss Kamonthip Lertwitworatthep Certified Public Account Registration No. 4377, and/or Miss Sathida Rattananurak, Certified Public Account Registration No. 4753, and/or Ms. Siriwan Nitdamrong, certified public accountant no. 5906 of EY Office Limited to be the auditor of the company for the year 2018, with compensation as follows:

Particular (Unit: baht)	Paid compensation	
	2017	2018
(1) Annual audit fee	560,000	560,000
(2) Verification fee for quarter financial report, 125,000 baht per quarter: Total 3 quarters	375,000	375,000
(3) Audit fee for financial statements, submitted to Board of Investment (BOI)	100,000	100,000
(4) Total compensation of auditor	1,035,000	1,035,000
<u>Remark</u> No compensation to be paid in the coming year		

Code of best practices in compliance with the SET

The Company determined for its Board of Directors to follow the Code of Best Practices for listed companies as guided by of the Stock Exchange of Thailand. The Board must understand and be aware of their roles and responsibilities. It must act with integrity, accordingly to the laws and the company's articles, as well as the resolutions of the Meeting of Shareholders, by taking into account the interests of the company and its major shareholders. The Board must be policymaker, and must specify target and business goals, as well as determine business plans and budgets of the company. Its responsibilities also include supervising the management to perform according to the defined policies, plans and budgets with efficiency and effectiveness for the best interests of the company and its shareholders as a whole.

Policy on conflicts of interest

The Company determined measures to prevent conflicts of interest that may arise from the company's transaction and persons who may have a conflict or be part of the stakeholders. These people will not be able to take part in the approval of such transactions. Pricing or compensation will be subject to the normal course of business and general trading conditions for the best benefit of the company. Board of Directors must work to ensure that the company operates in compliance with laws relating to securities and the SET, and in line with the



Capital Market Commission and the Stock Exchange of Thailand. The company must follow the requirements on disclosure of related party transactions, the acquisition or disposal of major assets of the company, and must comply stringently with accounting standards set by Accountants Association.

In addition, the company will provide either Audit Committee or an independent expert, depending on type of case, to review and comment on the appropriateness of prices and reasonableness of the transactions. Disclosure of relating transactions will be carried out in accordance with the rules and procedures of the SEC and the SET. The revelation must be noted as a remark attached to the financial statements, which have been audited or reviewed by the company's auditors, placed in Annual Report Form (Form 56-1) and Annual Report (Form 56-2).

Internal control system

The company has a corporate governance policy to govern all departments to function efficiently and effectively.

The company focusses on proper and economical usage of the company's assets. Effective and careful assessment and risk management are applied consistently. Each agency must provide a standardised internal controls system that is sufficient to control the risk to exist at a reasonable level that does not affect significantly to the enterprise. Communications and development are injected for the employees in the unit to become unity and eager to work in compliance with rules of Good Practices, as well as laws and regulations related, and be ready for evaluation and monitoring constantly. The following guidelines are, as well, given:

(1)CONTROL ENVIRONMENT is designed to define duties and responsibilities of executives at all levels in maintaining and monitoring the system within their departments with efficiency and effectiveness. All functions must be carried out in accordance with the company's operational regulations under rigid internal control systems, and must be ready for checking. All agencies must prepare a manual procedure to set forth in their respective departments.

(2)RISK ASSESSMENT will be provided by each agency to assess the risks in their responsibilities and find ways to control by eliminating the effect or reducing risk potential. The Company aims to engage employees at all levels to assess and manage risk accordingly, in order to help to prevent damages that may occur.

(3)CONTROL ACTIVITIES must be employed in all functions and at all levels, with a consideration on the level of risk that is acceptable. Each agency must provide a standardised system with sufficient internal controls to restrain the risk to a reasonable level that will not affect significantly of the company.

