

## Part 2 Management and Corporate Governance

### 7. Securities and Shareholders Information

#### 7.1 Registered and Paid-up capital

As of 31 December 2018, the Company has registered capital of 120 Million Baht, paid-up capital of 120 Million Baht, comprising of 480 million ordinary shares.

#### 7.2 10 Major Shareholders as at 14 March 2018

Shareholders	Nr. Of Shares	%
1. Mr. Noppachai Veeraman	123,065,064	25.64%
2. Mr. Fung Meng Hoi	60,372,200	12.58%
3. Mr. Taweechat Jurangkool	21,537,000	4.49%
4. Mr. Komin Krodmee	20,196,582	4.21%
5. K-SME Venture Capital Co., Ltd	15,012,000	3.13%
6. Mr. Araya Surihan	7,769,800	1.62%
7. Ms. Sunanta Wanwat	5,218,867	1.09%
8. Mrs. Chollakarn Jittakul	4,800,000	1.00%
9. Dr. Sunthorn Sriphratchayaan	4,491,000	0.94%
10. Mrs. Kunthong Udommahuntisuk	4,451,900	0.93%
11. Other shareholders	213,085,587	44.39%
<b>รวม</b>	<b>480,000,000</b>	<b>100%</b>

#### Shareholding by Directors, Management, and Related Persons

Name	Position / Relation	Shareholding	%
<b>Mr. Sanpat Sopon</b>	Chairman, independent director and member of the Audit Committee, and member of the Nomination and Remuneration Committee	-None-	-
• Mrs. Wijitra Sopom	Spouse of Mr. Sanpat Sopon Remark: No underage children	-None-	-
<b>Assoc. Prof. Dr. Prakit Tangtisanon</b>	Director, Independent director and member of the Audit Committee, and Chairman of the Nomination and Remuneration Committee	-None-	-
• Mrs. Kullaya Tangtisanon	Spouse of Assoc. Prof. Dr. Prakit Tangtisanon Remark: No underage children	-None-	-
<b>Mr. Mongkol Kasaemsun Na Ayudthaya</b>	Director, Independent director and Chairman of the Audit Committee, and member of the Nomination and Remuneration Committee	-None-	-
• Ms. Pornpicha Thamrongvinichai	Spouse of Mr. Mongkol Kasaemsun Na Ayudthaya Remark: No underage children	-None-	-
<b>Mr. Kritsana Thaidumrong</b>	Director	-None-	-
• Ms. Nittaya Aniwattanakul	Spouse of Mr. Kritsana Thaidumrong Remark: 3 Underage children	-None-	-
	1. Punnathorn Thaidumrong 14 Years old	-None-	-
	2. Punnathat Thaidumrong 14 Years old	-None-	-
	3. Primpraepraw Thaidumrong 4 Years old	-None-	-

Name	Position / Relation	Shareholding	%
<b>Mr. Noppachai Veeraman</b>	Director, CEO, and Managing Director	123,065,064	25.64
• Mrs. Pawanna Veeraman	Spouse of Mr. Noppachai Veeraman Remark: 3 Underage child 1. Mr. Chanin Veeraman 17 Years old	-None-	-
<b>Mr. Fung Meng Hoi</b>	Director Remark: No spouse, No underage children	60,372,200	12.58
<b>Ms. Benjarat Hattachanchai</b>	Director, Executive Director, AMD-Finance and Accounting Remark: No spouse, No underage children	85,512	0.02
<b>Ms. Sunanta Wanwat</b>	Director, Executive Director, AMD-Innov Green Solutions Co., Ltd (the Subsidiary)	5,218,867	1.09
• Mr. Thanapun Intrakasorn	Spouse of Ms. Sunanta Wanwat Remark: No underage children	-None-	-
<b>Ms. Phornphan Nilprasit</b>	Executive Director, AMD-Logistics	547,062	0.11
• Mr. Thanabul Pongruk	Spouse of Ms. Phornphan Nilprasit Remark: No underage children	255,714	0.05
<b>Mr. Komin Krodmee</b>	Executive Director, AMD-Production Management	20,196,582	4.21
• Ms. Nucharin Siwanukro	Spouse of Mr. Komin Krodmee Remark: 2 underage children 1. Ariya Krodmee 9 Years old 2. Ariyaa Krodmee 8 Years old	-None-	-
<b>Mr. Thammasak Chobchai</b>	Executive Director, AMD-Engineering and Customer Services	2,649,415	0.55
• Mrs. Sunicha Chobchai	Spouse of Mr. Mr. Thammasak Chobchai Remark: 1 underage child 1. Punnaporn Chobchai 14 Years old	-None-	-
<b>Mr. Sanchai Sriwiboon</b>	Executive Director, AMD-International Business Remark: No spouse, No underage children	3,753,907	0.78

### 7.3 Other securities issued

-None-

### 7.4 Dividen payment policy

The dividend payment policy of the Company and its subsidiaries has set by not less than 40% of net profit after tax of separate financial statement and deduction of legal reserve and other deposits. However, the Company and its subsidiaries may consider paying the dividend less than the above rate or not to pay the dividend, subjecting to economy, performance, financial status, and liquidity of the Company and its subsidiaries, including their necessity in utilization of working capital for business operation and expansion

However, resolution of the Board of Directors on approval of the dividend payment must be presented to a shareholders meeting for consideration of approval such dividend payment; except on interim dividend payment. The Board of Directors is authorized to approve the interim dividend payment, and then report to the next general meeting of shareholders.

## 8. Management Structure

### 8.1 The Board of Directors and Subcommittee

As of 26 February 2019, the management structure of the company consisting of 4 sets of committees: the Board of Directors, Audit Committee, Nomination and Remuneration Committee, and the Executive Committee the details are as follows:

#### 8.1.1 The Board of Directors

Name	Position	Number of meeting attended/ Total numbers of meeting in 2018
1. Mr. Sanpat Sapon	Chairman, independent director and member of the Audit Committee, and member of the Nomination and Remuneration Committee	6/6
2. Assoc. Prof. Dr. Prakrit Tangtisanon	Director, Independent director and member of the Audit Committee, and Chairman of the Nomination and Remuneration Committee	6/6
3. Mr. Mongkol Kasaemsun Na Ayudthaya	Director, Independent director and Chairman of the Audit Committee, and member of the Nomination and Remuneration Committee	6/6
4. Mr. Kritsana Thaidumrong	Director	5/6
5. Mr. Fung Meng Hoi	Director	4/6
6. Mr. Noppachai Veeraman	Director and Managing Director	6/6
7. Ms. Sunanta Wanwat	Director	6/6
8. Ms. Benjarat Hattachanchai	Director	6/6

Among the Board of Directors, four have been appointed as authorized directors, namely, Mr. Noppachai Veeraman, Mr. Fung Meng Hoi, Ms. Sunanta Wanwat, and Ms. Benjarat Hattachanchai. Any two of the authorized directors are authorized to sign jointly on behalf of the Company.

In addition, Ms. Mallika Trakoolthai, the Executive Director, had been appointed as the Company secretary and Secretary of the Board of Directors.

#### 8.1.2 Audit Committee

Independent directors had been appointed as members of the Audit Committee who have complete qualifications according to the Notification of the Capital Market Supervisory Board No. Tor Jor. 28/2008 Re: Approval for Issuance and Offering for Sale of Shares dated 15<sup>th</sup> December 2008 (include any revision).

Name	Position	Number of meeting attended/ Total numbers of meeting in 2018
1. Mr. Mongkol Kasaemsun Na Ayudthaya	Chairman	4/4
2. Mr. Sanpat Sapon	Member	4/4
3. Assoc. Prof. Dr. Prakrit Tangtisanon	Member	4/4

Member of the Audit Committee who has full understanding of, and experience in, accounting or finance, for reviewing the reliability of the financial statements is Mr. Mongkol Kasaemsun Na Ayudthaya.

The secretary of the Audit Committee is Miss Jariyaporn Akkarawong.

### 8.1.3 The Nomination and Remuneration Committee

	Name	Position	Number of meeting attended/ Total numbers of meeting in 2018
1.	Assoc. Prof. Dr. Prakit Tangtisanon	Chairman	1/1
2.	Mr. Sanpat Sapon	Member	1/1
3.	Mr. Mongkol Kasaemsun Na Ayudthaya	Member	1/1

Ms. Mallika Trakoolthai, the Secretary to the Nomination and Remuneration Committee, since 26 February 2019.

In accordance with the Code of Conduct and the Charter of the Nomination and Remuneration Committee, the Nomination and Remuneration Committee Meeting should be held twice a year. In the year 2018, the Nomination and Remuneration Committee held only one meeting to be in line with the business situation. Anyhow, the Committee regularly monitors the progress of its work on a regular basis.

### 8.1.4 Executive Committee

	Name	Position	Number of meeting attended/ Total numbers of meeting in 2018
1.	Mr. Noppachai Veeraman	Chairman of the Executive Board *	5/5
2.	Ms. Benjarat Hattachanchai	Executive Director *	5/5
3.	Ms. Sunanta Wanwat	Executive Director *	5/5
4.	Ms. Phornphan Nilprasit	Executive Director	4/5
5.	Mr. Komin Krodmee	Executive Director	4/5
6.	Mr. Sanchai Sriwiboon	Executive Director	5/5
7.	Mr. Thammasak Chobchai	Executive Director	5/5
8.	Ms. Mallika Trakoolthai	Executive Director and the Secretary to the Executive Committee	5/5

Remarks: \* The Board of Directors of the Subsidiary.

### 8.2 Management

	Name	Position
9.	Mr. Noppachai Veeraman	Managing Director
10.	Ms. Benjarat Hattachanchai	Assistant Managing Director, Finance and Accounting
11.	Ms. Sunanta Wanwat	Assistant Managing Director, Business
12.	Ms. Phornphan Nilprasit	Assistant Managing Director, Logistics
13.	Mr. Komin Krodmee	Assistant Managing Director, Production Management
14.	Mr. Sanchai Sriwiboon	Assistant Managing Director, International Business
15.	Mr. Thammasak Chobchai	Assistant Managing Director, Engineering and Customer Services

### 8.3 Company Secretary

The Board of Directors' meeting No.6/2013 had the resolution to appoint Miss Mallika Trakoolthai to be the Company secretary starting from October 21, 2013. The scope of work, authority, and responsibilities according

to section 89/15 and section 89/16 of Securities and Exchange Act (Volume 4) B.E. 2551 (A.D. 2008), which was effective since 31<sup>st</sup> August 2008. The Company secretary has the following legal roles.

- 1) Preparing and maintaining the following documents
  - a) Director profile
  - b) Notice and minutes of the board meeting, annual report, notice and minutes of shareholders meeting
  - c) notice and minutes of shareholders meeting
- 2) Maintaining directors and management's report on conflict of interest, and submit the report according to section 89/14 to the president and chairman of the Audit Committee within 7 working days after receipt of the report.
- 3) Performing other duties as required by the Capital Market Supervisory Board

In case the Company secretary resign or fail to perform the duty, the Board shall appoint new secretary within 90 days from the date of resignation or failure to perform the duty. However, the Board is entitled to assign one of directors to perform the work during such period.

In addition, the Company secretary also has the other responsibilities upon the Company's assignment as follows:

- 1) Arranging the Board of Directors' meeting and shareholders' meeting
- 2) Coordinate with other departments in the Company to make them comply with the resolutions of the Board of Directors' meeting and shareholders' meeting
- 3) Coordinate with the government section such as the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and control for completion and accuracy of information disclosure and report submitted to the government section and public according to law.
- 4) Providing orientation to new appointed director
- 5) Performing other duties as assigned by the Board.

