

## Corporate Governance

### Corporate Governance Code for Listed Companies in 2017

The Board of Directors has established the corporate governance policies, corporate governance principles, business ethics, code of conduct for company directors, the management, and employees by written. The Company has established the good corporate governance principle according to the corporate governance principles for listed companies. In addition, the Company has arranged the practices in compliance with the laws, rules, regulations and guidance required by the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC). The good corporate governance principle (Revised edition 1) had been approved by the Board of Directors meeting no.1/2014. The revised edition was approved on February 25, 2014. In 2018, the Board of Directors assigned the Corporate Governance Committee to arrange the new good corporate governance code by applying the 2017 corporate governance code for listed companies according to the announcement of the Securities and Exchange Commission (S.E.C). The revised corporate governance code of the company have been was approved by the Board of Directors meeting no.1/2019 on January 24, 2019 to replace the previous version, consisting of followings:

- **The Good Corporate Governance Policies.**
- **The 8 Good Corporate Governance Principles.**
  - Principle 1 : Establish clear leadership role and responsibilities of the board.
  - Principle 2 : Define objectives that promote sustainable value creation.
  - Principle 3 : Strengthen board effectiveness.
  - Principle 4 : Ensure effective CEO and people management.
  - Principle 5 : Nurture innovation and responsible business.
  - Principle 6 : Strengthen effective risk management and internal control.
  - Principle 7 : Ensure disclosure and financial integrity.
  - Principle 8 : Ensure engagement and communication with shareholders.
- **The Business Ethics.**
- **The Code of Conduct for Directors, Executive Officers and Employees.**

See more details with new Good Corporate Governance Code in company's website under "Investor Relations : Corporate Governance"

In 2018, the company has been followed to the 2012 Good Corporate Governance for Listed Companies as guidelines by the Stock Exchange of Thailand.

### Corporate Governance Practice classified as 5 sections as follows:

#### Section 1 : The Rights of Shareholders

The Board of Directors appreciates and respects the ownership rights of shareholders. No actions are taken to violate or infringe the rights of shareholders. Neither the interests of shareholders are fairly safeguarded and the exercise of rights by all shareholder groups are supported and promoted, whether domestic or foreign, major shareholders, minority shareholders or institutional shareholders, incorporating both the basic rights of shareholders, and the other rights to determine directions for operations and decisions on matters having a significant impact on the company, as follows:

## 1.1 Basic rights

Referred to the right for shares transaction, the right to receive equitable profits allocation in term of dividend payment, the right to access company information in sufficient, timely, and equitable manner, the right to attend and cast votes at the shareholders' meeting, the right to elect individual company director and approve directors' remuneration, the right to appoint company auditor and approve audit remuneration, and the right to appoint proxy to attend and cast vote on his/her behalf.

## 1.2 The right to significant information access

Shareholders were entitled to access information on an equitable basis. In that regard, the company facilitated information distribution in both Thai and English languages, via the channels of The Stock Exchange of Thailand and company website (www.snjinter.com), to provide shareholders with additional access channel. Such information included performance results, connected transactions, changes in the funding structure, changes in supervisory control, transactions of significant company assets, and other information essential for decision-making by shareholders.

## 1.3 The right to attend the shareholders' meeting

The company has a policy to support and facilitate the shareholders, including institutional investors to attend the shareholders' meetings by holding its annual shareholders' meeting regularly each year, within 4 months after completing its accounting year. In order to allow shareholders to participate in monitoring the company's performance, the company set appropriate date, time, place, and method. In case of emergency which the company needs to propose special agenda regarding shareholders' benefit, regulations or related laws which need to be approved by shareholders, the company shall call for an extraordinary shareholders' meeting. In 2018, the company convened the shareholders' general meeting once, without convening any shareholders' extraordinary meeting, according to the following details:

- **Prior to the shareholders' meeting**

In 2018, the Company conducted the 39th General Shareholder's Meeting on Tuesday 24 April 2018.

(1) The company provided the shareholders with the opportunity to propose meeting agenda prior to the meeting date for 2018, during the period of November 15 – December 31, 2017, by providing related conditions on company website on November 10, 2017 together with news channel of The Stock Exchange of Thailand. Nevertheless, there were no shareholders proposing any meeting agenda during the said specified period.

(2) Shareholders were notified of the Board of Directors' resolution determining the date of 39th shareholders' meeting 41 days prior to the meeting date, namely on March 14, 2018, through the Stock Exchange of Thailand's website and the company's website so as to enable the shareholders to set aside time for attending the meeting.

(3) The meeting notice together with all relevant documents in both Thai and English were published on the Company website on March 19, 2018, which was 36 days prior to the meeting date.

(4) The same information was sent to the Thailand Securities Depository Company Limited, the Company's Share Registrar, for forwarding to shareholders in document format on April 9, 2018 or 15 days prior to the meeting date in order to give the shareholders sufficient time to study the meeting documents.

(5) The notice of the meeting were also advertised in daily newspapers for a period of 3 consecutive days, and 14 days prior to the meeting date, namely on April 10 – 11, 17, 2018.

(6) Prior to the meeting date, the Company had provided an opportunity for shareholders who may have queries regarding agenda to send them in advance during period March 19 – April 17, 2018, via company's website. The procedure of sending questions was also mailed together with the notice of shareholder's meeting. In 2018, there were no questions received in advance.

(7) The documents sent out to the shareholders were, the meeting invitation letter providing details on the rationale for each meeting agenda, together with related opinions by The Board of Directors and the documents in support of the voting decision by the shareholders for each meeting agenda. Furthermore, the documents also included the annual report publication, profile of the persons nominated as directors replacing those due to retire upon term completion, definition of independent director, profile of independent directors proposed as proxies by the shareholders, company regulations regarding the shareholders' meeting, the documents and evidences required for the shareholders to present for meeting attendance, meeting regulations, procedures for shareholders to post advance questions prior to the shareholders meeting, meeting procedures, the map of the meeting venue, and the registration form. Other documents were the proxy appointment letter form B for voting in line with the shareholders' decision, or the proxy appointment letter either Form A and C which shareholders could download from company website.

With this regard, the company published the annual report within 120 days from the end of accounting period (December 31) via company website (March 19, 2018) and sent the annual report to the shareholders by mail (April 9, 2018).

- **On the day of the shareholders' meeting**

(1) The company decided to set the meeting date, time, and venue in such manner being most convenient and not posing problems to the shareholders to attend. For 2018, the company held the shareholders' meeting on Tuesday, April 24, 2018, at 13.00 p.m., at The Montien Riverside Hotel, started registration at 11.00 a.m..

(2) The shareholders were allowed to register by barcode system not less than 2 hours prior to the meeting, and continued until the meeting completion. At the registration desk, the company prepared sufficient personnel to take care of the registration, as well as providing stamp service for proxy appointment forms authorized by the shareholders. Furthermore, the company handed out vote placard and vote-casting ballot to each shareholder.

In case that shareholders appointed proxies to attend the meeting instead, the company gave the right to the proxies and treated as shareholders.

(3) The Board of Directors placed much emphasis on the shareholders' meeting, by considering as their obligations to always attend the meeting in person unless facing inevitable circumstances or becoming seriously ill.

For the shareholders' meeting for the year 2018, 15 directors (100%) attended the said meeting, including Chairman of the Board and Chairman of sub committees. Furthermore, the meeting was also attended by the Managing Director, the Chief Financial Officer, Executive Directors, as well as the company auditor, so as to provide shareholders with the opportunity to ask questions related to the meeting agenda in progress. In addition, the company also invited representatives from the company's audit office of Dr. Virach & Associates Office Co., Ltd., and Vira Law Office Co., Ltd., to act as meeting observers during vote tallying for each meeting agenda, to ensure that the meeting was conducted in a transparent manner, complying with legal and company articles requirements.

(4) Prior to meeting commencement, the Company Secretary informed the meeting of the meeting quorum, the vote-casting and vote-counting methods for each meeting agenda according to laws and company regulations. In the case where some shareholders joined the meeting after the meeting commencement, the company still allowed said

shareholders to cast votes for the remaining agenda not yet considered and voted upon by including them as the meeting quorum.

(5) During the meeting, The Chairman proceeded with the meeting agenda in such order earlier set forth in the meeting invitation letter without adding any further agenda or altering any significant information without prior notice to the shareholders, while allowing equal opportunity for all shareholders to present question, comment or suggestion for each meeting agenda.

In that regard, for the shareholders' meeting in 2018, there was no any question or comment from shareholders.

(6) The Company has adopted Barcode system used to sum up votes on each meeting agenda and displayed resolution of the screen in the meeting room and acknowledged by the shareholders simultaneously in order to provide fast and accurate results which being announced promptly after the end of each agenda. The Company has used ballot item on the agenda of appointment of directors and permit the shareholders to elect directors individually. For transparency, the company kept the said ballots at the Bangkok office for checking after finishing the meeting.