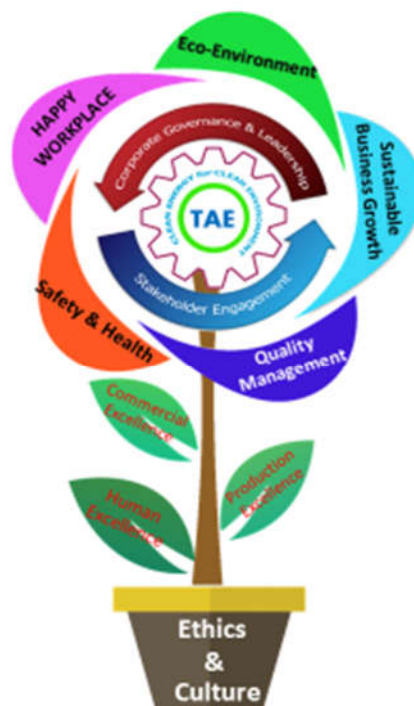
(4)INFORMATION AND COMMUNICATIONS must be adequate, reliable and timely. IT improvement and adequate information security systems will enhance the company's efficiency and maximise the effectiveness of the work and administration. Reliability is another value resulted from IT's efficiency. The use of IT should be encouraged for more communications among staff members both within and outside the organization.

Injection of IT communications will enhance unity among all employees and urge them to work in compliance with rules of Good Practices, as well as laws and regulations related.

(5) MONITORING AND EVALUATION is imposed as the responsibility of managers at all levels to maintain and monitor the internal operation systems within their departments to perform efficiently. They must ensure that all operations are conformed to the regulations of practices set by the company. The Audit Office will support all executive agencies in the provision of an internal control system and will conduct periodical checks to ensure that all agencies have an effective system. All practices must follow the steps given continually which will lead to improvement of the company's overall operational system to become even more effective.

(6) Inspection will be conducted in a constructive manner and focuses on improvement for better systems. Reports prepared by the Audit Office and agreed by the agency that owns the system will be taken into the consideration of the Board of Directors to seek its approval before implementation. In case that a system in a department needs improvement, it is considered the duty of all agencies involved to solve the problem immediately. The company will assume such functions as the agency's responsibility and as part of the annual performance evaluation of the employees involved.

(10) Corporate Social Responsibility: CSR





Policy and Overview

The Company is committed to proceeding its management and business practices with full awareness of the importance of the corporate social responsibility and stakeholders, including shareholders, customers, suppliers, employees, communities and the society in its vicinity. Guidance was provided for all employees to deal with stakeholders on the principles of good corporate governance. Campaigns are initiated to raise awareness and encourage the employees to be part of communal activities aiming to improve the lives of workers and surrounding communities. The policy and guidelines were set to cover the four-dimension of sustainable development:

(1) Environment

The company is committed to environmentally responsible operations with the following principles:

- Follow and comply with laws and regulations relating to the environment.
- Development and improvement of production processes and management systems to eliminate waste from factory pollution that affect the environment in accordance with the environmental standard ISO14000: 2015.
- Raising awareness among staff at all levels of responsibility for the environment both inside and outside the manufacturing plants.
- Action plans are implemented and monitored continuously.
- Improvement of the area within and around the plant to become the Green Plant.

(2) Safety and Occupational Health.

Safety and occupational Health must be priority in the all practices of the employees. It is the company's basic responsibility and an essential factor to success with sustainable growth. The following policies and practices are given:

- Always in Compliance with laws and regulations related to safety and hygiene.
- Control and limit the risk of unsafe operation.
- Provide protection measures and protective equipment all the while of the employees' work.
- Provide consistent training to prevent accidents and to resolve accidents.
- Establishment of Safety, Occupational Health and Environment Committee to initiate plans, monitor, and evaluate implementations as required by the plans.

(3) Resources Preservation

The Company recognises the importance of using resources efficiently. The strategic management of resources are set as follows:

(a) Energy Preservation.

- Use biogas from wastewater treatment as renewable fuel.
- Reduce electricity consumption by using high efficiency and energy saving equipment.
- Provide Energy Audit to manage electricity use for maximum performance.
- Provide training for employees to understand and recognise their responsibility in energy saving in every function of the factory.