Miss Mallika Trakoolthai has passed the training course for the Company secretary (Class of 28) and the course of fundamental law for registered company (class of 10) from Thai Listed Companies Association. Company Secretary Information is in Appendix 1.

#### 8.4 Remuneration for the Board and Management

The annual general meeting of shareholders' 2017 held on 20 April 2017, had the resolution to approve remuneration for independent directors and the non-executive directors, by considering based on roles and responsibilities to supervise and control the Company's operation. The consideration has been made in comparison to the industry, experience, duty, scope of role and responsibility, including benefits expected to be received from each directors as per the following details:-

##### 8.4.1 Remuneration for the Board of Directors

	Attendance fee for chairman	Attendance fee for member
Board of Directors	30,000 Baht/Meeting	20,000 Baht/Meeting
Independent director as member of Audit Committee	30,000 Baht/Meeting	20,000 Baht/Meeting
Nomination and Remuneration Committee	30,000 Baht/Meeting	20,000 Baht/Meeting

Remuneration for the board comprises meeting attendance fee, which is subjected to number of meeting attended. However, subject to the rule of remuneration consideration, members of the board and/or any subcommittee, the Company's director and/or member of sub committee who are the Company's executives or

employees shall not receive the remuneration for the board and/or member of subcommittee. In 2018, the Company paid remuneration for the board and member in subcommittee as follows:-

Name	The Directors' Remuneration of 2018 (Baht)				
	The Board	Audit Committee	Nomination and Remuneration Committee	Independent Director and NED	Total
1. Assoc. Prof. Dr. Prakit Tangtisanon	200,000	90,000	30,000	30,000	350,000
2. Mr. Sanpat Sapon	140,000	130,000	30,000	20,000	320,000
3. Mr. Mongkol Kasaemsun Na Ayudthaya	140,000	90,000	40,000	20,000	290,000
4. Mr. Kritsana Thaidumrong	120,000	-	-	-	120,000
5. Mr. Fung Meng Hoi	80,000	-	-	-	80,000
6. Mr. Noppachai Veeraman <sup>1)</sup>	-	-	-	-	-
7. Ms. Benjarat Hattachanchai <sup>1)</sup>	-	-	-	-	-
8. Ms. Sunanta Wanwat <sup>1)</sup>	-	-	-	-	-
Total	680,000	310,000	100,000	70,000	1,160,000

Remark: <sup>1)</sup> Members who are the Company's executives or employees those shall not receive remuneration for the board and member of sub committee are Mr. Noppachai Veeraman, Ms. Sunanta Wanwat, and Ms. Benjarat Hattachanchai

#### 8.4.2 Remuneration of the Executive Committee and Management

The annual shareholders' meeting 2018, dated 26 April 2018, had the resolution to approve remuneration of the Executive Committee in term of attendance fee, which will be paid at Baht 30,000 per meeting for the chairman and Baht 20,000 per meeting for the member.

However, members of the Executive Committee who are the Company's executives or employees shall not receive the remuneration of the Executive Committee. Currently, the members of the Executive Committee are the Company's executives.

In addition, the Company has the remuneration of executives in term of salaries, bonuses, position allowance, allowance, social security contributions. In 2018, the amount of remuneration paid to the Executive Committee and Executives are as follow:-

	2017	2018
Numbers of Directors and Executives (persons)	8	8
Total remuneration (Baht)	12,704,810.00	10,487,900.00

The remuneration of the management of the Company and its subsidiaries decreased compared to the year 2017 because the management had supported the company by requesting to reduce the benefits for their own welfare such as travel expenses

#### 8.4.3 Other Compensation

Provident Fund: The Company provides provident fund for the executives by making contributions of 2% and let the executives deposit at 2% of salary.

- In 2017, the Company made the contributions of Baht 245,340 to the provident fund for 8 Managerial persons
- In 2018, the Company made the contributions of Baht 220,024 to the provident fund for 8 Managerial persons

Employee Joint Investment Program: The Company contributed for Management Level in the investment program for accumulative buying of the Company's shares on periodic basis by the employees of the Company.

- In 2017 total 227,985 Baht for 8 Managerial persons
- In 2018 total 465,468 Baht for 8 Managerial persons

## 8.5 Employee

The Company strives on human resource management and development to retain employees who have skill, capability, and experience for enhancement competitiveness of the Company.

As of 31 December 2018, the Company and its subsidiary have 231 employees. The compensation, e.g. salary, overtime, commission, bonus, allowance, intelligent allowance, social security contribution, provident fund deposit, EJIP contribution and other allowance, are around Baht 81,766,392.50 Baht. Number of employees in each section comprise of:

As of 31 December 2018 (Persons)	
Management	8
Retail Business	33
International Business	3
Finance and Accounting	20
Logistics	36
Production Management	17
Engineering and Customer Services	53
Human Resources	11
Event Rental Business	24
Quality Assurance	3
Others <sup>1)</sup>	9
Innov Green Solutions (Subsidiary)	14
Total	231

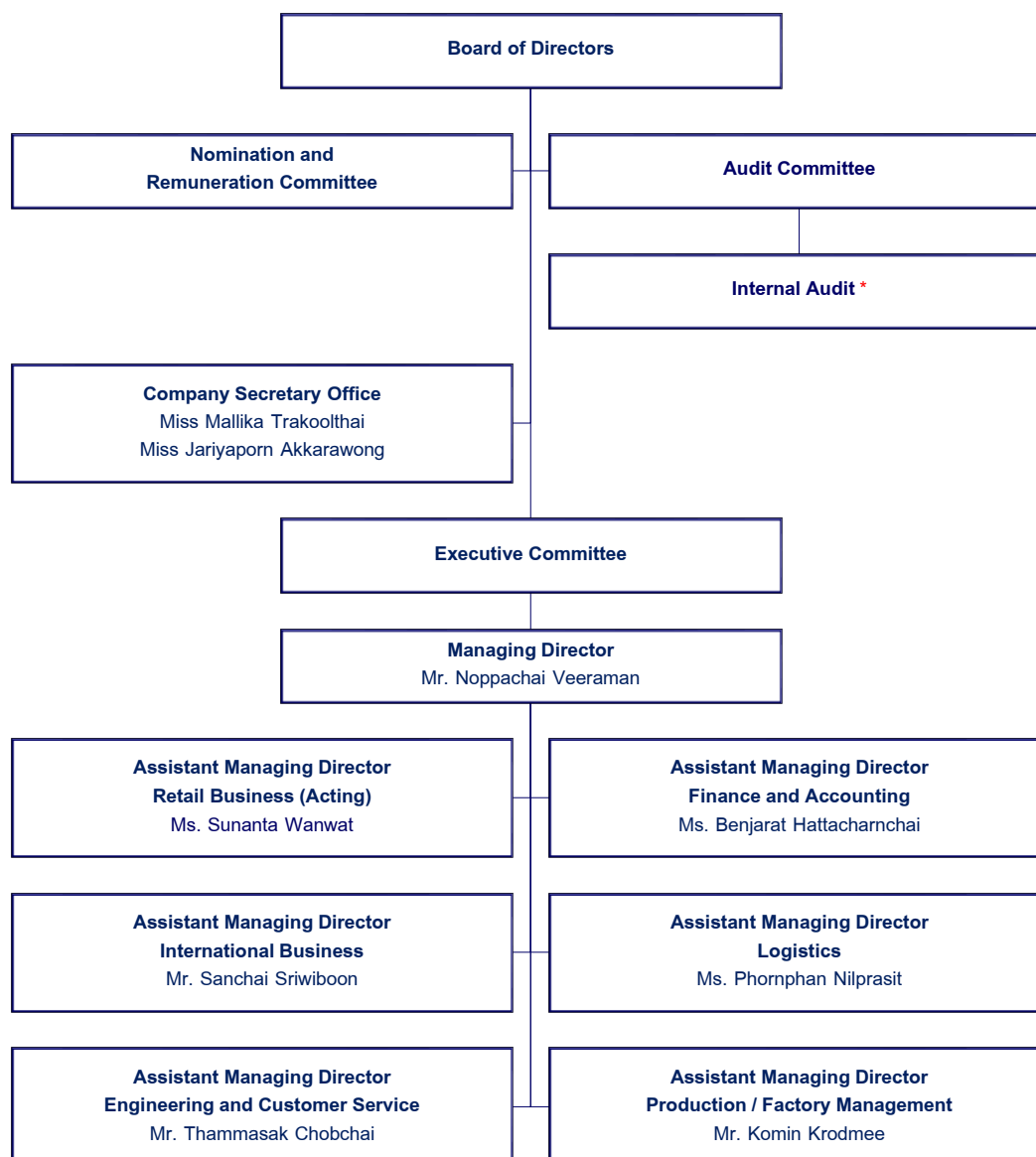
Remark: Others<sup>1)</sup> : Company Secretary Office 1, Managing Director Office 1, MIS Department 2, R&D Department 3 and Purchasing Department 2

The Company and its subsidiary have no labor dispute and devote to develop skill, knowledge, capability, and competency of employees at all level. The details of employee development plan are as follows:-

- Continuously develop the board and executives, i.e the Board of Directors, the Audit Committee, Management, and the Company/Corporate Secretary, to increase their work capability by enhancing and supporting them in term of education, training, seminar, and domestic and international field study.
- Prepare training road map for each position to recruit right person with good career path, including ready for replacement, including succession plan for the Executives.
- Build up employee awareness for working based on code of conduct and good governance by admiration and support good person.
- Enhance employee's development by mean of coaching and on the job training. Also enhance employee to engage in organization culture, ownership attitude, hold team work concept, provide good service, and bring satisfaction to either inside or outside customers.

## 8.6 Management Structure

As of 1 January 2019



\* The Company hires ACC-PLUS Consultant Company Limited to perform internal audit of the Company and its subsidiary. Miss Wanna Maluengnont (Managing Director of ACC-PLUS Consultant Company Limited) is head of internal audit team

## 9. Corporate Governance

### 9.1 Corporate Governance Policy

The Board of Directors approved policy of corporate governance which is in line with “the Code of Best Practices for Directors of Listed Company” stipulated by Stock Exchange of Thailand. The principle consists of the following 5 chapters as follows:-



## Chapter 1: The Right of Shareholders

The company gives precedence to basic rights of shareholders such as rights to trade and transfer their own shares, rights of receiving profit dividend of the company, right of receiving information of the company sufficiently, rights of shareholder's meeting, giving opinions, appointing or removing committee, appointing auditor and matters affecting the company like dividend allocation, specification or amendment of regulation and memorandum of association etc. without any actions that violate or deprive rights of the shareholders as well as promotes shareholder to use their rights.

Apart from basic rights, the company has a policy for operations that promote and facilitate using rights of shareholders as follows

- 1) Providing annual general meeting by it is arranged within 4 months from the end date of each accounting year by providing information, date, time, place and agendas along with delivery of the supporting documents of each agenda to shareholders in advance for at least 7 days and publish in newspaper to appoint date and time of meeting for 3 consecutive days before the meeting starts 3 days prior. It is specified that each agenda requires comments of the committee and complete minutes so that the shareholders can audit it.
- 2) The company will publish information supporting agenda to shareholders in advance on website of the company including inform rights and regulations in meeting as well as procedures of voting of shareholders in meeting to give a chance for shareholders to study information before the meeting.
- 3) In case the shareholders cannot attend the meeting, the company gives a chance for them to give a proxy to independent committee or any person to attend the meeting as the substitute to support using rights of shareholders to vote by using power of attorney delivered by the committee together with the invitation to meeting i.e. proxy (form B) which is the specific proxy form and proxy (form C) which is the proxy form for the foreign investor appointing the custodian in Thailand.
- 4) Before the meeting, shareholders can send opinions, suggestions and inquiries in advance through E-mail: comsec@masterkool.com

For meeting, the company will allocate proper time to promote shareholders to give opinions or suggestions including inquiries in each agenda relevant to the company.