The summary of voting in each agenda on the General Meeting of Shareholders No.39 held on Tuesday, April 24, 2018 as follows ;

Agenda	Approve			Disapprove			Abstention		
	No. of Shareholder	Shares	%	No. of Shareholder	Shares	%	No. of Shareholder	Shares	%
1	103	128,538,499	99.9958	-	-	-	1	5,357	0.0042
3	103	128,538,499	99.9958	-	-	-	1	5,357	0.0042
4	103	128,538,499	99.9958	-	-	-	1	5,357	0.0042
5.1 – 5.2	103	128,538,499	99.9958	-	-	-	1	5,357	0.0042
5.3 – 5.4	102	128,538,489	99.9958	1	10	0.0000	1	5,357	0.0042
5.5	103	128,538,499	99.9958	-	-	-	1	5,357	0.0042
6	103	128,538,499	99.9958	-	-	-	1	5,357	0.0042
7	103	128,538,499	99.9958	-	-	-	1	5,357	0.0042
8	103	128,538,499	99.9958	-	-	-	1	5,357	0.0042

Remark : No voided ballot

- **Subsequent to the shareholders' meeting**

(1) The company disclosed the resolutions adopted by the shareholders' meeting, together with the voting results for each meeting agenda, in both Thai and English, via the news channel of The Stock Exchange of Thailand, and the company website, on the following day.

(2) The company compiled the meeting minutes subsequent to the shareholders' meeting, by incorporating all essential details and summarizing voting results for each meeting agenda, classified as approve, disapprove, abstention and voided ballot votes, together with the record on the discussion and conclusion regarding significant topics. Said minutes was submitted to The Stock Exchange of Thailand and The Securities and Exchange Commission within 14 days subsequent to the meeting, and disseminated on the company website, in both Thai and English, so as to enable the shareholders to review said minutes content without having to wait until the next shareholders' meeting. Also, sent the reports to the Ministry of Commerce within time set forth by law.

(3) The company recorded the meeting on VDO, for further distribution to the shareholders upon request.

(4) After the shareholders' meeting approved dividend payment, company shall inform the resolution including dividend payment's details via SET news and cooperate with the registrar of Thailand Securities Depositories Co., Ltd. to ensure all shareholders receiving payment correctly and completely. Including the notice in daily newspapers for a period of 3 consecutive days on 2 - 4 May 2018.

In recognition of its consistent efforts dedicated to holding the general shareholders' meeting efficiently on a continuous basis resulting, the company was awarded the "Excellent" appraisal result in 2018 for the quality of its shareholders' meeting by the Thai Investors Association.

## Section 2 : Equitable Treatment of Shareholders

The Company attaches importance and ensures that all shareholders are treated equally and fairly either they are major shareholders, minority shareholders, overseas shareholder or institute investors as following :

### 2.1 The shareholders' meeting

(1) The company provided the minority shareholders with the opportunity to nominate candidates as directors prior to holding the shareholders' meeting in 2018, during the period of November 15 - December 31, 2017. For such purpose, the company compiled the nomination conditions and disseminated them on the company website, as well as notifying the shareholders via the news channel of The Stock Exchange of Thailand. Nevertheless, there was no shareholder nominating any candidate for consideration as company directors.

(2) The allocation of votes in the meeting was based on the number of shares being held by each shareholder, with 1 vote representing 1 share with no shareholding any special privilege in restricting the right of other shareholders.

(3) In the case of foreign shareholders, the company sent out meeting invitation letter in English, to facilitate the understanding by foreign shareholders, as well as disseminating said information on company website [www.snjinter.com](http://www.snjinter.com) in both languages 30 days before the meeting date.

(4) In the case where shareholders could not attend the meeting in person, the company provided opportunity to shareholders to assign any person or independent director of the company as their proxy to attend the meeting and exercise the rights on their behalf. The company provides information concerning all 4 members of Audit Committee by informing name, age and address attaching to the letter of invitations in addition to identifying the documents, evidences and instructions on procedure of the assignment of proxy to all shareholders in order that they can arrange appropriately and do not have any problem for the attendance of proxy.

In the 39<sup>th</sup> Annual General Meeting of Shareholder held on Tuesday April 24, 2018, 9 shareholders who possesses 14,746,422 shares assigned the proxy to member of the Audit Committee who was the independent director of the company and delegated their vote to him.

(5) The exercise of vote must be done openly and ballot box must be prepared for each and every agenda. The counting of vote is done on the no consent votes and/or abstaining only. These numbers will be deducted from the total votes presenting in the meeting, the remaining numbers will be regarded as consent votes. The company implemented the barcode system to count the votes and display on screens available in the meeting room immediately for the transparency and check.

## 2.2 Supervision over inside information

The company has laid down the policy safeguarding against inside information abuse, by stating in writing in the business ethics manual, and the code of conduct for company directors, the management and employees, not allowing company directors, the management, and employees, to exploit the information or assets belonging to the company, or accorded own position, in such manner seeking unjust gains for own self or for others. In relation to this, the company handed out relevant manuals to company directors, the management, and the employees, to serve as guidelines for their business operations and assignments, while also disseminating those information on company website.

Furthermore, the company also incorporated above information into company regulations, together with the penalty provision. During 2018, the directors, the management, and the employees strictly followed those company policies on a consistent basis. The company did not encounter the case where its directors and the management traded their securities by using inside information.

## 2.3 Supervision over the transaction of company securities

(1) The company clearly specified conditions regarding the transaction of company securities in its business ethics, by forbidding the directors, the management, and the employees working in those departments accessible to inside information, to engage in the transaction of company securities, during the period of 1 month before the disclosure of such information to the public and 24-hour after disclosure of financial statements. The company distributed said instructions in circular to all concerned parties each quarter.

In 2018, all the company directors and management members strictly followed accordingly, without engaging in such transactions during said period.

(2) The company informed company directors and the management to acknowledge of duty to report their first securities holding, together with any subsequent change in securities holding, to The Securities and Exchange Commission, in accordance with article 59 of The Securities and Exchange Act B. E. 2535. Furthermore, the company provided for the report on securities holding by the directors and their spouses, as a regular item in The Board of Directors' meeting

(3) The company has set a policy for directors and top management to inform of the company's securities trading to the company secretary at least 1 working day prior to trading. In 2018, the directors and the management have strictly followed the above policy by informing to the company secretary 4 - 6 days prior to trading.

## 2.4 Treatment of conflict of interests

The company treated the issue of conflict of interests with caution and reason, with the company's interests in mind, by laying down operations systems in a transparent manner, deemed as one major policy regarding good governance practice and business ethics for the company. The company supervised the implementation of connected transactions so as to comply with the announcement by The Capital Market Supervisory Board. Before implementing each connected transaction requiring prior approval from The Board of Directors, the item was first proposed to The Audit Committee for endorsement prior to submitting to The Board of Directors for further approval. The directors with possible conflict of interests were not allowed to take part in the meeting. Afterwards, the company informed said meeting resolution to the shareholders via the news channel of the SET together with the company website. The information included the disclosure of names and relationship of connected parties, pricing policy, transaction value, and other related details, as well as the opinions of The Board of Directors pertaining to such transactions.

Furthermore, the company held The Board of Directors' meeting subsequent to the shareholders' meeting each year, to decide on the approval criteria for business transactions under normal business term, conducted between the company and the directors, management members, or connected persons.

## 2.5 Supervision over assets transaction

The company supervised assets transaction in accordance with the announcement by The Capital Market Supervisory Board regarding the acquisition and disposal of assets, whereby directors with possible conflict of interests were not allowed to participate, so as to facilitate fairness and transparency.

## Section 3 : Consideration of The Roles of Stakeholders

Based on its recognition of the rights of stakeholders, The Board of Directors duly laid down relevant policies and guidelines in the company's business ethics manual, and distributed them to the directors, management members and the employees, to be followed as practice guidelines, to ensure that all stakeholders receive fair and equitable treatment.

### 3.1 Shareholders

The company duly respected the basic rights accorded the shareholders in accordance with the laws, regulations, and business ethics of the company. At the same time, the company had proper mechanism in place to ensure that the shareholders receive accurate and reliable information, having proper measures safeguarding against conflict of interests, and against the exploitation of inside information for personal gain. Furthermore, the company also aimed to generate justifiable return for the shareholders, by laying down appropriate dividend payment policy on a consistent basis.

In year 2018, the company paid the dividend from the result of business performance of year 2017 at rate of 1.20 Baht per share. The total dividend was equal to 55.36% of net profit of the separate financial statements by setting the date of payment on May 23, 2018. We have paid the dividend to shareholders for 39 years consecutively and this is accounted as real long-term wealth for all shareholders. Each and every shareholder is invited to attend the Annual General Meeting of Shareholders of Year 2018 and has right of vote for each and every important agenda item as well as receive the important information through various medias, e.g. pamphlet and e-information. Besides, the company also reports the business performance at every quarter and disclose the transactions done with related persons in the same condition as that done with external persons for their awareness via the news system of the Stock Exchange of Thailand and the company's website.

### 3.2 Company employees

In the company's recognition of company employees as its valuable human resources playing the critical role in leading the organization toward success, The Board of Directors therefore set the company's policy to devote its best efforts to develop and upgrade the employees' potentials on a consistent basis. At the same time, the company sought to provide job security and advancement opportunities to all employees based on their own potentials, as well as encouraging the employees to play a part in charting the company policies. At the same time, the company laid down its remuneration policy toward the employees by providing the employees with fair and reasonable remuneration commensurate with the capability, responsibility, and performance results for each employee, which is in line with the compensation of the same industry. (See details under the heading "Management Structure" on employees).