(b) Water Resources and Wastewater Treatment.



- Check fresh water treatment systems and equipment in the pipeline on schedule to prevent the loss of water from leakage or malfunctioning of devices.
 - Reuse water from the sewage treatment system in the production process of ethanol.
 - Check water quality regularly to avoid the impact of ethanol production.
 - Do not drain the treated waste water out of the plant to external areas, in order to conform with the Zero Discharge standard.
 - Promote the consumption of water economically.
- (c) Management of Air Pollution.
- Improve the efficiency of biogas systems to prevent gas leakage, on a regular basis.
 - Check fuel combustion as scheduled to enhance the quality control of air emitted from the chimney to be complied with standards set by the Department of Industry.
 - Inspect air quality every six months.

(4) Community

The company recognises that "society" is an important mechanism to drive the company's business to achieve sustainability and solid growth. The company sees that development should extend from the small society within the organization where employees are essential to strengthen competitiveness to the larger communal society, and to the nation as a whole. Various activities are carried out to achieve the goal set by the company.

(a) The Enterprise

- Develop skills of the employees at all levels and create a knowledge-based organisation to achieve Competence Management.
- Encourage participation among employees and urge them to express their opinions towards the organisation.
- Encourage employees to participate in community development.

(b) Community

- Preservation of resources and environment.
- Promote and improve quality of life.
- Promote education and learning among youths in the community.
- Promote learning, cultural awareness, moral and religious values among youths as to build a strong foundation for them to improve their the quality of life.

(c) Nationally

- Support environmental preservation.
- Support learning and raising awareness of social responsibility among youths.

Operation and Reporting

The Company is in the process of project initiation to reflect that business development can go hand in hand with social responsibility. A CSR task force was established and the company has appointed an expert as a consult to the working team. In the beginning stage, the CSR team planned to launch a sustainability report to disseminate to personnel involved to encourage their awareness of the company's CSR policy and operations. Focuses are set on making energy cleaner and sustainable growth, which serve the company's vision "As a leader in the development of renewable energy to environmental and social quality".

The policy of doing business on clean energy has been cultivated to become the corporate culture which display in the care of the environment of both inside and outside the organization, as well as the community in vicinity and other people involved. The Company



recognises the importance of good corporate governance, integrity, accountability, and transparent disclosure of information. Moreover, the company always makes sure that its operations are performed in compliance with laws and regulations in all respects. These values are mechanism to enhance the company's business operations to grow and continue to progress along with all stakeholders to achieve sustainable and continuous improvement.

Furthermore, the company is committed to environmentally friendly operations. Focusing on development and improvement of the production processes and environmental management, the company, however, is devoted to work for social responsibility both within and outside the organization, and on networking society.

Green principle was developed to reflect sustainable development to ensure implementation of the scheme for social responsibility. The company's policy stated that all employees and all staff working on behalf of the company must acknowledge and uphold the policy. The involved agencies are responsible for creating and maintaining good relationships with all stakeholders and provide a channel of communication and comment feedback.

Stakeholders

Shareholders and Investors

Shareholders and investors of the company means all shareholders funds, investors, and securities analysts, as well as interests in earnings and changes in the price of securities of the company. The company operates its business with honesty, integrity and ethics, with an intention to develop the business to achieve progressive growth. Aiming to generate a reasonable return on investment to shareholders and investors continuously and sustainably, the company is committed to functioning by adhering to the principle of treating shareholders equally and with respect.

Customers

The company is committed to the production and distribution of ethanol for use as fuel with standardised quality, by taking into account safety standards in its operations. Recognising the importance of customer satisfaction, the company injected the ISO 9001: 2015 quality standard into the enterprise and created the corporate quality policy, saying "Creating awareness of and attention to the needs of customers in a responsible manner with sincere and speed". With regard to continuity of the business operations, the company is determined to follow its development policy featured as "Continuous development and improvement of production processes".