## Chapter 2: Equal Treatment to Shareholders

The company has a policy to treat every shareholder equally to monitor and give opinions about operation of the company by independent committee is responsible for taking care of minor shareholders and that they can give suggestion, opinions, or complaint to independent committee. The independent committee will consider for appropriate operation. For instance, if it is complaining, the independent committee will verify fact and find proper treatment.

The company's committee has specified a measure to prevent using internal data for undesirable purpose of the relevant people including committee, executives, officers and employees of the association related to data (including to spouse and immature children of those people) not to use internal data that has not been published to trade, transfer and accept transfer securities of the company for 30 day during the period before presenting tranche financial statement to SEC or before such data is publicized and the punishment has been stipulated for disclosing data of the company or using company's information for personal benefit according to the policy of Internal Data Utilization Prevention along with giving knowledge to committees and board of directors of the company about reporting security possession to Office of Security

## Chapter 3: Roles of Stakeholders

The company has recognized rights of all stakeholders relevant to the company including internal stakeholder such as shareholder, employees and board of directors of the company or external stakeholders

including opponent, trade partner, community and society etc. The company has deeply realized that supporting and listening to opinion as well as building good relationship with all shareholders would be beneficial to business operation and development of the company with growth and expansion in the future. The company provided rights of all groups to be treated fairly and equally along with complying with regulations of law and rules as follows.

- Shareholder: The company emphasized on being a good representative of shareholders to operate business for satisfaction of shareholders by being aware of long-term value growth of the company along with having good control system and internal audit system that can disclose information transparently, correctly and completely enough for decision to invest
- Employee: The Company will support potential development of human resource for ultimate benefit as the company realized that employees are a part of major resources essential to develop the organization. The company then treats every employee fairly and equally without discrimination along with providing proper returns and welfares. In addition, the Company has done the employee survey on the workplace health, and develop in various matters by “The Happy Workplace” initiative project which guided and supported by Thai Health Promotion Foundation for sustainability of well-being for Masterkool’s employees.
- Trade Partner: The Company will treat all trade partners with integrity by holding principles of trade agreement, terms, and promise given to trade partner for good business relationship and benefit to all parties.
- Opponent: The Company will treat opponents/competitors with ethics of good competition by avoiding dishonest competition to destroy the opponent.
- Customer: The Company is determined to provide good service and give satisfaction to customers by providing quality product and service with honest and fair trade with customers. In addition, The Company provides channels for receiving complaints from customers through central agency that is the Company/Corporate Secretary.๓๕
- Community:  
& Society: The Company gives precedence to taking care of environment of nearby community, location of the office with campaigns to save energy as well as operating business that is not contrary to custom and tradition or causing damages to company. Besides, the company also has a policy to hire local labors nearby the factory of the company in Panat-nikhom, Chonburi Province

#### **Chapter 4: Disclosure of Data and Transparency**

The company realizes importance of correct data disclosure with that is complete, punctual and transparent including financial report and general report according to principles of data and information disclosure of SEC Office and Stock Exchange of Thailand as well as any other matters data affecting security cost of the company that had effect on decision process of company’s stakeholders. The company will propagate information and data of the company to shareholders, investors and public through channels and media of Stock Exchange of Thailand including website of the company, newspaper so that shareholders can access data equally.

The company assigns the Company/Corporate Secretary, or a person authorized by the CEO to be responsible for essential data and information disclosure and communicating with investors, shareholders, as well as analysts and the relevant persons.

For convenience of contact, the prior mentioned persons are invited to contact the Company at the phone number: 0 2953 8800 or facsimile: 0 2589 8586 or E-mail: comsec@masterkool.com

#### **Chapter 5: Responsibility of the Board of Directors**

##### **● Structure of the Board of Directors**

The Board of Directors consists of persons with knowledge, skills, and experiences that can benefit the Company by being an important player in approving policies and business plans. Besides, The Board gives importance to the internal control system and internal audit for the benefit of the company and overall shareholders.

The Board of Directors of the Company has 8 persons which consist of the executive directors, the non-executive directors and three (3) independent directors or at least one-third (1/3) of the Board to balance in voting and considering matters along with auditing management for utmost benefit of the company.

The term of office of the members of the Board shall be three (3) years, and with no more than three (3) consecutive terms (total of 9 years from the date of appointment). After completing a nine-year term, in case of the board members shall serve staggered terms, the Board of Directors shall carefully consider any reasonable means before proposing for shareholders' voting on election of members of the Board for staggered terms.

Directors can hold position in other listed companies; but not more than 5 companies. Besides, directors shall not be partner or executive or employee or consultant who receive regular salary or hold more than one (1) percent of total voting shares of any company that operates the same business and is a significant business competitor to the Company's or its subsidiary.

In addition, the Company appointed subcommittee i.e. the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee as well as clearly specifying scope of duty and responsibility of operation for such subcommittee.

*The Risk Management Task Force, consisting of the Executives of the Company and its subsidiary, had been set up and chaired by the CEO. The task force was established to support works of the Audit Committee and the Board of Directors, regarding to risk management that could affect the business.*

#### ● **Roles and Responsibilities of the Board of Directors**

The Board of Directors has duty to consider and approve on important matters related to operation of the Company such as vision and mission, strategy, risk, initiative plan and budget; along with provides supervisory on management to meet the target under regulations, laws and business ethics for benefit of the Company and all relevant.

##### **(1) Corporate Governance Policy**

The Company has set a written policy on corporate governance which has been approved by the Board of Directors and used as guideline for directors, executives and employees in implementing such policy to their operations.

##### **(2) Business Ethics**

The Company has set a written business ethics for operating its business transparently, correctly and fairly and publishes to directors, executives and employees to operate their duties in compliance with such policy strictly.

##### **(3) Conflict of Interest**

The Company has stipulated a policy on conflict of interest with principle that any decisions to operate business activities shall be made for utmost benefit of the Company and they should avoid any actions that cause conflict of interest by defining that the relevant or those who are involved in considered transaction shall inform the company about relation or connection in such transaction and they shall not participate in considering judgment and has no authority to approve that transaction.

Audit committee will propose to the Board of Directors the report of related-party transactions and transactions with conflict of interest persons or juristic persons that have been properly and circumspectly determined. The Company complies with principles of cross-transaction of SEC Office and Stock Exchange of

Thailand strictly in term of defining price and terms with people who possibly have conflict of interest seemingly like transaction with outsiders and submit the report within specific time stipulated by SEC Office and Stock Exchange of Thailand and there shall be disclosing financial budget, annual report an annual list form (Form 56-1)

#### **(4) Internal Audit**

The Company gives precedence to providing good internal control system by issuing working manuals and procedures in writing by dividing duty and responsibility along with authority table for operation and approval of the Board of Director, Subcommittee and Executives.

The Board of Director has assigned the Audit Committee to be responsible for verifying internal control process to ensure propriety and effectiveness of the Company's internal control; including operations, financial report, and compliance with rule, regulation, policy and corporate governance. The Company established the Internal Audit Unit and procured the outsource IA, as the head of internal audit, to evaluate and inspect internal control system of the Company and report the result of such inspection directly to the Audit Committee.

***The Board of Directors stipulated policy of corporate governance; along with the business ethics and the Code of Conduct as well as other policies. The mentioned policies shall be regularly reviewed on the year basis.***

##### **● Meeting of the Board of Directors**

The Company will arrange the meeting of company's committee at least in every quarter and may arrange additional meeting if necessary; totally not less than 6 times a year by specifying clear agenda in advance including agenda to monitor performance regularly. The Secretary of the Board of Directors' meeting will provide agendas and deliver documents to the Board's members at least 7 days before the meeting starts so that the directors have enough time to consider and study information along with recording minutes and submitting reports to the committee individually as well as storing the minutes of committee's meeting certified by the committee systematically and they are prepared to be audited or inspected by the company's committee or the relevant people.

##### **● Remuneration of Directors**

The company has specified returns for committee clearly and it will be propagated in annual list form. Such return shall be approved by annual general meeting. However, the company has defined principles and returns of committee and executive depending on knowledge expertise and experience along with duty and responsibility by comparing with the company in same industry to retain the skillful and experienced people to work with the company for long time.

##### **● Development of the Directors and Executives**

The Company supports all directors and executives to develop their knowledge and capacity to continually improve their works by encouraging the directors and executives to participate in trainings. In case of replacement of directors or executives, the Company will provide documents and information beneficial to their duties as well as attending curriculum seminars that are advantageous to such newcomers.

In addition, the Board of Directors who oversees the organization is committed to continue on applying good corporate governance principles for listed companies of the year 2017 to their oversight of the Company to ensure creating sustainable value for the Company; and is reliable for shareholders, all involved parties, and meeting the aspirations of the business, shareholders, investors and society. Details of the development of directors and executives appear in their profile attached.

## 9.2

### **The Subcommittee**

The Management Structure of the Company includes the Board of Directors, Executive, and three Subcommittees i.e. the Audit Committee, Nomination and Remuneration Committee, and the Executive Committee.

The Board of Directors, the Audit Committee and the Executives of the Company are completely qualified and have no prohibited characteristics according to section 68 of Public Company Limited Act B.E. 2535 and have no traits showing that they lack of qualification to be trustable in management with public as shareholders as in section 89/3 and section 89/6 of Securities and Exchange Act B.E. 2535 and Notice of Securities and Exchange Commission.

The Board of Directors has specified in the Articles of Association of the Company and the Corporate Governance Policy that the term of office of the directors shall be three (3) years with one-third (1/3) of the directors or the nearest number of one-third of the directors shall retire from office each year. The directors to retire by rotation at every annual general meeting shall be those who have the longest term in office since their last appointment. The directors who retire can be re-elected for one more term of office.

The Audit Committee and the Nomination and Remuneration Committee hold the term of office for three (3) years, while the Executive Committee holds the term of office according to the term of service as an executive director. In case the member of the Executive Committee is the Non-Executive Director, the term of office is three (3) years, unless the Board of Directors otherwise resolved.

### 9.2.1

#### **The Board of Director and Roles & Responsibilities**

The Board of Directors consists of 8 directors, including executive directors, non-executive directors and non-executive directors who are qualified as the independent directors, in numbers of at least three independent directors or one-third of the total number of directors, in order to balance the voting and to review the management's performance to maximize the benefits to the Company.

##### **Roles and Responsibilities of the Board of Directors**

- 1) Supervising the Company and conduct in undertaking their duties complying to laws, the Company's objectives and the Company Articles of Association; also follow the resolutions of the shareholders with integrity and being aware of benefit of the Company and Accountability to Shareholders.
- 2) Setting corporate policies, objectives and directions of the company, also monitoring and supervising of the Executives' to conduct their duties in compliance to policies and regulations of the Company with effectiveness and efficiency for the Maximize Economic Value and Shareholders' Wealth
- 3) Controlling and supervising management department to practice with all stakeholders with ethnics and equality.
- 4) Considering and defining annual budgetary plan and revising annual budgetary plan to be suitable and corresponding to policy and trend of operation including inspecting and controlling management department to use budget according to annual budgetary plan.
- 5) Following up operations of the company to meet targets regularly and realizing compliance with law and regulations in agreement related to the company by determining management department to report overall operation along with material matters of the company to company's committee in every quarterly meeting so that the operations of the company are conducted efficiently.
- 6) Operating for the company to have accounting system, financial report, Internal Control, and Internal Audit that are efficient and reliable.