The company provide benefits to promote quality of life and well-being, such as Provident Fund, Retirement gratuities to employees, Nursing room, Annual health check, product purchase welfare rates, Uniform, Loans for housing project, etc. Also has established welfare committees the opportunity to engage employees in welfare administration. As well as promoting the preparation of activities to engage employees, such as “Pheun Chuay Pheun Project”, “Dharma Sa-buy Jai Project”, New year activity.

At the same time, the company is also taking into consideration the safety of life, health and property of employees defined as Occupational Health and Safety Policy as follow:

1. Compliance with the law, Occupational Safty, Health and Environment, including a business deal for both current and future.
2. To manage for committed to prevent injuries and reduce the accident rate to zero, including improved working environment to be safe.
3. Committed to developing performance management system in occupational health, safety continuously.
4. Support adequate resources in management to control and prevent danger from work of workers.
5. To cultivated conscious mind for everyone to recognize the safety to work by considering to be the primary function of all.

This policies encourage and support employees and workers outside to safety working and reduce the risk of accidents or of disease from working to enable employees to work efficiently. With both the Committee and the security agencies to work up to this work, including in particular follow-up and continuous operation as well as the label shows the statistics of accidents of work by the company. In 2018, the company had safty training total 24 courses such as Training for safety working for new employees, new supervisor and new executives. “Emergency training plan for Boiler explosion and fire on LPG tank”. Course "Chemical Spill Management". Courses "basic and advanced fire fighting". 5 Sor. Week for Safety on environmentally conscious. Including creating recognition and awareness of safety for employees by creating a plan to inspect the area to assess operational risks provide a safety workplace project, such as a project to reduce the risk of disease from work. Safety awareness campaign, Zero accident, KYT, safety driving campaign. Outstanding Employee in Safety Program and the Safety working area project etc.

The company has targeted the Occupational Health and Safety for year 2018 in order for each agency to design operating plan and achieve goals as follow:

1. No accident until working 3 days, continuously 1,000 days.  
Result No accident until working 3 days, continuously 1,095 days.
2. No injury due to work.  
Result Injury severity rate (in case of absence) 0 case.

From the said policy resulting the company received National award for workplace “Excellent”; in Occupational Safety, Health and Environment. The award was given by Department of Labor Protection and Welfare. See more details in “Sustainable Development Report 2018 : Good people”

### 3.3 Customer

The Board of Directors recognizes that the customer satisfaction and confidence is success of the company for sustainable company policy and guideline to consistent with the integrity and do not take any action to be a violation the rights of the customer, we focuses on the service provider that impressed by creating the satisfaction in the products and

services to customers by offering a quality product in a reasonable price to allow the customer to get the most out of both quality and price, we also operates its business with a commitment to develop products and services to devise new innovations that add value and services to products for meet the needs of customers, along with providing the information is necessary to decisions without obscuring or misrepresentation of facts, in addition the production and services must be safe for consumers and environment friendly as well as maintain the confidentiality of the customer not used to the benefits of their own or that those involved an improperly, as well as the care and perform a fair of complaints from customer we have customer service team for more information and comment of multiple channels including over telephone number 02) 676-2727 Fax (02) 676-2726 or E-Mail : [sjoffice@snjinter.com](mailto:sjoffice@snjinter.com).

The evaluation of customer satisfaction report compares year 2016 - 2018

	2018	2017	2016
Local-Customer	83%	89%	86%
Overseas-Customer	84%	80%	82%

Customer satisfaction in domestic decreased due to price competitiveness. To increase confidence to customers, the company's sales department has analyzed the cause of the problem and determined solutions with the relevant business units to increase the effectiveness of production through cost reduction project, Research and development processes in the Fast track product, and PK Liabrary to speed out the goods.

In 2018, the company received confidence from customers and consumers and got the Best Selling Award for Treatment Wax and Hair Treatment products.

### 3.4. The Competitor

The Board of Directors operates business in accordance with the provisions of law. In this regard, the following policies and guidelines have been prescribed :

1. The Company shall conduct its business within the rules of fair competition with due regard to business ethics and trading laws competition of various countries in which the company operates.
2. The Company will not damage the reputation of its trade competitors.

In addition to these policies. The company did not seek the confidential information of competitors by dishonest or inappropriate ways. We considered competitors take part in empowering your organization's stability and even stronger. Throughout the period of the past, we never had any disputes with competitors.

### 3.5. Trading Partner

The company treats trading partners equitably and takes into account mutual interests by prescribing the following polocies and guidelines :

1. The company has a system for screening trading partners in the value chain who operate businesses in compliance with the law, safety and occupational hygiene standards, and friendliness to the enviroment. Trading parters are treated on the basis of fair competition, equality and mutual respect.
2. The confidentiality of secrets or communications of trading partners are maintained and not exploited for wrongful gains of oneself or of others.
3. Relationships and good understandings are fostered. Knowledge is exchanged. Developments and value adding to goods and services are jointly undertaken to promote mutual growth.

4. The Company adheres to trade agreements and makes proper representations of data. In the event that an agreement cannot be complied with, the company will expeditiously engage in early negotiations with trading partners in order to reach a mutual remedy and loss prevention solution.

5. The company does not demand, receive or consent to the receipt of properties or any other benefits outside trade agreements.

In addition, the company have a policy for selection of trading partners that recognizes its responsibility and environment, encourage partners to develop a process that takes regard to human rights, not using forced labor and regard to children rights. As well as offering products and service that take into consideration the environmental impact and the safety of consumers. As well as improving process of work to prevent pollution and impacts on the environment along with conservation of natural resources, reduce energy consumption and eliminate the risk of unsafe conditions, including got certified of quality standards ISO9001:2008 , ISO 14001:2004.

#### Selection Criteria and Trading Partners Evaluation

The Company set up partner selection system based on the ability to manufacture products that satisfy the needs of the customer, the quality of business partners, production capacity, standard system, availability of services, transportation, safety, health, including operation of business partners who be responsible for social and environment, by using the questionnaire in the preliminary assessment and follow up to ensure that business partner are sufficient ability and reliable.

In which year 2018, there is no event that we do not abide by the contract partner.

**Remark :** More detail in "Sustainable Development Report 2018 : Supply chain management."

#### **3.6. Creditors**

The company's policy of treating all creditors equally and fairly by complying with the contract or the terms strictly creditors to disclose financial position correctly, on time, and in the case that cannot abide by any one institution that let the creditor know in advance in order to jointly find solutions and prevent damage.

For The Creditors, the company provides can be billed on the 1st to the 6th of each month and payable every 25th of every month by means of bank transfer in Media Clearing, Which are the facilities for the creditors.

In the year 2018 The Company pays to the trade meets Credit Term agreed in advance, without payment of any company's business been adhered to competition in good faith and fairness under the framework of the law strictly.

#### **3.7 Community and society.**

The Board of Directors is aware of the responsibility toward the community and the society to define policies, there is a strong responsibility to the community and society, formed within the company, and employees at all levels as well as support activities beneficial to the community and society as a whole.

#### Social Responsibility Policy

S & J aim to a good model to operate in according with corporate governance. Proceed to social activities without force. Participate in society other than the pursuit of profit. Focus on the existence of the business coupled with value creation and corporate social responsibility from the process all section within the organization.

The company has appointed corporate social responsibility Committee, also set the corporate social responsibility policies and practices in the different activities, such as reducing or avoiding the use of chemicals prohibited

in using renewable natural extract, which is good for consumer. The generate of develop a successor fair to help disadvantaged, elderly, reforestation, conservation of animals. Disaster restoration, etc., based on the principles of care or promote community. Create an atmosphere of coexistence of people in the community and the company can live together happily. Create awareness in the context of sustainability to self-reliance, to recognize helping to each other.

The company has the commitment by continuously operation as above, result in year 2018, the company received award of "FDA quality awards competition 2018" from the Offices of the Food and Drug Administration, which is an award that glorify establishments that produce quality products and doing business with integrity and social responsibility, for 6 consecutive years.

**Remark** : More detail in "Sustainable Development Report 2018 : Good Society."

### 3.8 Environment.

The Board of Directors of the company are aware of the responsibility for the environment. The policy is one of the mission of the company's governance and ethics in the operations. The company are aware for the impact on the natural resources and the environment.

The company has appointed a working group on environmental and conservation of energy in order to work in accordance with the laws and systems for environmental standards ISO 14001:2015 along with policy and planning environmental projects to reduce the negative impact that sources since in the process including. Waste disposal based on the 3R were Reduce : reducing resource usage, Reuse : reuse worthy and Recycle : recycled process standard. As well as a support and rehabilitation in emergency situations.

#### Environment Policy

S & J International Enterprises Public Company Limited is focused on producing quality products. By focusing on the importance of risk that has impact on the environment and the resources arising from the sources of the raw materials, production process, storage and delivery of the goods.

Company focused on maintaining environmental quality under the intention as follows.

1. Compliance with legal, the customer requirements, the Treaty and environmental standards both in the present and might have in the future.
2. Focus on management to prevention, reduction, reuse, recycle. Including getting rid of things that pollute the environment.
3. Strive to improve and developed environmental performance continuously for environmental sustainability
4. Promote to the consideration of life cycle to achieve maximize efficient use of resources.
5. To cultivated conscious mind of the employees to realize and participate in the prevention of problems that affect the environment.