Suppliers and/or creditors

The company's policy demands creating good relationships with business suppliers and/or creditors. Based on mutual support of both parties, the company operates its businesses with respect to all suppliers and/or creditors, and treats them equally for the best interests of the company. All are executed in compliance with the covenants to avoid situations causing conflicts of interest and to achieve mutual benefits for all parties.

Competitors

With a policy defining the treatment of competitors, the company adheres to the rules of fair competition. The enterprise will not chase after confidential information of the competitors in dishonest or inappropriate mean. The competition will be conducted fairly



and without distortions or using any fraudulent or incorrect path that offends good competition.

Staff employees

The company draws its special attention to the employees. Emphasis is placed on working conditions that must be safe and hygienic, and with safety conscious among the workforce, which is an important asset of the company. It is the employees who contributes to promoting and helping the organisation to achieve its business goals. With respect of human rights, the company launched a policy to provide staff employees with development for them to achieve a better quality of life. Good conditions of employment, safety, welfares and fair manner are provided, as well as opportunities to develop their proficiency. The company has a commitment to environmentally friendly practices. Aiming to prevent defect incidents or accidents, the operation processes are done accordingly to the rules and regulations to eliminate any negative impact on the employees and environment.

Government and regulators

The company is functioning with an aim to strengthen and improve the prosperity of the country as a whole. Abided by the laws, regulations, rules, and regulations, the enterprise progresses along with the respected traditional business trail. It also cooperates fully with the government and regulators to build knowledge and understanding of renewable energy industry, and continues to develop for Thailand to have sustainable energy in all forms. To achieve the breakthrough, the company focuses on information exchange, links, and exchange of technology among entrepreneurs from abroad. Provision of suggestion to the development of the industry and lectures to create new knowledges are also essential for good understanding of the society on the country's energy progress.

Community and Society

As a responsible member of community and society, the company will walk side by side with them. Before the establishment of the project to develop renewable energy, the company conducted a hearing procedure for people in the nearby communities to express their opinions and give comments, at the same time, the company provided them with clear information and answered all queries. The company allowed the public in the surrounding area to join in the project operation from the beginning. When completed, the company opened for those living in the area not far from the project and were capable and interested in the renewable energy business to apply to work with the company. Thus, the bond between the company and the locals was created, resulting in a complementary relationship and a sense of involvement in the community development.

In addition, the company focuses on the compliance with standards relating to safety, security, health and the environment. It takes into account the impact on the environment, natural resources, the company, and surrounding communities. To promote awareness of the aforementioned values is one of the company's significant tasks, which also include supporting youth education, religion support, activities for public benefits, community and society development, environmental preservation, and natural resources conservation.

Guidelines on Roles of Stakeholders.

The Company's framework as publicised in the Annual Report (Form 56-2) and on the company's website demands every member in the organisation to adopt and follow the practical guidelines in respect of the rights of all stakeholders. Whether they are the company's members – employees and executives – or external stakeholders, such as



shareholders, creditors, competitors, customers, suppliers, society, and the environment, the company will not allow any action to violate the rights of those stakeholders.

Measures or means are provided to encourage the engagement of stakeholders. Disclosure of relevant information on various issues is well managed for all stakeholders. They can send reports and/or complaints directly to the company or through the Audit Committee, without management attendance, by post or E-Mail Address: suphachai@thaiagroenergy.com, without revelation of the senders' names. Upon the complaints, the Audit Committee will conduct investigation and present the result to the Board to determine a reasonable compensation and appropriate measures to prevent the violation. This will be done on a case by case basis.

The Company established rules, conditions and a method to report on interests of directors, executives and associated individuals, in accordance with Section 89/14 of the Securities and Securities Exchange Act (4th issue) B.E. 2551. Safety and environment policies were founded as well. Employees are encouraged to follow such policies to ensure all parties involved that the company is fully aware of safety and the environment and well prepared for constantly evolving.