7) Playing a great role to operate risk management by providing guidelines and measures to manage risk suitably and sufficiently including monitoring such operation regularly.

8) Considering and approving and/or giving opinions to be proposed in the shareholder's meeting to consider approving significant transaction along with related-person transaction according to principles, terms and legal methods and regulations

9) Providing annual report of the Company and/or Company's committee to be in accordance with law and regulations and reporting to shareholders regularly and completely regarding to current condition of business and trends of operation in the future positively and negatively with supporting reasons.

10) Considering and appointing managing director and defining scope of duty and responsibility of the managing director.

11) Considering and specifying annual remuneration structure of the company and principles of remuneration payment of committees, executives and employees by recognizing proper factors such as performance, position, scope of duty and responsibility, quality, knowledge, capability and suitable return rate in same industry.

12) Considering amount of remuneration of the committee according to principles of return payment stipulated by company's committee to be proposed in shareholder's meeting for considering approval.

13) Considering procuring people with knowledge, capacity and experience along with qualification by applicable law and regulations to be proposed in shareholder's meeting for considering appointment as committee.

14) Defining policy, target, strategy and trend of operation of the subsidiary as well as considering appointment of people with knowledge, capability and experience relevant to the operations of subsidiary as the committee of subsidiary by proportion of holding shares of the company in subsidiary.

15) The committee may authorize a committee or many people or even anybody to operate substituting for the committee or may authorize those people to have power as agreed by the committee and within approved duration. The committee may provoke, terminate, change or amend such power of attorney when seeing appropriate. Nevertheless, such proxy shall be conducted in writing or recorded as resolution in the minutes of committee's meeting with clear scope of that authority and duty of the proxy. However, the proxy shall not have power to approve lists that such people or people with conflict of interest have stakes or may have conflict of any other interests with the company unless, it is approval following the policy and principles in shareholder's meeting or the company's committee has approved.

16) Having any other duties and responsibilities stipulated by law and regulations of the company and resolution of shareholder's meeting.

17) Considering and approving essential operations of the company for ultimate benefit of the company except following authority that can be conducted when being agreed by the committee's meeting with majority vote of the committees who attend the meeting and have rights to vote and from at least 3/4 of all votes in shareholder's meeting of shareholders who attend the meeting and have rights to vote:

- 17.1 Selling or transferring business of the company, wholly or partially.
- 17.2 Purchasing or accepting transfer business of other companies or private companies belonging to the company.
- 17.3 Making, amending or terminating an agreement related to business lease of the company, wholly or partially, assigning any persons to manage business of the company or consolidating with other people with purpose of profit and loss share.
- 17.4 Amending Memorandum of Association or regulations.
- 17.5 Adding or reducing capital including debenture issue.
- 17.6 Merger or Company Termination.

- 17.7 Any activities stipulated under the legal provision associated with securities and exchange and/or Regulations of Stock Exchange of Thailand shall be agreed by committee's meeting and shareholder's meeting with at least  $\frac{3}{4}$  votes of all shareholders who attend the meeting and have right to vote such as cross-transaction and obtainment or distribution of asset etc.

Nevertheless, any operations that the committee or the proxy or stakeholders may have conflict of interest with the company, those people have no right to vote in such matter.

## **9.2.2 Audit Committee and Roles & Responsibilities**

Audit committee is set up to Support Company's committee to supervise and inspect financial report, internal audit, and internal control, risk management including good corporate governance so that the operations and data disclosure of the company are conducted transparently and reliably. The audit committee consists of skillful and experienced independent committee that can dedicate time for operation at least 3 people and an audit committee has knowledge and experience in finance and accounting. The audit committees will select a committee as the audit committee chairman. Who will position as the audit committee chairman shall be considered by qualification circumspectly as the audit committee chairman will be a person that gives confidence in effectiveness of the audit committee.

The period of position as audit committee is equal to the company's committee and it will due positioning in annual general meeting along with due of positioning as company's committee. When they leave position, they can be reelected for another term of office

### **Roles & Responsibilities of the Audit Committee**

- (1) Verifying that the company has procedures to make and disclose data in financial report of the company correctly and completely that it is reliable, punctual and sufficient. The project to coordinate with outsourcing auditors and the executives that are responsible for making both annual and quarterly financial report, the audit committee may suggest the auditor to verify or check any list that are necessary and essential during auditing of the company.
- (2) Auditing that the company has suitable and effective Internal Control system and Internal Audit system and considering independence of internal audit institute along with approving the appointment, transferring, denoting or dismissing the leader of internal audit institute or any other institutes responsible for internal audit.
- (3) Verifying that the company has complied with law associated with Securities and Exchange, regulations of Stock Exchange of Thailand and law related to business of the company.
- (4) Considering, selecting and appointing people with independence to act as the auditor of the company and proposing returns of those people by being aware of reliability and sufficiency of resources and audit wok of the auditor office and experience of personnel assigned to audit including performance in previous year and considering denoting the auditor including participating in meeting of auditor without management department for at least once a year.
- (5) Considering and disclosing data related to cross-transaction that may have conflict of interest completely and correctly to be corresponding to law and regulations of Stock Exchange of Thailand. Nevertheless, it is to ensure that such transaction is necessary, reasonable and brings maximum benefit for the company.
- (6) Making a report of audit committee and propagating it in annual report of the company. Such report shall be signed by audit committee chairman and shall consist of following data
  - a) Opinions about correctness, completeness, and reliability of data disclosure in financial report of the company
  - b) Opinions about sufficiency of internal control system of the company

- c) Opinions about compliance with law associated with Securities and Exchange, regulation of Stock Exchange of Thailand or law involved in business of the company
  - d) Opinions about suitability of the auditor
  - e) Opinions about transaction with conflict of Interest
  - f) Number of audit committee's meeting and attendance of each audit committee
  - g) Opinion or Notice that the audit committee received from performance according to the Charter
  - h) Any other lists that the shareholders and investors should know within scope of duty and responsibility assigned by the company's committee
- (7) Any operations assigned by the company's committee with agreement of audit committee such as reviewing policy of financial and risk management, reviewing compliance with business ethics of the executives and reviewing together with executives about essential reports that will be publicized as the law stipulates such as Report and analysis of management department etc.
- (8) Having power to audit and investigate as necessary matters that may significantly affect financial statement and overall operation of the company such as:-
- a) Transaction with Conflict of Interest
  - b) Doubt or assumption that there may be corruption or abnormality or defect in internal controls system
  - c) The doubts that there may be violating law associated with Securities and Exchange, regulations of Stock Exchange of Thailand or laws relevant to business of the company
- (9) Having power to seek for opinions free from professional consultants when seeing that it is necessary to consider expense of the company so that the operation under duty and responsibility is achieved.
- (10) Reporting the result of auditing and investigation to company's committee to revise within time approved by the audit committee. However, if the audit committee finds that there is negligence to operate revision without reasonable support, any audit committee may report such occurrence to SEC and Stock Exchange of Thailand.

Nevertheless, the authority of audit committee does not include power that the audit committee or the proxy from the audit committee can vote and give opinions for the list that the audit committee or the proxy or those with conflict of interest as definition in notice of Security and Exchange Commission has stakes or has conflict of interest with the company and/or its subsidiary.

### **9.2.3 Nomination and Remuneration Committee and Roles & Responsibilities**

The Board of Directors has appointed the Nomination & Remuneration Committee by selecting from some company's committee and/or the expert. The Nomination & Remuneration Committee shall consist of 3 but not over 5 committees. Nevertheless, the independent committee acts as the Nomination & Remuneration Committee chairman

#### **Roles & Responsibilities of the Nomination and Remuneration Committee**

1. Recruiting, selecting and proposing a person to take position as independent committee, committee chairman, and company's committee to present to company's meeting and/or shareholders to consider approving in case of the vacant position due to the due or other cases.
2. Recruiting, selecting and proposing a person to act as the managing director, chief executive office, and secretary of the company in case of the vacant position to present to company's meeting for further approval including specifying principles to inherit the position of chief executive officer
3. Considering and screening organization structure which suitable and supporting to business operation prior to propose to the Board of Directors for consideration of approval.
4. Proposing policy of remuneration and other benefits for directors, managing director and top executives to be suitable for duty and responsibility corresponding to overall operation of the company and market condition.
5. Considering annual bonus and salary adjustment for executives and employees based on the



- Company's performance.
- 6. Considering and screening salary structure and principles of allowance payment
- 7. Check qualification of people who are nominated to be company's committee to be in accordance with applicable law and regulations.
- 8. In case of nomination of the retiring director, the committee should present the retiring director's performance and contribution along with the attendance record of the Board of Directors 'meetings and shareholders' meetings for consideration by the shareholders.

#### 9.2.4 Executive Committee and Roles & Responsibilities

Executive Board appointed by the Board of Directors; and the Chairman of the Executive Committee is the Managing Director. The Committee is responsible on managing the business on behalf of the Board in accordance with the direction, policy and goals set by the Board of Directors

##### Roles & Responsibilities of the Executive Committee

- 1) considering and screening business plan and annual budgetary plan to present to company' committee
- 2) Specifying policy of finance and investment of the company and defining trend of investment policy to be corresponding to policy of the company and approving principles of investment including proposal of investment according to regulations of the company
- 3) Considering and operating material matters relevant to operation of the company
- 4) Considering and screening and giving suggestion all work types proposed to company's committee
- 5) Considering and appointing committee of the affiliated company or joint venture by proportion of shareholding or according to agreement between shareholders of the affiliated company or joint venture (if any)
- 6) Supervising and monitoring result of management of the company to correspond the policy, operation plan and annual budget stipulated by the company's committee and approving as well as reporting to company's committee regularly.
- 7) Considering risk management policy of the company to present to audit committee
  - (A) Identifying and evaluating risk to cover Strategic Risks, Operational Risks, Financial Risks and Legal Risks
  - (B) Considering and reviewing guidelines and tools to manage risk effectively and suitable for risk size and quality of the transactions operated by the company
  - (C) Monitoring result of risk evaluation in both normal condition and Stress Testing
  - (D) Evaluating possible risks from new product or risks that happen for new transaction as well as specifying guidelines to prevent possible risks
- 8) Considering and screening matters that the managing director proposes to management committee to consider approving or agreeing
- 9) Approving matters of finance and asset of the company under scope of approval authority
- 10) Assigning or suggesting the managing director to determine or practice any transaction agreed by the management committee
- 11) Appointing the work team to consider any matters agreed by the management committee
- 12) Considering and proposing matters agreed by management committee or determining approval or agreement
- 13) Considering any matters or doing any duties assigned by the company's committee.

The approval authority of the Executive Committee must not be authorization of approval on any concerns on conflict of interest or related-party transaction of the Company and/or its subsidiary.

The Executive Committee holds the term of office according to the term of service as an executive director. In case the member of the Executive Committee is the Non-Executive Director, the term of office is three (3) years, unless the Board of Directors otherwise resolved

## 9.2.5 Executive and Roles & Responsibilities of Managing Director

### Roles & Responsibilities of the Managing Director

- 1) Managing, supervising, and approving on operations related to the normal/general management of the Company.
- 2) Considering of approval the appointment, dismissal and transfer of senior management levels i.e. deputy managing director, assistant managing director, or equivalent position in accordance with the approved organizational structure; including their salary, compensation, or other benefits
- 3) Administating the Company following the policy and target as well as business plan and strategic plan stipulated by the Board of Directors, or the Executive Committee.
- 4) Authorizing or assigning a person or do particular task within scope complied with approval authority (authority table) or regulations or even commands stipulated by the Board of Directors.
- 5) Holding of supervisory power of issuing commands, regulations, notices, memorandum, and etc to keep good practices which corresponding to policies, the Company's benefits, and maintain work disciplines in the Company.
- 6) Holding of authorization to representing the Company in relating to the business to public or the third party for the benefits of the Company.
- 7) Approving the appointment of consultants which necessary for operation of the Company.
- 8) Performing other duties as assigned by the Executive Committee and / or the Board of Directors.