The company also has environmental surveillance measures, such as to measure and track air quality, lighting, sound, and water waste within the company for assign the proactive measures, such as the Working Group of structures with energy to approval reduce CO2 emissions and indirect projects, for example set up Solar roof, Improve water quality after treatment for reuse, Improve the production process in order to reduce energy consumption, etc. All of this performance and measurement of environmental quality and safety will be systematically stored and has been monitoring compliance with safety and quality Department regularly.

In addition, the company has opened a channel of complaint for the community if it has been affected due to the company's business operations, which in the past year, the company has not received complaints about the impact of the operation on the environmental.

**Remark** : More detail in "Sustainable Development Report 2018 : Environmental Management"

### 3.9 Social Responsibility Reporting

The Board of Directors is aware of social responsibility by providing an Sustainable Development Report to disclose its business practices, in accordance with the Code of Conduct and results of the implementation of the policies and guidelines for sustainable development of the company both on economic, social and environment.

"Sustainable Development Report" of the Company have been prepared in accordance with International Standards of "Global Reporting Initiatives Guideline: GRI (G4 Guidelines)" has the analysis and link to the company's performance relative to the strategies and objectives of sustainable development of the company by further disseminating innovation in business and society. Including the implementation of against corruption consistent with the reporting guidelines of the Stock Exchange of Thailand.

The company has the commitment and work in this continuously, result in year 2018, the company received awards from organizations as follows.

- The award of " Outstanding SET Sustainability Award 2018" from the Stock Exchange of Thailand which is a reward for the company that are outstanding role models in sustainable business practices.
- The award of "Thailand Sustainability Investment 2018" from the stock exchange of Thailand which is a reward for the listed companies that have business operations in accordance with good corporate governance, social responsibility and the environment. The company has received 4 consecutive years.

The company has delivered Sustainable Development Report 2018 to shareholders on QR Code together with invitation letter of The Annual General Meeting of Shareholders for the year 2019 and published the report for those interested on the company website "www.snjinter.com" under the topic "Investors Relation : Publication".

### 3.10 Encouraged to use resources efficiently.

The Committee recognizes the value of the resources. To achieve efficient use of resources coupled with business operations, the company has appointed a working group on environmental and energy conservation for up acting in accordance with the policies and work practices that conform to environmental standards (ISO 14001:2015), which is one of the established practice is to "promote the use of resources in the production process economically and efficiently." The company has training and awareness campaign on energy saving approach to resource use and achieve the best value for money in all activities of the organization coverage the use of electrical energy, water, paper and other consumables.

The company has implemented an energy conservation in various aspects, such as Solar cell energy, Waste water treatment, Reduction of pressure in the pipe water, Reduce water consumption, Compensable from chiller system supply for cooling Vacuum Pump, etc.

**Remark** : More detail in "Sustainable Development Report 2018 : Environmental Management"

### 3.11 Educating and training employees on environmental.

The board of directors encourage the employees to realize the importance of the environment. The Company provides dissemination environment to employees through computer system, manage the Information board and publicity through the sound cable. Activities about nature conservation and the environment, as well as encouraging employees to increase their knowledge training in environmental matters continuously.

In 2018, the company provided training environment as follow.

1. Basic knowledge of ISO14001/OHSAS18001
2. Aspect & Risk Assessment
3. How to Energy Saving.

### 3.12 Supporting and Participation in Community Development.

The company gives priority to business of social responsibility and the environment. In addition to conducting business without creating a negative impact on society and the environment, then. Engagement and social assistance, sustainable growth along the way. That is what the company has been addressed with its actions. It can be seen from the policy and guidelines on how to conduct activities that are clearly defined in various ways, as follows:

Children and Youth 3 projects	<ul style="list-style-type: none"><li>● Gift for Children Day project</li><li>● The Smart Science Teacher in Eastern Region project</li><li>● Youth Yathaphuttra project : India - Nepal</li></ul>
Elephant and Other Animals 2 projects	<ul style="list-style-type: none"><li>● Free the Life of Elephant Project.</li><li>● the Elephant's Clinic project and Mobile Animal Care project.</li></ul>
Religious charities 4 projects	<ul style="list-style-type: none"><li>● Chanting evening</li><li>● Good Start Good Life project</li><li>● Kathin Ceremony</li><li>● Offering Robes to Buddhis</li></ul>
Enviromental 1 project	<ul style="list-style-type: none"><li>● Afforest for Pracharath</li></ul>
Community and Underprivileged 5 projects	<ul style="list-style-type: none"><li>● School for Elder People project</li><li>● Look Good Feel Better project</li><li>● Sharing Heart to HIV House and Nursing Home</li><li>● Health Mobile project</li><li>● Community Market for Employee</li></ul>

Remark : More detail in "Sustainable Development Report 2018 : Good society.

### 3.13 Policies and practices regarding unrelated to human rights violations.

The company, give priority to the fundamental rights of humanity. Conduct business in compliance with laws and principles of human rights. Not all discrimination is sex discrimination. Religion, political rights or other matters, such as the employment of people with disabilities to encourage persons with disabilities were employed, including the company's policy not to take any action or do not support Parties that violate human rights.

The company has prepared the human rights policy, and is published by the training for employees, since beginning work. This is to ensure all agencies are operating according to the principles of human rights laws and regulations relating to employees, and about basic human rights according to international standards also must comply with a standard system, labor, Thailand TLS.8001:2010 which the company has been certified in a highest complete level from the Department of labour protection and welfare, Ministry of labour, on May 20, 2018 effective through May 19, 2021. Over a period of time that the company has never been a history or a court case about violation of human rights.

**Remark** : More detail in "Sustainable Development Report 2018 : Good people."

### 3.14 The policies and practices of non-infringement of intellectual property or copyright.

The company adheres to our policy on business operations that are not related to intellectual property violations by imitators or take other people's intellectual property used in the business without permission. But we developed a new raw material, goods and services, the company continuously research and development team, more than 150 people sharing valuable innovation of business enterprise. By realizing corporate social responsibility and the environment proactively until the company can bring to a patent to be protected of creative concept of the company.

In addition, the company also encourages employees to continuous innovation in both product production by Small Group Activity through projects or suggestions that will help-system as a mechanism to store employee of innovation in the practice and delivery of various innovative projects competition in the Saha group, continuous innovation and awarded annually.

The company has the commitment to continuous innovations, result in year 2018, the company received various awards as follows :

- "TOP INNOVATIVE ORGANIZATION 2018" from National Innovation Agency (Public Organization), the Securities Exchange of Thailand and the College of Management Mahidol University. The company has been assessed to be at level 5, which is the highest level with outstanding development in innovative strategies and create an innovation culture in the organization systematically as well as being able to lead the organization to innovation excellence in a sustainable manner.
- Received "SET Awards of year 2018", Outstanding Innovative Company Awards from the Securities Exchange of Thailand.

In the year 2018, the company was not associated with abuse of any copyright and/or other intellectual property.

**Remark** : More detail in "Sustainable Development Report 2018 : Business and Social Innovation"

### 3.15 Measures against corruption and bribery

The company has set anti-corruption policy and prepared a manual for anti-corruption measures for Directors, Executives and employees to use as guidelines. The key focus of such policy and measures is to prevent and corruption in all forms whether directly or indirectly. The company will not participate in any bribery or corruption to government officials, public as well as private sectors in order to gain or maintain competitive advantage. In addition, the company have set the practice guidelines for activities with potential risk of corruption in order to clear guidelines in the doing business and reduce the risk of corruption with totally 6 Editions as follows.

- Rule of practices for political support.
- Rule of practice for donation and public interest.
- Rule of practice for give or obtain gift and entertainment.
- Rule of practice in the give and get support.
- Rule of practices for Business Operation in sales and marketing.
- Rule of practices for business operation in procurement.

The Anti-Corruption Policy and Practices 6 editions are "Documents of Anti-Corruption" and provide to the Board of Director, Executives and other units within the organization to compliance guidelines in case of doubt in regard to corruption. In addition, there has been published on the company's website ([www.snjinter.com](http://www.snjinter.com)) under the heading investor relations: Corporate Governance: Anti-Corruption Documents.

In 2018, the Corporate Governance Committee, which established the anti-corruption guidelines have reviewed and revised the compliance with anti-corruption policy in order to be consistent with the operation of the company and easier to understanding. The compliance with the anti-corruption policy has been approved by the Board of Directors Meeting No. 1/2019 on January 24, 2019.

#### Corruption risk assessment

The company requires units whose transactions may create corruption risks of all 9 units which contact the government department, such as Engineering department, accounting and finance, import-export and regulation department, to conduct corruption risk assessment. Cause and chances of the corruption risks in the entire business process, from project development to project financing, project and power plant management and organizational administration, are identified while practice guidelines, regulations and rules used for control such risks are prepared.

Corruption Risk Assessment showed that the Company has effective risk prevention, such as prevention, whistleblowing system, control and monitoring. Chances of such risks are very low. Although the assessment also showed that some anti-corruption guidelines are already in writing, such as gifting, entertainment, internal control, human resource management and procurement, some other practices, including sponsorship, training and communications, remain not clear. The Management and employees however have correctly, properly and transparently performed, which is a strong organizational culture. To support effective implementation and provide clear guidelines, the Company has improved and put in writing those guidelines by preparing the "Anti-corruption Measures Manual". The manual has been disseminated throughout the entire Organization via internal communication channels and to outsiders via the company website under Corporate Governance.