Operations affecting social responsibility

The Company has not legal dispute or being accused on implementation causing environmental impacts. Recognises the meaning of dependable and supportive community, along with its business functions, the company has dedicated to development of the communities around the plants. Public utilities, such as roads, and sewers were developed. The responsibilities extend to creating jobs for the community and organising joint activities for major festivals, resulting a good relationship between the company operation and community.

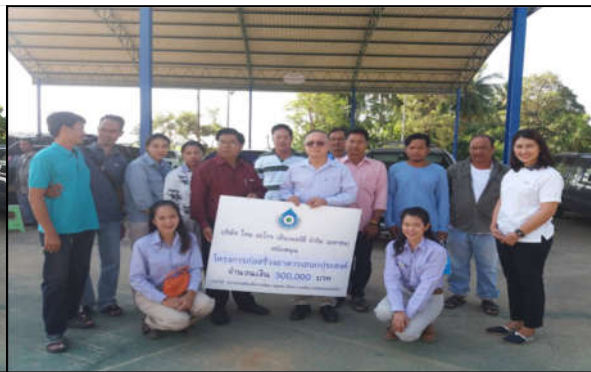
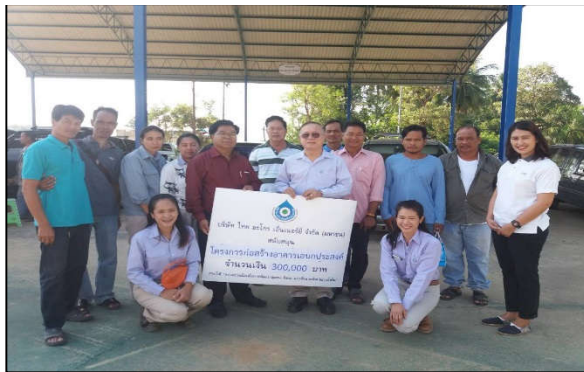
Social activities 2018

Since 2017, the Company collaborate with community leader and representatives of the villagers around the factory at Suphanburi province to found the committee of "Cooperation for Community Development Social and environmental sustainability". In 2018, the project was completed, with details as follows.

Project	Amount (Baht)
1.The Project to build toilets for people in community.	150,000
2.The Project to buy exercise machine.	106,900
3. The Project to build multipurpose building.	300,000
4.The Project to embed drainage pipe with manhole, 138 Metres.	336,000
5.To give air conditions to elderly service center .	70,620
6.To Support the youth football competition, Suphan Buri Provincial Administration Organization.	2,500,000
Total amount	3,463,520



Children days activities, giving presents to students at Baan Sa Bua Kam School



The Project to build multipurpose building at a budget of Baht 300,000 to Wat Wang Nam Jone as a part of Cooperation for Community Development Social and environmental sustainability project.



The Project to embed drainage pipe with manhole at village no.7 Baan Sa Bua Kam, distance 138 Metres at a budget of Baht 339,000, for preventing the flood. This project is a part of Cooperation for Community Development Social and environmental sustainability project.



The Project to build toilets for people in village no. 15 Nhongmakhamong, Danchang, Suphanburi at a budget of Baht 150,000 as a part of Cooperation for Community Development Social and environmental sustainability project.



The Project to buy exercise machine at a budget of Baht 106,900 to village no. 10 Nhongmakhamong, Danchang, Suphanburi as a part of Cooperation for Community Development Social and environmental sustainability project.



To give 3 air conditions to elderly service center, Nhongmakhamong, Danchang, Suphanburi at a budget of Baht 66,000 as a part of Cooperation for Community Development Social and environmental sustainability project.

Prevention of corruption participation

The Company is committed to anti-corruption principles and opposing all forms of corruption. The Board of directors defined a policy to fight against corruption and encourage its members, management, and employees at all levels to be aware of the dangers of corrupt activities. The Board emphasise the cultivation of righteous values among the company's personnel to increase confidence of all stakeholders and develop the enterprise to obtain long-term sustainability.