Nevertheless, the power of managing director along with authorizing other people approved by the managing director does not include power or authorizing to approve transaction that he or the relevant may have conflict of interest contrary to benefit of the company or subsidiary or even transactions that are not under normal operation of the company or subsidiary. To approve such transaction, it shall be proposed in the company's meeting and/or shareholder's meeting of the company to consider and approve according to regulations of the company or applicable law.

## 9.2.6 Authorization Levels and Monetary Limits

The Board of Directors' Meeting No. 1/2008, held on 27 February 2018, has been reviewed and resolved to authorize the approval of important **"Authority Table"** which will continue in force until the resolution is changed. The approval authority of the Executive Committee Managing Director and Deputy Managing Director for important matters can be summarized as follows:

The Authority Table specified on delegation of authority and approval of monetary limits at the Managing Director level, the Executive Committee, and the Board of Directors:

- 1) In case requiring of the authorization of upper levels of the Management, i.e. the Executive Committee, the Board of Directors, then delegated or assigned persons shall collect all concerned documents and propose to the Executive Committee and/or the Board of Directors for consideration of approval.
- 2) In case requiring of the authorization of lower levels of the Managing Director, i.e. the Assistant Managing Director and the lower levels authorized in the Authority Table, then delegated or assigned persons shall collect all concerned documents and propose to the Managing Director for consideration of approval. This Authority Table shall be review every 2 years; or when appropriate.

For the budget of the company, it shall be presented to the Board of Directors for consideration of approval. If any transaction is deemed the related-party transaction or deemed as the acquisition or disposition of assets of the Company or its subsidiary, the Board of Directors and Management of the Companies are responsible for compliance with the relevant regulations of the SEC and the Stock Exchange of Thailand. In addition, the related persons which may have conflicts of interest, or any other benefits which deemed conflict of interest of the company or its subsidiary shall not vote such matters.

### 9.3 Recruitment, Nomination and Appointment of the Directors, Subcommittee, and Top Executive

To recruit a person as the directors, subcommittee and top executive of the Company is conducted by the Nomination and Remuneration Committee who responsible on recruiting and selecting persons to take such positions and nominate qualified persons to the Board of Directors and/or the Shareholder's meeting (depending on each). For selection of lower levels of the Managing Director positions, the selection is in the scope of roles and responsibilities of the Managing Director as the top executives of the Company.

However, persons who are appointed to act as the directors and executives shall have suitable qualification according to section 68 of Public Company Limited Act B.E. 2535, and amendments in accordance with the Securities and Exchange Act (No. 5), 2016, effective from 12 December 2016 (including amended versions) and Securities and Exchange Act, Notice of Capital Market Supervisory Board as well as other relevant laws; such as the Notification of the Capital Market Supervisory Board No. Tor Jor. 39/2016 Re: Application for Permission and Permission to Offer Newly Issued Shares Notification of the Stock Exchange of Thailand Re: Qualifications and Scope of Work of the Audit Committee, 2015. Besides proficiency and work experiences are counted.

In addition, directors can hold position in other listed companies; but not more than 5 companies. Besides, directors shall not be partner or executive or employee or consultant who receive regular salary or hold more than one (1) percent of total voting shares of any company that operates the same business and is a significant business competitor to the Company's or its subsidiary. The Nomination and Remuneration Committee considers knowledge, ability, experience, work and skills that are in line with the direction and characteristics of the business, such as the supervision and management of engineering organizations in the areas of investment, investment. By considering the person who holds the position of the company director, must pass a resolution from the shareholders' meeting more than half of the total votes of the shareholders attending the meeting and having the right to vote by way of appointing each director individually.

In addition, the position of director will hold positions in other listed companies. But not more than 5 companies and must not operate Or not a significant partner in the partnership Or being a director who is involved in the management of employees, employees, consultants who receive regular salary Or holding more than 1% of the total voting rights of other companies Which operates a business that has the same conditions and is a significant competition with the business of the company Or the subsidiary and the company does not have a policy to encourage the managing director to serve as a director in other businesses.

Recruitment and selection of senior management positions is in the scope, the power and responsibility of the highest level executive; which means the current Managing Director position.

#### 9.3.1 Recruitment of the Directors

The Board of Directors has the order of precedence to recruiting and appointing the directors that have expertise and experience to supervise benefit of the company and shareholders.

The Nomination and Remuneration Committee granted the minority shareholders to propose an agenda of annual general meeting and director nominee in advance. The director nominee shall have following qualifications:-

- a) Not having any prohibited characteristics under regulations of applicable law and notices such as Public Company Limited Act B.E. 2535, Notice of Capital Market Supervisory Board, Notice of Securities and Exchange Commission and Regulation of the company relevant to qualification of company's committee, etc.
- b) Having integrity, morality, initiative, excellence, responsibility, justice, independence, and providing equitable shareholder opportunities.
- c) Having educational background and work profile that is beneficial to the Company's business.
- d) Passing training related to corporate governance and high level of policy-making
- e) Having commitment to equal treatment of shareholders' interests
- f) Dedicating time and ability to enhance the business development of the Company.

The Board of Directors shall consist of independent committees at least 1/3 of the Board of Directors; and not less than 3 persons with qualifications stipulated by Notice of Stock Exchange of Thailand, and Notice of Capital Market Supervisory Board.

The Board of Directors shall consider and screen a qualified person to be appointed as the director including directors who represent of shareholders or independent directors by considering on skill and experience to strengthen the Board of Directors' structure; reviewing when appropriate.

#### **Election of the Directors**

The election of the directors in the shareholders' meeting follows principles and procedures as below:-

- a) Each shareholder has his/her votes equal to amount of shares by one-share per one-vote.
- b) Voting a nominee individually and shareholders shall make all votes they have to select the nominated as the director one by one. The election can be for one or many nominee but the votes cannot be shared.
- c) The persons who have the highest votes by order are elected as the director equal to numbers of directors to be selected in that time. In case an elected person in the next order has same vote beyond the amount of committee, the president will make another vote for final judgment.

In case the position of director is vacant due to any other reasons apart from retirement by rotation, the Board of Directors shall consider appointing a qualified person and he shall not have prohibited characteristics to be the director in next board of directors' meeting unless the period of retired director is less than 2 months. The director that replaces will be in position within left period. Nevertheless, the resolution to appoint a person as the committee shall require at least three-quarters (3/4) votes of all board members left.

In annual general meeting, one-third (1/3) of the directors or the nearest number of one-third of the directors shall retire from office each year. The directors to retire by rotation at every annual general meeting shall be those who have the longest term in office since their last appointment. The directors who retire can be re-elected for one more term of office.

#### **9.3.1 Recruitment of Independent Directors and Audit Committee**

The company has a policy to specify qualification and recruitment of independent directors and audit committee in accordance with Notice of Capital Market Supervisory Board at T.J. 28/2008 associated with permission to offer newly issued share dated on 15 December 2008 (including amended version).

Nevertheless, the independent directors shall be at least 1/3 of all Board's members and not less than 3 persons while the audit committee consists of at least 3 independent directors with qualification stipulated by law, notice of Stock Exchange of Thailand and Notice of Capital Market Supervisory Board as follows:-

#### **Qualification of Independent Directors**

- a) Holding share not over 1% of all shares with right to vote of the company, headquarter, subsidiary, joint venture, major shareholder or authority of the company. However, it includes shareholding of the relevant of such independent directors.
- b) Not or used to be a committee participating in administration, employee, staff that the consultant with regular salary or the authority of company, holding company, subsidiary or joint venture, joint venture or authority of the company unless retirement from such quality for 2 years before submitting forms to Office of Securities and Exchange Commission. Such incompatibility does not include the case that independent committee used to be bureaucrat or government's advisor that is the major shareholder or authority of the company.
- c) Not being a person with consanguinity or relation by law such as parents, spouse, sibling and child along with spouse of other committee' children, executive, major shareholder, authority or a person proposed to be directors or regulator of the company or subsidiary.
- d) Not having or used to have business connection with the company, holding company, subsidiary, joint venture, major shareholder, or regulator of the company that interrupts free discretion along with not being or used to be a shareholder or the regulator of those who have business connection with the company, holding company, subsidiary, joint venture, major shareholder, or regulator of the company unless retirement for not less than 2 years before submitting form to Office of Securities and Exchange Commission. Such business connection includes normal trade transaction to lease or rent out real estate, asset-related list or service or financial support

by guaranteeing or loaning asset as settlement guarantee including similar behaviors resulting the company or signatory have liability to settle to another party from 3% of net tangible asset of the company or at least 20 million Baht. However, calculating such liability shall follow methods of value calculation of involved transaction according to notice of capital market supervisory board associated with involved transaction permitted to consider such liability including liability during a year before having business connection with the same person

- e) Not being or used to be an auditor of the company, holding company, subsidiary, joint venture, major shareholder or regulator of the company and not being implicit shareholder, regulator or partners of auditing office in which the auditor of the company, holding company, subsidiary, major shareholder or regulator belongs to unless retirement from such characteristic not less than 2 years before submitting form to the Office of Securities and Exchange Commission
- f) Not being or used to be any professional service providers including legal consulting service or financial consultant with service charge more than 2 million Baht per year from the company, holding company, subsidiary, joint venture, major shareholder, or the regulator of the company and not being an implicit shareholder, regulator or partner of such professional service providers unless retirement from such quality not less than 2 years before submitting form to the Office of securities and Exchange Commission
- g) Not being a committee appointed to be representative of the company's committee, major shareholder or shareholders related to major shareholders.
- h) Not running business with same condition and it is implicit opponent to the company or subsidiary and not being an implicit partner in partnership or a committee taking part in administration, employee, staff, and consultant with regular salary or holding share over 1% of all shares with voting rights of other companies that run the same business with implicit competition to the company or subsidiary.
- i) Not having any other qualities that interrupt free comment about operation of the company

After appointed as the independent directors with qualification from a) to i), the independent directors shall be assigned by the Board to make decision for operations of the company, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or authorized person of the company with Collective Decision.

In case a person appointed by the company to be the independent directors that has or used to have business relation or professional service more than value specified in d) or f), the company can be extended limit of prohibitions to have business relation or professional service in case the company has provided opinions of the company's committee showing that it has been considered following section 89/7 of Securities and Exchange Act B.E. 2535 (including amended version) that such appointment has no effect on operations and comments that the independent directors provides following data disclosure in invitation letter to Shareholder's meeting for agenda considering independent committee appointment

- (A) Business relation or professional service that makes such person disqualified as stipulated in principles
- (B) Reason and necessity to appoint such person as the independent directors
- (C) Opinion of company's committee to propose appointing such person as the independent directors

For benefit according to (E) and (F), the word "partner" is defined as a person assigned by auditing office or a professional service provider to be the signor in auditing report or professional service report (case by case) on behalf of that juristic person.