### Implementation of Anti-Corruption Policy and Measures.

- The Anti-Corruption Policy and the Anti-Corruption Measure Manual are published on the Company's website and distributed to the board of director, Executive and all of department of company.
- Anti-corruption Policy and Practices are regularly communicated within the Organization 2 times per day and disseminated through internal communication channel and posters in office where outsiders can also see and become aware of company commitment. The company will provide the detail of anti-corruption policy for new employee in Employee Manual.
- The company encourages and supports its subsidiaries to concretely implement anti-corruption by communicating the anti-corruption policy and practices to directors of subsidiaries for adaptation and implementation.
- The Board encourages Directors, Executives and employees were attend trainings and seminars on anti-corruption held by various organizations, including:
  1. The training "SJI cooperation for Anti-Corruption " for managers and supervisors, which has invited guest speakers who are competent external training at Bangkok and Sriracha office.
  2. Orientation for new employees, which have content policies and guidelines, operating for anti-corruption, to cultivate the consciousness from the start.
- The Company has notified its policy to its trading partners by sending a notice informing the anti-fraud policy. In cooperation, if found guilty person in the organization. In addition, the company has prepared the memorandum committing to Anti-Corruption for the represent of the company to provide customers and partners to realize in this matter.
- The company has set the notification letter policy stopped accepting gift from business partner every year.

### Whistleblowing

The company encourages its employees and stakeholders to participate in monitoring the actions in compliance with related laws, regulations rules, corporate governance practice and business ethics and report or complain on breach of laws, ethics or malpractice that may involve corruption. Measures for whistleblower protection are also put in place so as to keep reported information confidential and will be acknowledged only be relevant parties to provide whistleblowers with full confidence and protection.

The company provides a channel for all stakeholder groups to report or complaint that may cause damage to the Company. Wrongful action against related laws, regulations and business ethics or Corruption and bribery or suspected actions that may involve money laundering, wrongful actions related to accounting, finance, control and auditing. Issues to be reported directly by telephone or e-mail as following:

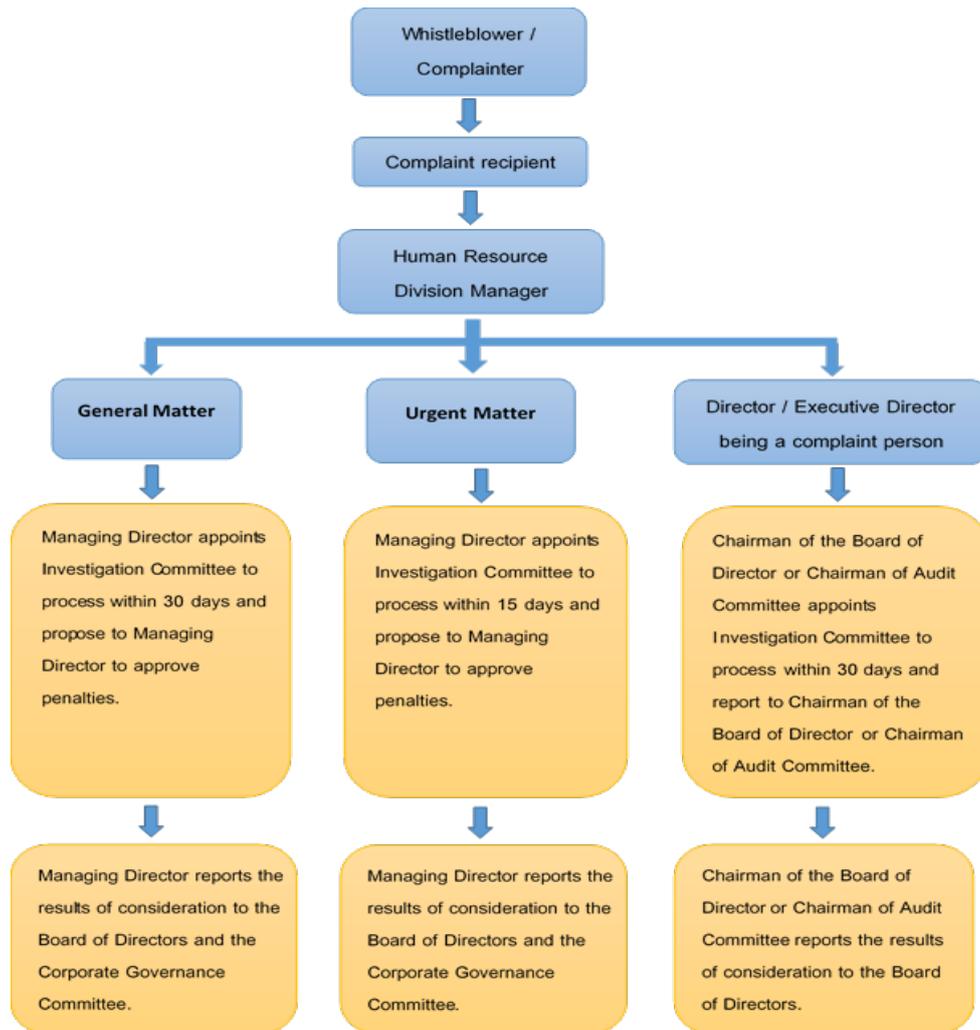
Division	Telephone number	E-mail address
Human Resource Division Manager	(02) 676-2727 Ext. 2208	patchara@snjinter.com
Company Secretary	(02) 676-2727 Ext. 2812	sumit_k@snjinter.com

Or send a registered mail to Chairman of the Audit Committee or Chairman of the Corporate Governance Committee or Human and Resource Division Manager or Head of Internal Audit or Company Secretary at the following address :

S & J International Enterprises Public Company Limited  
 2 Naradhiwas Rajanagarindra Road, Tungwatdon, Sathorn, Bangkok, 10120

Process of whistleblowing and complaints

The company conducted the investigation with fairness, transparency, prudence and fairness to the complainant, as following :



The protection of the whistleblower and complainer

The company will protect the whistleblower and complainer made by fide intent by concealing the name or any information that could identify the whistleblower and complainer and maintain the information of whistleblower and complainer to be confidential by limited to those who have a responsibility to investigate complaints only.

The protection of employees

The company will provide care and protect employees who comply with Anti-corruption policy and regulation by protection complainer set in Code of conduct the Board of Directors, executives and employees. Including the company give justice and protection to employee. By employee will not be punished, or reduce position, if denied the corruption acts, even though such actions would cause the company to lose business opportunities.

The company has set whistleblowing process and protection of whistleblowers and those being complained as well as penalty and clue reporting; and clearly published such details in the Anti-corruption Manual. In 2018, there were complaints about a violation of work regulations for 3 cases which had been investigated the causes for disciplinary action with related persons. In previous year, the company did not receive any complaints about corruption.

#### Monitoring, Reviewing and Assessment

The company has a process to review, monitoring and assessment of the risks of corruption, as well as programmes for preventing such risks. The supervisory board governance is the risk assessor in corruption and coordination with internal audit checks and presentation at the meeting of the Audit Committee to review the internal control and internal audit follow-up. In the case of fraud, internal audit work unit will report directly to the Audit Committee and the Audit Committee will report to the Board of Directors, respectively.

In 2018, the Corporate Governance Committee has reviewed policy and practices relating against corruption, to review policies and practices for improvement by cooperating with the Internal audit to follow up the adoption of practices with the annual audit plan. The report to the Audit Committee and the Board of Directors by quarterly.

#### 3.16 Communication Channel

Stakeholders are able to provide their recommendations and concerns to company via the following channels:

Channel	Telephone number	E-mail address
Company Secretary	(02) 676-2727 Ext. 2812	sumit_k@snjinter.com
Investor Relations	(02) 676-2727 Ext. 2508	sjjac@snjinter.com
Human Resources Division	(02) 676-2727 Ext. 2208	patchara_p@snjinter.com

The mailing address is S & J International Enterprises Public Company Limited 2 Naradhiwas Rajanagarindra Road, Tungwatdon, Sathorn, Bangkok, 10120.

The Company Secretary is responsible for sending documents directly to the Board and then forwarding them to relevant committees or directors. Issues and recommendations will be summarized and submitted to the Board on a quarterly basis. In 2018, the company did not received neither complaint nor involved recommendations from stakeholders.,

## Section 4 : Information Disclosure and Transparency

The Board of Directors duly recognized the importance of disclosing significant company information relating to both financial and non-financial topics, which was regarded as one of the company's policies regarding good corporate governance. The company ensured that the shareholders and investors receive such information, in a fast, accurate, and equitable manner, through such channels as, the annual report, annual information disclosure form 56-1, news distribution channel of The Stock Exchange of Thailand, and The Securities and Exchange Commission, as well as the company website, in both Thai and English (www.snjinter.com), with those information being regularly updated.

In 2018, the company facilitated information disclosure in accordance with the requirements of The Stock Exchange of Thailand, as well as disclosing other significant information, in display of transparency toward its business operations as follows:

**4.1 Corporate governance :** The company prescribed and disclosed its corporate governance policies, corporate governance principles, business ethics, code of conduct for company directors, the management, and employees, Anti-Corruption Policy and guideline of anti-corruption. Also provided information board.

In 2018, the company has reported compliance with corporate governance policy. This is consistent with good corporate governance principles for listed companies on the Stock Exchange of Thailand. By publishing the Annual Report Form (56-1), annual reports (56-2) and the Company's website.