Directors, executives and employees at all levels of the company are prohibited to take action or to accept corruption of all forms both directly and indirectly. The prohibition extended to all the company's businesses domestically and internationally, and to all agencies involved. Inspections and reviews on activities to support the anti-corruption policies are regularly conducted. Practices and requirements of various operations are reviewed to be updated and able to keep pace with business changes. Regulations and provisions of relevant laws are defined as follows:

- (1) Directors, executives, and employees at all levels must adhere to the company's anti-corruption policy. They must not not involve in any unethical business or corrupting activities, whether directly or indirectly.
- (2) All employees shall not overpass corruption-related acts that may affect the company. They must notify the incident to a superior or personnel in charge and cooperate in the investigation. If in doubt, consult a supervisor or personnel assigned by the company to perform business ethical control.
- (3) The company will ensure fairness and protect employees who report corruption related to the company. Protective measures for complainants or who cooperate in



fraud reporting were provided with the company's specifications and guidelines to identify complaints of stakeholders.

- (4) Those who commit fraud, corrupt, and unethical business actions must be considered receiving disciplinary punishment as regulated by the company. Furthermore, they may have to be punished by law, if the action is illegal.
- (5) The company has to disseminate its anti-corruption procedures to other individuals who are dealing with the company's business for good understanding and encourage them to comply with the procedures.
- (6) To operate in accordance with the anti-corruption principles, the company has implemented various approaches, summarised as follows:
- (7) Policy against corruption was imposed to cover the personnel administration thoroughly, from the nomination process and personnel selection to promotion, training, evaluation, and to remuneration. Supervisors at all levels have to communicate with employees to understand the business activities in their care and must monitor all works to ensure efficiency with effectiveness in the employees' performance.
- (8) For functions with high-risk of corruption, the company's executives and all employees must operate with caution, especially in the following matters:
 - (a) Do not offer to pay or agree to pay bribes, or demand bribes from any person or entity, in any form, whether directly or indirectly.
 - (b) Receiving or giving donations or grants must be transparent and legitimate to ensure that donations or funds not be used as an excuse for bribery.
 - (c) Do not accept or give bribes in business operation of all kinds. Whether it is the company's own operations or a dealing with public sector, it must be performed with transparency and integrity, and in accordance with the laws seriously.

(11) Internal control and risk management

Report of Audit Committee

Board of Directors defined that Audit Committee is independent from the Board. During 2018, Audit Committee held a total of 9 meetings to consider many significant issues independently. The committee also has meetings with accounting auditors, internal auditors and managers are invited to attend the meetings to give further information and clarification adequately. Summary of the meetings is as follows:

Name-Surname	Position	No. of attendance / No. of meeting in 2018
1. Mr. Padetpai Meekun-iam	Audit Committee Chairman	9/9
2. Mr. Virach Aphimeteetamrong*	Director	9/9
3. Mr. Satit Chanjavanakul	Director	9/9

The Audit Committee reported its performance to the Board of Directors as a result of operation of the Audit Committee are as follows.

- (1) Reviewing the Company's quarterly and annually financial statements for year 2018. It was agreed that they were accurate and reliable. They were



duly prepared in conformity with the generally accepted accounting standards with sufficient and appropriate disclosure of information.