#### **Qualification of Audit Committee**

- (A) Appointed by the committee or shareholder's meeting of the company as the audit committee
- (B) Independent Committee with quality of independent committee that
  - 1. Not being a committee assigned by the committee to make decision for operation of the company, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or authorized person of the company and
  - 2. Not being the committee of holding company, subsidiary, or subsidiary in same level that is the authorized company
- (C) Having duty as same as stipulated in Notice of Stock Exchange of Thailand associated with quality and scope of operation of audit committee

- (D) Having sufficient knowledge and experience to act as the audit committee; however, there must be at least an audit committee with proficiency and experience to verify credibility of financial budget

#### **Appointment of Independent Directors/ Audit Committee**

Recruitment and Return Specification Committee selects a qualified person to propose to Company's committee or shareholders to appoint the independent committee/ audit committee (case by case). The audit committee shall be the independent committee appointed from the completely qualified people as in the law, regulations, Notice of Stock Exchange of Thailand and Notice of Capital Market Supervisory Board. There must be at least 1/3 of all committees that are independent committee and 3 audit committees. The independent committee/ audit committee has period of positioning equal to the company's committee. When the due comes, they can be reelected to take that position again. However, at least an audit committee shall have proficiency and experience in finance and accounting.

#### **9.3.3 Recruitment of Executive Committee**

The Board of Directors appoints the executive committee by selecting from those who have knowledge and experience and understanding about business quality, normal operation of the business and management of the company. The component of executive committee consists of the management team with a managing director as the executive committee chairman

#### **9.3.4 Recruitment of Nomination and Remuneration Committee**

The Board of Directors appoints the Nomination and Remuneration Committee by selecting from some of the Board's members and/or experts with amount of not less 3 people but not over 5 people. Nevertheless, the independent director is the Nomination and Remuneration Committee chairman.

#### **9.3.5 Recruitment of Executive**

The Board of Directors appoints a managing director by the Nomination and Remuneration Committee selects those who are qualified to take such positions by considering from knowledge, experience, and proficiency of management to present to the Board of Directors for further appointment.

### **9.4 Subsidiary and Affiliation's Operation Supervision**

The company has mechanism to supervise subsidiary and affiliation directly and indirectly as well as measures to follow up management of the subsidiary and affiliation to maintain benefit of investment of the company and be able to manage and take responsibility of operation of subsidiary as a part of the company by emphasizing on investment in business that supports and makes benefit for the company by considering returns and other benefits the company expects to receive from investment. It is to support and promote business of corporations. However, the company has specified policy of investment in subsidiary and affiliation approved by the Board of Directors' meeting 1/2019 arranged on 26 February 2019 with following details:

The Company has a policy to consider investing in subsidiaries, and associates by focusing on supporting business and benefits of the company; whereas considering on the return and other benefits of the company such as expected return on investment, were made. The Company considers the appropriate proportion of investment and expected return on investment for the benefit of the shareholders of the Company.

The company will supervise by sending people approved by the committee's meeting to be the committee and/or executive of subsidiary and affiliation as the representative by proportion of shareholding for ultimate benefit of the company, subsidiary or affiliation. The committee and executives shall have quality, role, duty and responsibility without lacking reliability as the Notice of SEC Office to take part in such business management.

Committees and/or executives have right to vote in committee's meeting and/or shareholder's meeting of the subsidiary and affiliation according to guidelines or resolution that the committee or shareholder's meeting of the Company has approved. The appointed committees and/or executives can apply discretion to vote in the meeting of the subsidiary and affiliation associated with general management but in case of material matters, they shall be approved by the committee's meeting or shareholder's meeting of the Company first. Essential matters include connected transaction,

obtainment and distribution of asset, any actions that reduce proportion of shareholding of the company in subsidiary and affiliation or even business termination of subsidiary and affiliation.

## **9.5 Control of Internal Data Usage**

The company and subsidiary realize and give precedence to operation according to Good Corporate Governance) and Check and Balance to strengthen confidence of shareholders and every relevant institute for continual operation by being aware of long-term value growth of the company. The committee and executives of the company agree to specify internal data usage control measure so that the company has transparent operation according to good corporate governance approved by the company's meeting 1/2018 arranged on 27 February 2018 that can be summarized as follows:

1. Committee, executives and employees shall keep secret/ internal data of the company and subsidiary and shall not disclose such data or gain personal benefit or other's interest from it no matter it is direct or indirect or receive returns or not.
2. The company provides knowledge for the committee and executives of the company to realize duty of reporting securities holding of themselves, spouse, and immature children according to section 59 of Securities and Exchange Act B.E. 2535 including amended version ("Securities Act") and Notice of Securities and Exchange Commission at SJ. 12/2009 dealing with Making and disclosing Security Holding Report of the committee, executives and auditor and punishment according to Section 275 of Securities and Exchange Act B..E. 2535
3. The company specifies that the committee and executives shall report changing of security holding of the company to Securities and Exchange Commission according to section 59 of Securities Act and Notice of Securities and Exchange Commission at SJ. 12/2009 associated with making and disclosing Security Holding Report of Committees, executives and auditors and delivers the duplicate of this report to the company on the exact same date that this report is submitted to Securities and Exchange Commission
4. The company and Subsidiary specifies not allowing committee, executives or practitioners of the company and the subsidiary to perceive internal data and disclose to outsiders or irrelevant people and they should abstain from trading shares of the company within a month before the company publicizes financial statement or essential information.
5. The committees, executives and employees of the company and the subsidiary shall not trade, transfer or accept transfer securities of the company by using internal data of the company' subsidiary and/or do any other transactions using internal data of the company or subsidiary that may result in damages to the company directly or indirectly. This specification includes the spouse and immature children of the committee, executives and employees of the company and subsidiary. Those who infringe such regulation will be deemed as severe offence and the company has defined penalty for people who gain benefit from using or revealing internal data that defames the company and the company will liaison with relevant supervisory institute for further legal action.

## **9.6 Audit Fee & Non-Audit Fee**

### **9.6.1 Audit Fee**

The company and subsidiary pays remuneration for annual auditing and interim reviewing of financial statements to SP Audit Co., Ltd which is the auditing office of the company and subsidiary for accounting years ended on 31 December 2018 for 1,870,000.

The Annual Shareholders' Meeting 2018 held on 26 April 2018 had a resolution to appoint the following CPA of SP Audit as the auditors of the company and subsidiary for interim reviewing and annual auditing of financial statements for accounting year ended on 31 December 2018:

List of Auditor:	1. Ms.Susan Eiamvanicha	C.P.A. (Thailand) No. 4306 or
	2. Mr.Suchart Panitcharoen	C.P.A. (Thailand) No. 4475 or
	3. Ms.Chuenta Chommern	C.P.A. (Thailand) No. 7570 or
	4. Ms.Wandee Eiamvanicha	C.P.A. (Thailand) No. 8210 or
	5. Mr.Kiatissak Vanithanont	C.P.A. (Thailand) No. 9922

Any one of the aforementioned auditors is to audit and certify the financial statements of the company and its subsidiaries for the period ended 31 December 2018 and review of quarterly financial statements of the company and subsidiaries; including BOI requirement audit.

#### **9.6.2 Non-audit Fee**

-None-

#### **9.7 Compliance with Principle of Good Corporate Governance 2017 in Other Terms**

The Board of Directors attaches importance to compliance with the principles of good corporate governance. By assigning the company secretary take the agenda to review the corporate governance policy and other important policies to regularly consider the agenda at least once a year. The review is based on the principles of good corporate governance for listed companies 2012 of the Stock Exchange of Thailand and good corporate governance principles for listed companies 2017 or CG Code 2017 of the Securities and Exchange Commission.

For the year 2019, the Board of Directors reviewed the corporate governance policy at the Board of Directors Meeting No. 1/2562 on February 26, 2019, which was the latest time and found that the company has adopted most practices. And at present, the corporate governance policy and related policies have been updated to comply with the CG Code in order to develop developments that are in pace with changes. The implementation of good corporate governance principles for listed companies can be summarized as follows:

- **Creating sustainable value for the business as an organization leader**

The Board of Directors requires a review of the vision, mission and business goals. By compiling and creating a 3-year strategic plan and annual business plan In which the top management assigns the line management to consider the operation plan And is defined as the target of the organization according to the principles of OKRs (Objectives and Key Results) which currently have created OKRs of the agency and reported on a quarterly basis By the Managing Director communicating the operational results to the executives and employees in the overall picture.

In this regard, the overall operation results Along with the analysis of environmental factors As well as guidelines for improvement And risk management guidelines The management is presented to the Board of Directors on a quarterly basis in the Audit Committee meeting. And the Board of Directors To acknowledge the progress And / or acknowledge the performance To the Board of Directors to give opinions and recommendations, as well as to vote for important matters Or adjusting the strategic plan.

- **Determining the objectives and goals of the business for sustainability**

Objectives and goals of the company Set up in the same direction as the vision and mission which part of the vision and mission has identified the message "Masterkool Family" is based on the meaning that has been communicated in the organization; including all stakeholders, such as shareholders, partners, employees, etc.

Reflecting on whether the performance is in accordance with the objectives and goals or not, the company has taken on the big picture which is the implementation of the information technology system. Used in operations from the beginning to the accounting system Which is currently a Microsfot Dynamic AX and has performed sub-images Means communication about goals obstacles And finding solutions or collaborating between departments By providing a Morning Talk, which is called only for the company group "KOOL Talk" to be a communication channel between agencies And the branch of the group of companies that are located in different locations (Locations), head office / service center, sales office, business office, warehouse and factory rental with Line VDO Call application via the company's WIFI system.

- **Board effectiveness**



The composition of the Board as reviewed by the latest Corporate Governance Policy at the Board of Directors' Meeting No. 1/2562 on February 26, 2019, it was found that the corporate governance structure remained effective. And according to the Public Company Act and the Securities Act As well as the announcement of the relevant regulatory agencies

The Board of Directors has conducted self-assessment at least once a year in order to use in developing and improving the performance of the Company's directors in accordance with the good corporate governance principles for listed companies according to the self-assessment form of the Stock Exchange of Thailand. As a guide both the self-assessment form of the faculty committee and the individual self-assessment form the results of the assessment of the performance of the Board of Directors are good, with a score of more than 80 percent.

In addition, the Audit Committee has scheduled the Audit Committee meeting without management. And the Faculty Secretary join the meeting At least once a year to exchange opinions on internal control systems And management system Before reporting the evaluation results of the adequacy of the internal control system And evaluation results of the management system to the Managing Director Which is the highest level executive And company secretary Which is the secretary of the board of directors has been informed of the conclusion to be taken into consideration to proceed to achieve continuous development

● **Recruitment and development of senior management And personnel management**

The Board of Directors, which is an independent committee, is responsible for evaluating the performance according to the scope of authority and responsibility of the Managing Director. At least once a year, this has appointed the Managing Director to acknowledge the evaluation results. For improving or enhancing the performance of top management

As well as the guideline for the implementation of the succession plan (position of Managing Director) by assigning the executive development plan within the organization And the recruitment of potential or qualified outsiders to join the event to enter the succession plan of the senior management

In addition, the Chairman of the Board of Directors and the Chairman of the Audit Committee devoted time to participate as a special invitation to the Executive Development Program in 2019 as well.

● **Promotion of innovation and business operation with responsibility**

According to the vision and mission of the organization, the direction of innovation is defined. To allow directors, executives and employees to realize the creation of valuable innovations Along with creating benefits for customers And society as well as the environment By using existing technology And expertise in technology to create added value, such as the application of ozone technology that the company has already mastered to design both products and services To help save energy Helps reduce chemical use of large air conditioning systems. As well as the application of ozone to help eliminate pollution from unwanted odors and pollution from dust, etc.