**4.2 Social and environmental management policy :** The company incorporated these topics under mission and the policies on corporate governance and business ethics with regard to the society and environments, can be found more detail at “Sustainable Development Report 2018”.

**4.3 Risk management policy :** The company has set up Risk Management Committee to supervise risk management of the organization in a systematic and effective manner, and cover all areas appropriately, as well as assign risk management policies, according to the details under the heading “Risk Factors”.

**4.4 Shareholding structure :** The company disclosed the names of the top 10 shareholders on December 31,2018 under the heading “Property and Shareholders Information” and company's website [www.snjinter.com](http://www.snjinter.com) menu “Investor Relation” topic “Shareholding Structure”

**4.5 The Board of Directors' responsibility report toward financial statements :** The Board of Directors recognized the importance of compiling financial statements in such manner deemed accurate and reliable, accompanied by preparing in accordance with accounting standards, to serve as references for decision-making by the investors, by displaying said report together with the certified public accountant's report in the annual report publication. Furthermore, in 2018, the Company's Audited Financial Statements were certified with clean audit opinion by auditor and submitted to The Stock Exchange of Thailand and The Securities and Exchange Commission within the timeframe required, and never subject to any instruction to revise its financial statements.

**4.6 Duty performances by The Board of Directors and various committees :** The company disclosed the details on the roles and authority of The Board of Directors and other committees, the number of meetings held, the number of meeting attendance by each director during the past year, details under the heading “Management structure”, and “Corporate Governance” on sub-committees.

**4.7 Shareholding by the directors and the management :** The company annually disclosed shareholding and changes of the company's shareholding of the directors and the management both directly and indirectly in the annual report. Details are under the heading “Personal information of company directors and management members” on report on changes in securities holding by company directors and management members

**4.8 The remuneration for the directors and the management :** The company disclosed the policy regarding the remuneration for directors and the management, the nature and number of remuneration accorded the directors for The Board of Directors and other committees are individual, under the heading “Management structure”, on the remuneration for the directors and management members.

**4.9 The policy to report possible conflict of interests by the directors :** The Board of Directors laid down the policy requiring company director and management member to report to the company each time possible conflict of interests arose by either themselves or connected persons, within 3 month of that event causing an appointment or change. Regarding this, the company secretary was required to submit related report to The Chairman and The Audit Committee Chairperson within 7 days after the company learned of such event. During 2018, company directors and management members strictly followed said policy, by not taking part in such meeting agenda having possible conflict of interests. Moreover, the company facilitated information disclosure pertaining to any conflict of interests by company director or management member, via the letter informing the meeting's resolution to the news system of The Stock Exchange of Thailand.

**4.10 Development for the directors and the management :** The company disclosed the development and training of directors and the management. Details are under the heading "Personal information of company directors and management members" and "Corporate governance" on Section 5 : Responsibilities of The Board of Directors, no. 5.7.

**4.11 Relating transaction** The Board of Directors laid down the policy for the company to comply with the regulations of the Capital Market Supervisory Board. In the case of important relating transaction; although the approved amount of money is under the executive director supervising the division, the company shall present to the Executive Board for consideration and/or approval depending on the case. After that, the company will bring the significant volume transaction to The Audit Committee's meeting and The Board of Directors' meeting for consideration respectively, so The Audit Committee can comment in case there are different opinions, and the directors and the management can acknowledge the details before the company informs the Stock Exchange of Thailand. Details are under the heading "Relating Transaction".

**4.12 Quarterly Performance Report :** In the case of total revenue or net profit according to last financial statement changed from the financial statements in the same period last year more than 20 percent, the company has revealed the explanation of the operation's results for the quarter on the website of the Stock Exchange of Thailand and the company website.

In 2018, the company has disclosed the quarterly operating result report for 3 times.

**4.13 Management and operation of the company :** The company has its tax policy with a strong tax management in order to protect the reputation and image of the company in a tax-related issues, including promoting the maximum added value to shareholders. Tax policy gets approval from senior management, according to the code of ethics in the company's business operations.

#### **Tax policy of the company**

Tax policy adheres to principles of integrity, transparency, by providing accurate, timely taxation according to law, to build credibility for the company by conducting a performance tax, legal and tax benefits to achieve optimum performance under the terms of the law, including compliance with legal regulations on financial disclosure and the tax authorities or related organizations including the public. This is consistent with the business strategy to provide maximum benefit to shareholders, and maintain good relations with government officials and customers.

### Tax policy compliance

The company had a tax compliance and tax news and new laws closely, including the review process by senior executives, internal auditors regularly according to the annual internal audit plans to follow up the operation consistency, including a review of the external auditor in order to be compliance with tax effectively, transparency and legality.

In addition, the company has defined Rule of practices for donation and public Interest, Rule of practices for give or obtain gift and entertainment, Rule of practices for political support, Rule of practices for Business Operation in Sales and Marketing and Rule of practices for Business Operation in Procurement in accordance with the guidelines of the relevant law, including laws, taxation. All processes are approved by the company's management and has carefully considered under the tax laws.

**4.14 Whistle Blowing Policy :** The Board of Directors gives employees and stakeholders an opportunity to give information or file a complaint on a matter which could constitute a violation of the law, dishonest or wrongful act of an employee, including irregular behavior which could cause a problem or loss to the company. The company also receives complaints on cases where the rights of an employee or stakeholder has been infringed or where they have been treated unfairly. Suitable channels and procedures have been provided by the company in this regard.

**4.15 The relationship with investors :** The company earlier set up Company Secretary and Investor Relation Department, to serve as the center in communicating and distributing significant information useful to the investors and other parties concerned. Interested person could view the company's latest developments via the company website, under the heading " Investor Relations" , and the news system of The Stock Exchange of Thailand. Investors and related persons may contact Company Secretary and Investor Relation Department represented by:

Mr.Varith Tritrapun

or

Mr.Sumit Khopaiboon

Investor Relation

Company Secretary

Tel. (662) 676-2727 ext. 2508

Tel. (662) 676-2727 ext. 2812

E-mail : [sji\\_sec@snjinter.com](mailto:sji_sec@snjinter.com)

E-mail : [sumit\\_k@snjinter.com](mailto:sumit_k@snjinter.com)

In 2018, the company and the Saha Group together with the SET hold "investors and analysts meet Saha Group" No.10 at 22<sup>th</sup> Saha Group Fair at Bangkok International Trade & Exhibition Centre (BITEC) to enclose investors, analysts and the media met with the Board and management closely. Deputy Managing Director provided the information about the business, operations, industry, economic outlook and key developments including answers and question. The company prepared book summarizes the history and key operational results distributed to investors, analysts and media at the event as well as all of them have visited product and innovative of companies in the group that was on display at the 22<sup>th</sup> Saha Group Fair. An opportunity to purchase product at special price which has been received very well with attendance increasing every year. This caused investors, analysts and the media learned an overview of the business of the Saha Group, and more published through the Stock Exchange and the company's website ([www.snjinter.com](http://www.snjinter.com)).



## Section 5 : Responsibilities of The Board of Directors

The Board of Directors had important responsibility in setting the direction for the company's business operations, following up on the work results by its management members, and being responsible for their duties to contribute to the best interests of the shareholders and the company.

### 5.1 Structure of The Board of Directors

#### 1. Composition of The Board of Directors

The Board of Directors comprised	15	directors, classified into:
- Non-executive directors	4	persons
- Executive directors	5	persons
- Independent directors	6	persons

The Board of Directors consisted of qualified directors with knowledge, proficiency, and various experiences in accounting, finance, management, marketing, laws and science, as well as no gender discrimination. There are 10 Non-executive directors of whom 6 are Independent directors or equal to 40.00 % of the total number of the Board. And among 6 Independent Directors, 4 of them are members of the Audit Committee. The Chairman shall not be the same person who is taking an office of Managing Director.

All directors have a determination to perform their duty as trusted by the Board of Directors and shareholders. They are all independent in expressing their idea, considering and approving any issue by regarding the optimum benefit to the company.

#### 2. Independent director's qualifications

Every member of the company's independent directors is fully qualified to serve as an independent director under the rules set by the company. Independent directors who are women are accounted for 2 persons or 33.33 percent of all independent directors. None of independent directors take a position as director in more than 5 listed companies.

The Board of Directors resolved to adopt the definition for "independent director" having qualifications in accordance with the notification of The Capital Market Supervisory Board. Nonetheless, practically the independent directors of the company are truly independent from the management and major shareholders of the company. Independent directors and the person being involved held not more than 1% of the total voting share of the company and have no shareholding in the parent company, subsidiaries, associates, major shareholders, or person in authority of the company.

#### 3. Directors selection process

The Board of Directors appointed The Nominating Committee, to supervise the director selection process to be carried out in a transparent manner (See the details under the heading "Corporate Governance", on the selection and appointment of the directors and chief executive officer).

#### 4. The number of companies served by each director

The company disclosed the information regarding the holding of directorship by each company director in other companies in the heading "Personal information of company directors and management members". At present, none of the company's directors serve as director in more than 5 listed companies.

In addition, The Board of Directors assigned a policy to appoint the Managing Director as directors in its subsidiary companies and affiliate companies, so as to facilitate smooth and consistent operations management for these companies.