- (2) Consider the internal audit plan and scope for the year 2018, covering significant risks as well as anti-corruption practices. And the adequacy of the Company's internal control system. It has recommended the management to improve the system and the shortcomings to be more concise and more appropriate.
- (3) To review and give importance to the administration of good corporate governance in accordance with the laws relating to the business operation of the Company. It emphasizes the accuracy and completeness of information disclosed to all stakeholders fairly and equally, can be referenced and verified in a transparent manner.
- (4) Review of Acquisition and Disposition of Assets Including connected transactions or transactions that may cause conflict of interest occurred in the year 2018, the transaction is considered as a normal price and conditions of business.
- (5) To review the risk management system and anti-corruption corrupt practices in the year 2018. It recommended the management to improve the system and defects to be more concise and more appropriate.
- (6) To review progress on various lawsuits in the year 2018. It is recommended that the management closely monitor the progress of the case with the concise and appropriate.
- (7) Review the administrative process of the administration regarding clues. In the year 2018, no complaint was made through the notification channel.
- (8) To evaluate the self-performance of the Audit Committee, both individual and group, in the year 2018, to identify the strengths. Weaknesses and issues that need to be addressed. The Audit Committee has jointly considered the results of the evaluation and set up a way to improve the efficiency of the work in the next year.
- (9) To consider the selection of the auditor and fix the remuneration of the auditor from the office of EY Company Limited to be the auditor of the company for the year 2019. To propose to the Board of Directors. To nominate Annual General Meeting of Shareholders for the year 2019 appointed Ms. Kamolthip Lertwitworatthep, certified public accountant no. 4377, and/or Ms. Satida Rattananuruk, certified public accountant no. 4753, and/or Ms. Siriwan Nitamrong, Certified Public Account Registration No. 5906 of EY Office Limited, to be the financial auditor for year 2019 with the yearly audit fee of Baht 1,050,000 and the audit financial statements to present the Board of Investment (BOI) at Baht 100,000 per promotion certificate.
- (10) Considering the internal audit plan and scope for the year 2018 as well as the human resource and staff quality development of the internal audit unit to be adequate. To be consistent and able to handle the workload of duties and responsibilities efficiently, effectively.



In 2018 Audit Committee was independently performed various tasks as assigned. The Board of Directors and management emphasizes the administration that is based on the principles of corporate governance, business ethics. With a focus on risk factors that may affect the company, all functions must be carried out in compliance with legal requirements. Preparation of financial reports must be accurate and reliable, according to generally accepted accounting standards, with disclosure of information and operational transparency, and a suitable system of internal controls. The reviews found no significant defect at all.

Assessment on adequacy of internal control

Meeting of the Board of Directors No. 2/2019 on 18 February 2019 approved the evaluation results on the adequacy of internal controls which internal audit had conducted in accordance with the criteria set by Securities Exchange Commission (SEC) and in compliance with the internal control framework (COSO2013), which consists of five elements with 17 principles:

1. INTEGRITY: The organisation demonstrates its firm commitment to the values of integrity (integrity) and ethics.
2. OVERSIGHT: The Committee is independent from management, and must oversee (oversight) development and implementation of internal controls.
3. OVERSIGHT: Management has to provide a structure of reporting network to determine adequate authority and responsibility of each agency to ensure the organisation's achievement to the objectives under the supervision (oversight) of the Board.
4. Organisation demonstrates a commitment to the attracting, developing and retaining talented personnel.
5. Organisation defines personnel to be responsible and accountable for internal control operation, in order to achieve the objectives of the organisation.
6. Corporate objectives must be clear enough to identify and assess the risks which related the activities to achieving the objectives of the organisation.
7. Organisation identifies and analyses all types of risks that may affect the achievement of the objectives set for an entire organisation.
8. Organisation must consider possibilities of fraud, in its risks assessment, to achieve corporate objectives.
9. Organisation can identify and assess the changes that may cause impact on internal controls.
10. Organisation has measures to reduce risks to an acceptable level. Otherwise, this might obstruct the achievement to the objectives of the organization.
11. Organisation choose and takes corporate development activities with a common control system to help support the achievement of objectives.
12. Organization has control practices through a policy, which defines expectation and procedures to enable it practical.
13. Organisations has involving and quality information to encourage on-schedule internal control.
14. Corporate communication within the organisation shall include objectives and responsibilities of the agency on the internal control scheme. This is necessary to support the internal control to be carried out as planned.
15. Organisation has to communicate with outside agencies on issues that may have an impact on internal controls.
16. Organisation monitors and evaluates internal controls to ensure that internal controls are carried out properly and adequately.