From the highly competitive business situation the Company has developed a reporting system from the point of sale in front of the modern trade department through Applications on mobile phones which helps to manage the risk of overstock or out of stock of the products that are sold in the modern trade department store

● **Appropriate risk management and internal control systems**

Risk Management Committee the Managing Director is the Chairman of the Board. Will assess risk indicators and follow the action plan to manage risks on a quarterly basis and report to the Audit Committee and the Board of Directors every quarter the risk assessment is evaluated according to COSO guidelines, including strategic risk, operational risk, financial risk and compliance risk (Compliance Risk) which includes compliance with the company policy.

As well as checking And monitored by the company's internal auditor And internal auditors from outside companies, which are audited by the operational reporting system and the compliance with the rules and policies which the Board of Directors has issued as announcements And communicate through internal channels Both posted on the announcement board Electronic mail delivery Communication via group lines Transfers from executives / managers / supervisors etc. The important policies include:-

1. Corporate Governance Policy Business Ethics Requirements And working practices
2. Risk management policy and risk management framework
3. Policy on supervision of the use of internal information
4. Connected transaction policy
5. Policy on the acquisition or disposal of assets
6. Internal and external communication policy
7. Conflict of interest policy
8. Development policy for directors, executives and employees
9. Anti-corruption policy
10. Access control policy for information use
11. Policy to prevent incidents that may lead to corruption
12. Incident reporting policy or suspected fraud
13. Policy for finding executives to inherit important positions
14. Transaction policy with subsidiaries
15. Policy to report the purchase or sale of shares
16. Policy on measures to monitor the operation of the company according to the law
17. Investment policy of companies in subsidiaries and associates
18. Nomination and Remuneration Policy for Directors and Executives
19. Dividend payment policy
20. Environmental policy

In the event that customers or employees find clues, improper actions include illegal actions Accuracy of financial reports Internal control system is defective Non-compliance with standards Non-compliance with business ethics and practices that are against the policy In order to have an investigation Whistleblowers can choose not to reveal their identity. By requiring the Company Secretary to act as a unit to receive complaints and to supervise the business and business ethics of the Company By reporting to the independent director / audit committee of the company which has already determined the procedures and processes

#### ● **Financial reliability and disclosure**

The Board oversees that the financial reporting system and the disclosure of important information are accurate, adequate and timely in accordance with the rules and guidelines of the relevant regulatory agencies. The Audit Committee will listen to details and comments from the auditor. And internal auditors every quarter without the management attending the meeting while the auditor and internal auditors present the report unless there is information that the Audit Committee deems necessary to consider, it will consider inviting the relevant person to be the case and only for the agenda. Opinion of the Audit Committee, the Audit Committee has assigned the Secretary of the Audit Committee to present the guidelines for improvement to the management at the Board of Directors' meeting.

#### ● **Supporting shareholder participation And communication with shareholders**

The Board of Directors supervises the company to comply with the SET suggested in the additional guidelines on granting minority shareholders the right to propose agenda items in advance. In the year 2018, the Company announced the invitation to minority shareholders to propose matters to be included in the agenda.

Together with proposing a list of qualified persons to be considered as directors of the company as well which was published through the Company's website and has also been published through the SET Portal information dissemination system

For the Annual General Meeting of Shareholders for the year 2019, the Company has announced the invitation to minority shareholders to propose matters to be included in the agenda, participating in proposing a list of qualified persons to be considered for selection as directors of the company during 2 October 2018-15 January 2019.

In addition, the Chief Executive Officer of Accounting and Finance (CFO), Company Secretary (CS) and Assistant Secretary of the Company (Asst.CS) are the working groups for investor relations, and assigned to carry out the dissemination of information to help make investment decisions for investors through the Quarterly Snapshot Company of the Stock Exchange of Thailand, and published via the company website which is a guideline other than the dissemination of information in accordance with the rules of the Stock Exchange of Thailand and the relevant regulatory authorities that the company has normally performed.

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

The company has adopted the guidelines for the development of corporate governance according to the CGR project of the year 2018 to develop operations in the following categories.

### **● Taking into account the role of stakeholders**

The Board of Directors has considered guidelines for improving personnel development. By assigning the Company Secretary who is the secretary of the Board of Directors to issue a letter to relevant agencies to consider the following matters.

1. Care and practice regarding safety and hygiene within the organization As well as reporting accidents statistics stop rate and the rate of illness from work.
2. Personnel development of the company which, in addition to the normal annual personnel development plans The Board of Directors has an additional opinion, reporting the average number of hours of employee training to compare the previous year. And compare the performance of that year for the development of personnel to be more effective.
3. Promoting employees to have knowledge of the environment and practices regarding efficient use of resources.

In this regard, the department responsible for human resource management has prepared a report to the Nomination and Remuneration Committee; through the Secretary of the Nomination and Remuneration Committee.

### **● Disclosure and transparency**

The Board of Directors has considered guidelines for improving the disclosure report of shareholding of directors and executives and indirectly, such as holding shares of spouses. Underage children of directors and executives which are separated from each other by direct shareholding by assigning the Office of Corporate Secretary to prepare a report in the annual report

For the history of directors The Board of Directors agreed that it was fully disclosed.

### **● Responsibilities of the Board**

The Board of Directors has assigned the Audit Committee which is independent to manage the evaluation of the entire Board of Directors, Individual director According to the guidelines of the Stock Exchange of Thailand As well as evaluating the annual performance of the highest executive (Managing Director) regularly at least once a year.

**10.1 Overview Policy**

With business locations all personnel must accelerate the recovery of the business situation. Therefore obstructing human resources and the time to form an anti-corruption formally, but the company has a policy and concept in conducting business with transparency, morality, adherence to social responsibility and all stakeholders Group according to good corporate governance principles As well as policies and guidelines for various groups of stakeholders in order to ensure that the company Can create stability and sustainability in business operations Including the confidence for all stakeholders. The company has operated by focusing on social responsibility as follows.

**1) Fair Business Operation**

- The Company determines policy and practical guideline to all groups of customers. The fair and clear condition under laws is notified and the precedence is given to customer satisfaction together with fair business operation.
- The Company equally and fairly treats its business partners and creditors through strict compliance with commercial condition and/or commercial agreement.
- The Company fairly treats the competitor companies without violation of business ethics as well as non-execution in the way of criticism, malevolence or defamation of the competitor companies.

**2) Anti-Corruption**

- The Company's policy is to define responsibility, practical guideline, and requirement in proper operation for prevention of anti-corruptions with all of the Company's business activities and for proper and circumspect consideration and practice on decision making and business operation that may have anti-corruption risk
- The Company's anti-corruption policy covers the prohibition of the Company's directors, executives and employees to execute or accept all forms of corruption both of direct or indirect. It also covers the businesses in all countries and all relevant agencies with regular verification on compliance with anti-corruption policy as well as review of practical guideline and operating requirement to be consistent with the change of business, rule, regulation and legal provision.
- The Audit Committee has set guidelines for auditing the internal control system by the third-party auditors to be able to conduct a thorough audit on the key issues of neutrality and independence.

**3) Respect on Human Rights**

- The Company gives precedence and respects human right through promotion and protection of liberty and rights as well as fair and equitable treatment without the policy of discrimination on individuals who are divergent in races, females, children and disabled.
- The Company employs the disabled to work for the Company as equitable treatment, enabling to create jobs and revenues to such disabled.

**4) Fair Employee Treatment**

- Human resources are considered a major backlash in driving the business of the company. To achieve the goal. Besides, the company performs basic tasks such as a good work environment Have a human resource management system that is fair and promote the development of personnel to be progressive as appropriate in all lines of work. By providing an assessment of the "health" of the worker and from 2016

until the present, the company has started to follow the guidelines of the organization of happiness Or Happy Workplace by participating in the project with the Office of Health Promotion Foundation

#### **5) Responsibility to Customers**

- The customer satisfaction is regarded as one of the Company's main strategies in stepping into being "The Real Leader for Modern Cool" according to the Company's slogan. However, apart from maximum sales volume value in Thailand, the Company also emphasizes on customer responsibility.
- The Company has been certified for international standard of ISO 9001:2015 quality system management as the seal on well care in the Company's product and service quality. Moreover, the Company also has the assurance of the Company's product and service quality so that the customers are assured that they will get quality products and services from the Company with customer responsibility.
- The Company provides customers on direct complaint about products and services of the employees to the Company via telephone no. 02-953-8800 and 02-015-5920. Besides, the customers may contact the independent unit i.e. the corporate secretary office via email: [comsec@masterkool.com](mailto:comsec@masterkool.com)
- The Company has clear discount and selling pricing policy for each group of customers. Moreover, the Company also controls selling price with its dealers in every distribution channel to be in proper level.

#### **6) Environment Care**

- The Company realizes on the significance of environmental care in order not to cause pollution problems that may affect life quality of human and ecosystem. The Company then does not perform any acts that affect damage toward natural resources and environmental condition.

#### **7) Co-Development for Community and Society**

- The Company promotes the use of business process for benefit on quality of life development, helps build economy and strength to community and society, supports the employment in the community, implants employee conscious in environmental and social responsibility, and regularly seeks for opportunity in support of social and community activities.

#### **8) Availability of Innovation and Propagation of Innovation Derived from Operation with Responsibility on Society, Environment and Stakeholders**

The Company continuously dedicates resources in research and development in order to invent environmentally friendly products and services, and helps in energy saving. The Company's evaporative air cooler product is one of the proofs for such dedications with energy saving capability of air cooler when compared with air-conditioner; moreover, the Company also accepts to completely advise energy saving.

### **10.2 Operation and Reporting Preparation**

Social responsibility according to aforesaid policy and practical guideline is the part of the Company's business operations that have been continuously practiced from fair treatment to business partner, quality product manufacture and service provision based on Management Quality of ISO 9001:2015, clear selling pricing for customer, fair appraisal of employee performance until participation in community development through employment to people in community. Apart from compliance with policy and ongoing practical guideline, the Company also regularly reports social responsibility activities at the Company's website <http://www.masterkool.com>

### **10.3 Operation of Business Affecting Social Responsibility**

The Company has no activities that affect the social responsibility.

### **10.4 CSR in Process and CSR after Process**

#### 10.4.1 CSR in Process

Since the year 2017, CSR in the process became clearer after joining the health promotion program of the Thai Health Promotion Foundation. The ability to share to community or society, as well as sustainability of business comes from employees of the Company; therefore the Company's direction is to create employment engagement.

In addition to employee welfare that the company Available to regular employees such as provident funds. Accident insurance Annual health examination Loan benefits and granting holidays, birthdays as additional holidays as well as training for the potential development of employees in various fields. The Company also takes into account the importance of employees as directly stakeholders to the business. By starting from cultivating the concept of collective responsibility within the organization Consider working happily to deliver quality work to customers within the organization. For the important results that are aimed at external customer satisfaction and other stakeholders.

The company provides an opportunity for each unit to organize activities to promote happiness both inside and outside the work. According to the suitability of the environment and the time of each agency which is different in both space, time and appropriateness of activities such as activities before starting work (For example Morning exercise Prayer, Mindfulness, or Morning Talk Meeting.

#### 10.4.2 CSR after Process

The company regularly organizes activities for the benefit of society and the environment. For the year 2018, the company continued to operate in the "CSR-MASTERKOOL project, a hundred of coolness to society" which aims to deliver the company's products. To be a public benefit for various agencies that experience hot weather and have problems with the electricity cost of the air conditioner By providing the products of the company In such projects for various agencies.

In the year 2018, the executives and employees of the company brought a fan and give to benefit the religious Location for public service and various homes.