#### 5. The separation of the positions of Chairman from the Chief Executive Officer

Directors and the Chief Executive Officer, the company therefore specified the Chairman of The Board of Directors and the Managing Director to be different persons, so as to clearly separate the supervision and management authority for the company, and contributing to proper authority balance in company management within the company. In relation to this, the company has set up The Board of Directors Charter, setting the authority and duty scope for each committee, Chairman of the Board of Directors and Managing Director.

#### 6. Company Secretary

The Board of Directors resolved to appoint Mr. Sumit Khopaiboon, Account and Finance Section Manager, as the Company Secretary, having the duties and responsibilities as specified by the company. (See the details under the heading “Management structure” on company secretary.)

#### 5.2 Sub-committees

The Board of Directors appointed several sub-committees comprising of competent and experienced members to supervise over each particular aspect of company operations, and clearly laid down the authority and responsibility scope for each committee per the charter for said committee. (Additional details are under the heading “Corporate Governance” on various committees and “Management structure” on The Board of Directors)

Furthermore, the directors and senior executives of the company have never been employees or partners of outside auditing companies that serviced the company in the past 2 years.

#### 5.3 The roles, authority, and responsibility scope of The Board of Directors

##### 1. Leadership and vision

The Board of Directors consisted of members who had extensive capabilities and experiences beneficial to company management, together with leadership and independent decision-making qualities, necessary to supervise company operations in such manner best contributing to the objectives and goals of the company and shareholders.

The Board of Directors were obliged to assign the vision and mission of the company, with yearly revision, in which in 2018, The Board of Directors’ meeting had considered and reviewed that vision and mission were still appropriate with current business engagement. Moreover, The Board of Directors also approved strategy, target, plan, and annual budget of the company proposed by the management. At the same time, they were required to ensure that there were adequate mechanisms in supervising, monitoring the implementation of the company’s strategies, and evaluating performances by the management, so as to meet the targets contributing to further value and wealth for both shareholders and the company, while properly safeguarding the interests of all stakeholders concerned.

##### 2. Good corporate governance

In due recognition of the importance of good corporate governance practice, The Board of Directors therefore laid down good corporate governance policy in writing, consisting of 4 parts of information which are corporate governance policies, corporate governance principles, business ethics, and code of conduct of the company’s directors, the management and employees. The good corporate governance principles were prepared in three languages : Thai,

English, and Japanese. There was evaluation of compliance and review of good corporate governance principles annually, and revealed through the company website. The manual was distributed to directors, the management, and employees, which required that all of them comply with such manual strictly. The ethics and code of conducts also being presented to the management and employees in animated cartoon for easy understanding.

In 2018, the company has revised and amended the corporate governance code by applying the 2017 corporate governance code for listed companies according to the announcement of the Securities and Exchange Commission (SEC) to apply and covering the operation of the company appropriately for the benefit of creating sustainable value for the company.

The Board of Directors followed the measures of good corporate governance to strengthen its management and business engagement transparency, and those who do not comply with such measures will be appropriately punished and might be prosecuted in the case of law violation. If the employees are in doubt and cannot comply or make decision, they shall consult with sequence supervisor. In the case of dispute, the judgment from the Managing Directors, The Executive Board and The Board of Directors will be considered as final order. (See full details of corporate governance policies, business ethics, and code of conduct for company directors, the management and employees on the company website).

### **3. The policy regarding possible conflict of interests**

The Board has a clear guideline for care. To eliminate conflicts of interest with prudence for the benefit of the Company and its shareholders. The item may have a conflict of interest. The company has informed the meeting about these transactions for transparency in accordance with the Capital Market Commission, Directors who have conflict of interest were out of the meeting and abstained on the agenda for independent of the company's decision. In addition, the company do not to provide financial assistance except in the case of loans or loan guarantees in proportion to their shareholding by preparing report in the Annual Report (56-2) and annual information form (56-1).

### **4. Supervision over internal control and audit systems**

The Board of Directors address on the systems overseeing financial control, company management, and corporate supervision, by assigning The Internal Audit Office to supervise over the audit, review, and monitoring of those operations results. Furthermore, The Internal Audit Office also provided recommendations to ensure independent and effective practices according to those guidelines in an independent and balanced manner.

Accordingly, The Board of Directors instructed The Internal Audit office to directly report to The Audit Committee every quarter, so as to allow the Committee to review and ensures sufficient internal control practice. At The Board of Directors' meeting no.2/2019, also attended by The Audit Committee members, the meeting together reviewed the adequacy of the internal control system and risk management system, and then concluded that the company had adequate internal control system in place. (The details are disclosed under the heading "Internal control and risk management").

With this regard, The Audit Committee is responsible for considering and giving approval for the appointment, transfer and dismissal of the head of internal audit office. Currently, the head of the company's internal audit office is Mrs. Pannee Chantavaralak, who has good quality of knowledge, abilities and experiences in internal audit.

### **5. Risk management**

The Board of Directors places emphasis on risk management affecting the organization's goals by having risk management process in a systematic and in compliance with the company's policies.

The Board of Directors appointed The Risk Management Committee to supervise the risk management to be effective and meet the standard with risk assessment and monitoring risk management plan, as well as reporting to the Board of Directors. (See the details on risk management for each area of the company under the heading “Risk factors”).

#### 5.4 The Board of Directors’ meeting

The Board of Directors scheduled the meeting for the whole year and notified the directors in advance in which the meeting will be held at least every quarter with additional meeting if necessary as specified in the Charter of Board of Directors. For each meeting and agenda for The Board of Directors’ meeting, each director was able to propose agenda, and the Chairman together with the Managing Director shall consider the matter to be brought into the meeting. After that, the Company Secretary sent out meeting invitation letter, meeting agenda, and relevant meeting documents, to the directors not less than 7 days in advance, to allow them sufficient time to review the information prior to the meeting.

All directors considered as their duties to attend the meeting each time, unless unable to do so due to significant obligation or illness. During the meeting, The Chairman allowed the directors to present opinions and comments freely. The company has set a policy of minimum quorum of the committee to vote at the meeting of the Committee that must have directors not less than 2 out of 3 of all members. while those directors having conflict of interests would not be allowed to attend or cast votes at such meetings. The Company Secretary recorded the meeting minutes and then classified those minutes in a systematic manner, to facilitate easy references.

The Board of Directors supported the joint meeting between The Board of Directors and The Executive Board at least once a year, to deliver yearly strategic targets and operation plans of the company, as well as to build good relationships between directors and executives. In addition, Chief Financial Officer has joined The Board of Directors’ meeting at all times.

The Audit Committee has scheduled meetings with external auditors and report this to the Board of Directors every quarter.

During 2018, The Board of Directors held 6 meetings altogether and having the Directors attending the meeting more than 90% of the meeting whole year. (See the details about the meetings under the heading “Management structure” on The Board of Directors, no. 1.3 the number of directors’ meeting).

In addition, in 2018 has set scheduled of the Board of Director meeting for the year 2019 in advance (this schedule is subject to change.) excluding the agenda of the special meeting as follows:

Number	The Board of Director Meeting
1	January 24, 2019
2	February 26, 2019
3	May 13, 2019
4	August 6, 2019
5	October 11, 2019
6	November 14, 2019
7	December 13, 2019

## 5.5 Evaluation of The Board of Directors

The evaluation of the Board of Directors performance for the year 2018 has been carry out, in which the evaluation was set to conduct yearly. Each of the directors will be given opportunity to assess the performance both individuals and the board as a whole to review performance results, problems, and obstacles faced during the past year, in order to contribute to better effective performances by The Board of Directors.

There is a process in which the evaluation as follows: the Company Secretary sent out an evaluation of the performance of the Board of Directors form, an evaluation of the performance of the directors individually form, and an evaluation of the performance of the Sub-Committees Directors form (Only directors who are members of the committees of the Board) to all directors. Every director was independent in taking such evaluation. The evaluation form was returned to the Company Secretary once completed to be collected, summarized, and reported to The Board of Directors at The Board of Directors' meeting.

The percentage score criteria was set as follows:

Criteria	Score
Excellent	Over 80 percent
Good	Over 70 percent
Fair	Over 60 percent
Improve	Over 50 percent
Poor	Less than 50 percent

### Yearly Performance Evaluation of The Board of Directors

The Board of Directors carried out the board's performance evaluation, which divided in to 3 aspects as follows:

1. Role, Duty, and Responsibility of the board
2. Independence of director
3. Relationship with the management and stakeholders

In 2018, the evaluation result was in "Excellent" criteria with the average score of 87%

### Yearly Performance Evaluation of The Individual Director

The Board of Directors carried out the individuals' performance evaluation, which divided in to 3 aspects as follows:

1. Role, Duty, and Responsibility of director
2. Duty fulfilment of director
3. Self-development of director

In 2018, the evaluation result was in "Excellent" criteria with the average score of 86%

### Yearly Performance Evaluation of The Various Committees

The Board of Directors has set the evaluation of performance of every various committees in 2018 that each member of the various committees evaluated the work of his/her various committees as a whole. The result can be summarized as follows:

The Sub-Committees	Evaluation Result
The Audit Committee	89%
The Nominating Committee	73%
The Remuneration Committee	75%
The Risk Management Committee	81%
The Corporate Social Responsibility Committee	90%
The Corporate Governance Committee	95%
The Executive Board	78%

With regard to the appraisal of the performances of the Managing Director, this would be carried out by the Chairman and the Board of Director, by considering and assesment the performances result from target of company every year.