17. Organisation evaluates internal control deficiencies on a timely manner and inform the person who is responsible, including senior management and the Board as deems appropriate.

The Board viewed that the company has internal control systems sufficiently to control transactions with major shareholders, directors, executives or related persons. To control other issues, the Board also viewed that the company has enough and appropriate internal control already.

Implementation of Internal Control

Audit Committee is responsible to verify that the company has appropriate and effective internal control and internal audit systems. It has to review of the company's performance to be conformed with the laws relating to securities and the SET, including the SET's regulations and other laws relating to the company's business operations. The committee hold a meeting, at least once every quarter to consider and take actions to correct financial reports and to define disclosure of information completely and adequately. The committee also take cares of related transaction or matters that may cause conflicts of interests to be performed in accordance with the laws relating to capital market and the SET. The company's auditor will attend the meeting with the Audit Committee to give observations on the result of the company's accounting audit.

In addition, the company also has an internal audit department to audit the company's internal controls and report to Audit Committee on a quarterly basis. However, since June 2013 until recently, the company had hired Banchi Kitjakarn Co., Ltd., an auditing firm to carry out additional monitoring and evaluation of the adequacy and effectiveness of internal control systems of critical functions. The firm reports directly to Audit Committee to leverage the corporate governance of the company. Presently, the company ended the hiring of Banchi Kitjakarn already. However, the Committee may consider hiring an internal auditor by outsource means to monitor internal control matters as deemed necessary for the operation in the future.

Audit Committee approved the appointment of Mr. Supachai kaewfueng to be Manager of Internal Audit. The approval was made on the consideration of Supachai's qualifications and experience. He was trained adequately to perform such function effectively (detailed personal data of the Internal Audit Manager appeared in Appendix 3).

Audit Committee is responsible for considering the independence of the internal audit department and comment on the appointment, removal, and relocation the incumbent internal audit manager who is responsible for internal audit within the company.

(12) Related Party Transactions

Procedures to approve transaction

Once the Company is required to make transactions with persons who may have a conflict, Board of Directors, taking into account the best interests of the Company, will request comments from Audit Committee on the need, rationale, and suitability of the transaction. Consideration will be made on conditions that must be in line with nature of normal business practices in the industry and a comparison with the third party or the market price. In case that the Committee has not expertise to consider the potential transaction, the Company will provide a specialist, such as auditors; property appraisers; and law offices; which are independent from the Company and the persons with conflict potential; to give



opinions on such transactions. The opinion will be used in the decision making procedures of Board of Directors and/or Audit Committee and/or shareholders, as the case.

In addition, the Company forbids management or other personnel who may have a conflict of interest, or stakeholders to be involved in the approval of matters relating to their interests, both directly and indirectly. The Board must ensure that the Company operates in compliance with laws, regulations, and notifications of the Securities Exchange Commission and the SET. Disclosure of information on related transactions, the acquisition or disposal of major assets of the Company or its subsidiaries must be operated in compliance with accounting standards as defined by the Accounting and CPA Thailand. The disclosure of the transactions must be noted in the remark affix to financial statements, which have been audited or reviewed by the Company's auditors, Annual Registration Statement (Form 56-1), and Annual Report (Form 56-2) upon the Securities Act and the Securities Exchange Act.

Policy and trend of transactions in the future.

Since being listed on the stock exchange, the Company has not used credit lines in conjunction with LANNA RESOURCES Public Company Limited, due to a condition of a commercial bank. The bank will offer credits to the company on a condition that after being listed, Bank will consider providing financial support to the Company within limits of the credit facilities combined with LANNA RESOURCES Public Company Limited. However, in the future, if the Company has to do transactions with persons who may have a conflict of interest, the Company must continue to comply with the measures and procedures for approval as set by the Company. The Company's directors and stakeholders who have an interest conflict will not be able to participate in the approval process of such transactions. So, the decision to enter into such transactions will not give rise to conflicts of interest and will provide the best interest for all shareholders.