The activity of offering a cool fan at Wihan Phra Mongkhon Bophit  
Located at Pratu Chai Sub-district Phra Nakhon Si Ayutthaya District Phra Nakhon Si Ayutthaya Province



The activity of offering cool fans at Suthat Temple, Thepwararam Ratchaworawihan





Food and activities Consumption-consumption

At the Child and Mental and Intellectual Property Office, Bang Talat Sub-district, Pak Kret District Nonthaburi



The group donated steam to schools in the area of Salok Bat Sub-district. Khanu Worakabsaburi District Khampangphet

By Mr. Pornthep Poompuang, President of Salok Subdistrict Administrative Organization together with  
Chairman and Vice President of the Interior House Club of Kamphaeng Phet Province honored

## 10.5 Prevention of corruption involvement

The company has a policy of defining responsibility. Guidelines and requirements for appropriate actions In order to prevent corruption against all business activities of the company and to make business decisions and actions that may have a risk of corruption being considered and treated carefully and appropriately.

Anti-Corruption Policy of the Company Covering the prohibition of directors, executives and employees of the company Conduct or accept corruption in all forms, either directly or indirectly Which covers businesses in all countries and all relevant agencies And to regularly review compliance with the anti-corruption policy As well as reviewing guidelines and procedures for compliance with business changes, regulations and legal requirements.

The Audit Committee has established guidelines for internal control system auditing. By the external auditor who is the inspector In order to be able to conduct an audit to cover all important and independent risks The Company.

In addition, the company has evaluated business risks on a quarterly basis, and assigned the Risk Management Task Force or the Chairman of the Executive Committee to be the Chairman and the company secretary, who is a person from the central agency, performs follow-up on the operations of various agencies To eliminate or reduce risk.

## **11. Internal Control and Risk Management**

### **11.1 Opinion of the Board of Directors on Internal Control System**

The Company and its subsidiary have the order of precedence to good internal control system management for supporting effective operations of the Company and its subsidiary under internal control system that is adequate, effective and extensive to all areas in order to be in line with the relevant laws and rules for the listed companies in the Stock Exchange. The Board of Directors always arranges the adequate and effective check and balance mechanism for protection and well-management of the properties of the Company and its subsidiary under authorization level of approval and specifies roles and responsibility of the executives and staff by check and balance mechanism with written work procedures. The independent internal audit work unit is available. The Company has hired Acc-Plus Consultant Company Limited ("Acc-Plus Co., Ltd.") to perform auditing work of all units of the Company and its subsidiary; and directly report to the Audit Committee.

Moreover, the Company and its subsidiary also arranges proper and sufficiently circumspect Internal Control System and Internal Audit System for protecting assets of the Company and its subsidiary from improper use as well as prevention of fraud that may take place in the Company and its subsidiary under clear and accountable work process in consistency with the guideline of the Stock Exchange of Thailand.

In the Board of Directors' Meeting No. 1/2019 on 26 February 2019, the Board of Directors which included the Audit Committee considered adequacy of internal control system of the Company and its subsidiary based on Assessment Form of the Office of SEC in accompany with further inquiries for additional information from the management and related officers. The internal control system of the Company and its subsidiary in all 5 areas has been assessed based on Guideline of COSO (Committee of Sponsoring Organizations of the Treadway Commission) as follows.

- 1) Control Environment
- 2) Risk Management
- 3) Control Activities
- 4) Information & Communication
- 5) Monitoring Activities

The Board of Directors commented that the Company and its subsidiary have proper and adequate internal control system according to existing control environment. Moreover, the Company has also arranged the sufficient personnel for effective system operation and has also proper internal control system in the issue of monitoring and controlling the operations of the Company and its subsidiary to enable to sufficiently protect the properties of the Company and its subsidiary from the unauthorized or wrongful use of their directors or executives; including related-party transaction and transaction who may have conflict of interest. In conclusion, the Audit Committee and the Board of Directors have had aligned comments.

### **11.2 Observations of Internal Auditor and Financial Auditor**

The Company and its subsidiaries recognize the importance of good internal control systems in order to support the operations of the Company. And subsidiaries Is effective By providing adequate internal control systems Effective And covers all aspects In order to comply with relevant laws, rules and regulations for being a listed company on the stock exchange The Board of Directors provides a check and balance mechanism that is efficient enough to protect the company's assets. And subsidiaries always by determining the level of approval authority and the responsibility of the executives and employees with checks and balances; there is a written work regulation. There is an independent internal audit unit which the company has hired ACC-Plus Consultant Company Limited



("ACC-Plus Company Limited") to inspect the operations of various departments within the company. And subsidiaries and report directly to the examination committee

#### **11.2.1 Observations of internal audit departments regarding the internal control system of the company**

In 2018, the internal auditor has inspected and monitored the internal control system and compliance with the system covering all systems of the company. And subsidiaries Which includes 1) Credit Management System for Receiving and Managing Accounts Receivable 2) Production System 3) Purchasing and Payment System 4) Fixed Asset Management System And have assessed the risks at the same time.

##### **1) Credit management system for receiving money and managing trade accounts receivable**

Because the company has continuously expanded its business especially online and international business channels the auditor therefore recommends increasing the frequency of monitoring progress in the debtor management process in order to prevent risks.

##### **2) Production system**

-None-

##### **3) Purchasing and payment systems**

The auditors agreed that the supplier selection criteria and supplier assessment should be improved after using the service to clarify the supplier's classification so that the assessment topic will reflect more clearly.

##### **4) Fixed asset management system**

The investigator saw that the property registration list should be improved by adding more detailed information, such as photos, for faster traceability.

#### **11.2.2 Observations of External Audit**

Auditing the financial statements for the year 2018, the auditor has reviewed the important internal control systems of the company. And subsidiaries And report to the Audit Committee of the Company No. 1/2019 on 26 February 2019, appeared in the auditor's report in the annual financial statements as attached.

#### **11.2.3 Report of the Audit Committee**

-As attachment-

#### **11.3 Head of Internal Audit and Head of Compliance**

Miss Wanna Maluengnont, the Managing Director of Acc-Plus Consultants Co., Ltd has been appointed as the head of interna audit of the Company. Details are attached.

## 12. Related Party Transactions

### 12.1 Nature of related transactions and the necessity and reasonableness of the related party transactions during the year 2018

Person who may have conflict of interest	Relationship	RPT Type	(Thousand Baht)		Necessity and Reasonability
			2017	2018	
1 Site Preparation Management Company ("Site Prep Co., Ltd.")	Mr. Kritsana Thaidumrong, the Director and Major Shareholder in Site Prep Co., Ltd. and the Company's director	The company sells products And the installation of a cooling fan system for Site Prep Co., Ltd. with value of sales and services And have outstanding receivables at the end of the period as follows: - Revenue - AR (Beginning) - AR (Ending)	- - -	134.57 - -	The Company has sold products and installation services of air cooler system to Site Prep Co., Ltd. under price and condition indifferent from other customers  <b>AC's Comment:</b> Normal business under price and condition indifferent from other customers
2. Actdee Company Limited ("Actdee Co., Ltd.")	Mr. Thanapat Thaidumrong and Mr. Thammathat Thaidamrong, the Director and Major Shareholders in Actdee Co., Ltd. Mr. Thanapat Thaidamrong and Mr. Thammathat Thaidamrong are the close relatives of Mr. Kritsana Thaidumrong who is the Company's Director	The company has sold its products to Aegean Co., Ltd., which is a distributor of the company. With the trading value during the period And have outstanding receivables at the end of the period as follows: - Revenue - Promotion expenses - AR (Beginning) - AR (Ending)	9,620.80 - 884.31 2,783.30	9,970.14 - 2,783.30 4,563.83	The Company has sold products of air cooler system to Actdee Co., Ltd. under price and condition indifferent from other dealers  <b>AC's Comment:</b> Normal business under price and condition indifferent from other customers

Person who may have conflict of interest	Relationship	RPT Type	(Thousand Baht)		Necessity and Reasonability
			2017	2018	
3. Mr. Noppachai Veeraman	Mr. Noppachai Veeraman is the Managing Director. And the major shareholder of the company	In February 2018, the Company borrowed 10,000,000 baht (ten million baht) for use as working capital in the business. With the interest rate of 6.5% per annum	-	10,000.00	<p>The company lacks liquidity during this period, therefore borrowing money to be used as working capital in the business. And interest rate is Reference rates from commercial banks in Thailand.</p> <p><u>Opinion of the Audit Committee:</u> Such items are appropriate. Due to the said loan item Used for working capital And the interest rate that is specified as the rate that is referenced by commercial banks in Thailand</p>

## 12.2 Measure and Procedure of Approving on Related Party Transaction

The Company has set up measures to enter into related party transactions with people who may have conflicts. The Audit Committee is required to give an opinion on the necessity of entering into the transaction with reasonableness and the price suitability of the item; based on the conditions in the normal course of the market. This can be compared to the price charged to third parties. In the event that the Audit Committee is unqualified in considering potential inter-transactions, the Company will provide persons with special expertise such as auditor, financial advisor. Property appraiser law Office Independent experts, independent of the company. And a person who has no conflict of interest as a facilitator of such connected transaction to be used for the decision of the Audit Committee; for the Audit Committee to present to the Board meeting and / or shareholders as depending on each case.

In addition, the Company has imposed measures not to the management and / or stakeholders can participate in approving directly or indirectly their own interests. Also, the Board of Directors is responsible for the Company to comply with the laws governing securities and stock exchange and regulations, announcements, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand; including compliance with the disclosure requirements of connected transactions, and acquiring or disposing of important assets of the Company or its subsidiary, moreover, comply with the accounting standards set by the Federation of Accounting Professions and the Certified Public Accountants of Thailand. The disclosure of related party transactions is included in the notes to financial statements that have been audited or reviewed by the Company's auditor.

## 12.3 Policy and Trend of Future Related Party Transaction

The Company will continue to do such transactions in the future with ACTDEE Co. Ltd, a major dealer of the Company, and relatives of the directors are major shareholders in such companies. By entering into the related transaction, it will be according to the ordinary course of business. There is a clear policy on entering into inter-company transactions i.e. the normal price and terms of business; likely to a transaction with an unrelated party by entering into an interim transaction in the future. It is necessary for the business operations and benefits of the Company

The Audit Committee will review the compliance with the rules and give an opinion on the reasonableness of transactions occurring quarterly.

For related party transactions between the Company or its subsidiaries and the person who may have conflict of interest that are not in line with normal commercial condition, the Company shall assign the Audit Committee to be the person who advises the necessity, Reasonability and appropriateness of price of connected transactions occurred to be in line with market price. The price occurred with outsiders is compared. However, if the Audit Committee is unskilled in consideration on related party transactions that may occur, the Company shall bring the person who possesses knowledge and special skill such as auditor and asset estimator, etc. that is independent from the Company and is the person who has no conflict of interest to enter for consideration and giving opinion about such related party transactions in order to be used as support on decision making of the Audit Committee.

Nevertheless, according to related party transactions that may cause conflict of interest possibly occurred in the future, the Company has prescribed the measure on prohibition of the participative ability of the executive, director or stakeholder in approval of the transaction with self-interest both direct and indirect. However, the Board of Directors shall enter to control the Company to perform in accordance with the law of Securities and Stock Exchange, regulation, proclamation, order or requirement of the Board of the Stock Exchange of Thailand and Capital Market Supervisory Board as well as the compliance with criteria about disclosure of information of connected transactions and acquisition or disposal of the Company's and its subsidiaries' assets according to the Proclamation of the Board of the Stock Exchange of Thailand and the Proclamation of Capital Market Supervisory Board and/or related agencies as well as compliance with the accounting standard required by Federation of Accounting Professions and Certified Public Accountant of Thailand.