#### 5.6 Directors' remuneration

The Board of Directors appointed The Remuneration Committee, to supervise and ensure that the remuneration process for directors and senior executives were carried out in a transparent manner ( See the regulations and criteria on remuneration policy for directors and the management under the heading "Management structure", on remuneration for the directors and management members).

#### 5.7 Board and Management Development

The Board of Directors has set up a policy to promote and support those training activities seeking to promote further knowledge for the directors, managers, and all parties concerned on a consistent basis. So, as to gain better effective skills and understanding regarding their duty assignments. These activities included the programs organized by Thai Institute of Directors Association (IOD) and other agencies concerned (See the details under the heading "Board of Directors Information"), as well as the meeting to exchange opinions with The Board of Directors and the managers of other organizations, in order to apply the knowledge and experience gained to develop the Company.

The Board of Directors participated in training programs organized by Association of Thai Institute of Directors (IOD).

	NAME	DAP	DCP	RCC	RMP	RCP	ACP
1. Mr.Boonkiet	Chokwatana	3/2003	41/2004	-	-	-	-
2. Mrs.Tipaporn	Chokwatana	3/2003	68/2005	-	-	-	-
3. Mr.Thirasak	Vikitset	3/2003	68/2005	-	-	-	-
4. Dr..Atthakorn	Glankwamdee	3/2003	68/2005	-	-	-	-
5. Admiral Apichart	Pengsritong	82/2010	-	-	-	-	-
6. Mrs.Kaewta	Ongsaranakom	-	27/2003	10/2010	-	-	-
7. Prof.Dr.Maly	Ungsurungsie	17/2004	-	-	-	-	-
8. Mrs.Chitraporn	Vikitset	66/2007	-	-	-	-	-
9. Mrs.Teerada	Ambhanwong	3/2003	51/2004	-	-	-	-
10. Mrs.Pismai	Chandrubeksa	82/2010	-	-	-	-	-
11. Mr.Suthep	Dansiriviroj	32/2005	60/2005	-	5/2014	-	-

	NAME	DAP	DCP	RCC	RMP	RCP	ACP
12.	Mr.Amorn Asvanunt	4/2003	-	-	-	-	-
13.	Mrs.Pradittha Chongwattana	-	5/2001	-	-	-	-
14.	Mr.Surong Ongkosit	12/2004	68/2005	-	-	-	-
15.	Pol.Gen.Somchai Prabhasabhakdi	25/2004	51/2004	-	-	12/2005	2/2004

The Company directors and managers paid much attention to attend training courses or seminars designed to promote their management abilities.

#### Training and seminar attended by the Board of Directors and Managers in 2018

Name	Training Course / Seminar
Mr.Thirasak Vikitset	- Strategic Business Goal Plan and Action for 3 years. (T-way Co.,Ltd) - ACEFAPSI Business Strategy No.18. (T-way Co.,Ltd)
Mrs.Kaewta Ongsaranakom	- Strategic Business Goal Plan and Action for 3 years. (T-way Co.,Ltd) - ACEFAPSI Business Strategy No.18. (T-way Co.,Ltd) - Sustainable growth in the information era based on understanding of accounting and taxation - Guideline for disclosure of CG CODE according to apply or explain basis (Thai Listed Companies Association)
Prof.Dr.Malyn Ungsurungsie	- Strategic Business Goal Plan and Action for 3 years. (T-way Co.,Ltd)
Mrs.Chitraporn Vikitset	- Strategic Business Goal Plan and Action for 3 years. (T-way Co.,Ltd) - ACEFAPSI Business Strategy No.18. (T-way Co.,Ltd)
Miss Sumeth Surachartchairit	- Strategic Business Goal Plan and Action for 3 years. (T-way Co.,Ltd) - ACEFAPSI Business Strategy No.18. (T-way Co.,Ltd) - Sustainable growth in the information era based on understanding of accounting and taxation
Mrs.Thongsuk Upathambhakul	- Strategic Business Goal Plan and Action for 3 years. (T-way Co.,Ltd) - ACEFAPSI Business Strategy No.18. (T-way Co.,Ltd) - Sustainable growth in the information era based on understanding of accounting and taxation
Mrs.Patchara Pongwichan	- Strategic Business Goal Plan and Action for 3 years. (T-way Co.,Ltd) - The Future of HR Saha Group - Guideline for disclosure of CG CODE according to apply or explain basis (Thai Listed Companies Association)

### Orientation for new directors

The company hosted the orientation course for new directors, to properly prepare them for director assignments. The company arranged factory tour, organized presentations on company background, business perspective and business policies for these new directors. The company also provided them with the manual for directors for listed company, clearly summarizing and comparing the provision in the company regulations, with those in The Securities and Exchange Act, The Public Company Act, Good Governance Practice Principles, as well as the charter for each respective Committee and the corporate governance policies, corporate governance principles, business ethics, and code of conduct for the company directors, the management, and employees, anti-corruption policy and other regulations. In addition to related regulations issued by concerned agencies in supervising over listed companies, to serve as their practice guidelines during the directorship term.

### 5.8 Plan for Successors

The company has plans for successors to be ready for in case the executives are unable to work. The details are as follows

1. To provide opportunity for middle management to work closely with senior management.
2. To prepare having senior management be ready to take up other functions if necessary.
3. To prepare specialized personnel to be able to take up higher management positions.
4. To establish various committees for development of works and potentials of flame works in a systematic process.
5. To encourage middle management to propose their various plans.
6. To provide training courses for middle management to take up high posts.
7. To organize a training course for senior and middle management to promote common awareness for accountability, integrity and corporate image as a whole.
8. To provide executive training for each department for higher potential, advance planning in addition to systematic thinking to middle managements.
9. To enhance charitable spirit and activities among executives at all levels for promoting happy living in societies.

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

The Board of Directors have placed much emphasis on building good corporate governance practice, and upgrading those practice on continuous basis, to enable company operations to be carried out in a transparent and effective manner, leading to further growth and stability for the company. Furthermore, such practice was aimed at contributing to further economic value and long-term wealth for the shareholders, while providing fair treatment to all stakeholders concerned. The company has set the policy to achieve balanced business operations under changing social and economic environments, based on sufficiency economy principles, and in compliance with good governance practice principles for listed companies.

The consistent development of good corporate governance principles to comply with the criteria of ASEAN CG Scorecard, which is a more intensive criteria of survey, has resulted in the company receiving an “Excellent CG” score in the annual good corporate governance practices assessment of Thai listed companies for 2018 and the company also

received certificate of ESG100 company from Thaipat Institute as one of the top 100 listed companies with outstanding environmental, social and governance (ESG) operation.

#### Details of Corporate Governance Evaluation;

Categories	2016 (%)	2017 (%)	2018 (%)
1. Right of Shareholders	92	92	92
2. Equitable Treatment of Shareholders	98	99	93
3. Role of Stakeholders	93	94	94
4. Disclosure and Transparency	89	92	94
5. Responsibilities of the Board	69	83	85
<b>Score Average</b>	<b>83</b>	<b>89</b>	<b>90</b>

In case of the part that company had not practiced complying with good corporate governance principles for listed companies, the company would take into account to apply appropriately such as:

Non - practiced aspects	Reasons
1. The Board of Directors has specified the number of listed companies that each director hold directorship for not more than 5 places in the company's corporate governance policy.	The Board of Directors has not specified the number of listed companies that each director hold directorship for not more than 5 places, since The Board of Directors believed that each director's business expertise and capabilities should not be restricted by the number of companies said director served, as long as he/she proved to be capable and devoted enough to carry out own assignments in fulfilling the expectations by The Board of Directors and shareholders. At present, none of the company's directors serve as director in more than 5 listed companies.
2. The Board of Directors's policy has specified the limit of the number of years on the tenure of independent directors not exceeding 9 years.	The Board of Directors's policy does not limit the number of years on the tenure of independent directors since the company's independent directors continue to perform their duties with independence and without private interests that may conflict with the interests of the company, as well as make decisions by taking into account the best interests of the company. They are also independent from the management and major shareholders of the company.
3. The Board of Directors has no independent director appointed as the company's director for more than 9 years.	The Board of Directors has four independent directors appointed as the company's director for more than 9 years because they are fully qualified per definition of company's independent directors, while duly processing such sound knowledge, professional expertise, and work experiences, beneficial to the company's business operations.

Non - practiced aspects	Reasons
<p>4. The Chairman of The Board of Directors is independent director.</p>	<p>The Board of Directors has appointed non-executive director serving as the Chairman of The Board of Directors due to his ability and expertise in the company's business. Furthermore, despite the Chairman of The Board of Directors not being an independent director, nevertheless, the Chairman of The Board of Directors duly carried out his assignments in an independent manner, and providing opportunities to all directors to act freely in expressing own opinions and suggestions contributing to the best interests of the organization.</p>
<p>5. The Chairman of The Nominating Committee and the Chairman of The Remuneration Committee are independent directors and The Nominating Committee and The Remuneration Committee mainly comprise independent directors.</p>	<p>Although the Chairman of The Nominating Committee and the Chairman of The Remuneration Committee are not independent directors, all of them are directors with knowledge and experience who served the positions for a long period of time. They have performed their duties with responsibility and honesty, while never voted when they have conflict of interests.</p>