

Compliance with good corporate governance principle

The Board of Directors have placed much emphasis on building good corporate governance practice, to enable company operation to be carried out in a transparent and effective manner, leading to further growth and stability for the company. This contain corporate governance policy, corporate governance principle, code of conduct for directors, social and environment responsibility and anti-corruption and internal control, which can be viewed for more details on company's website under the heading "Investor Information"

Section 1 The right of shareholders

The Board of Directors duly recognized the important of the shareholders and duly respected their ownership rights. The company ensured that carried provision to safeguard the shareholders' rights, while providing the facilitation of right exercise by all shareholders, including minor shareholders and institution investors as follows;

1.1 Basic rights

Referred to the right for shares transaction, the right to receive profits allocation in term of dividend payment, the right to access company information in sufficient, timely, and consistent 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.

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 channel of The Stock Exchange of Thailand and company website, to provide shareholders such as the company performance result, connected transaction, changes in supervisory control, and other information essential for decision making of shareholders.

1.3 The right to attend the shareholders' meeting

The company held its annual shareholders' meeting regularly within 4 months after completing its accounting year. Nevertheless, in the event of such emergency situation possible affecting the shareholders' interests, the company was authorized to convene the extraordinary shareholders' meeting on a case by case basis. The company held its meeting at such date, time, and venue, deemed convenient to the shareholders, to facilitate their meeting attendance. In 2018, the company convened the shareholders' general meeting once, without convening any shareholders' extraordinary meeting.

- [Prior to the shareholders' meeting](#)

- 1) The company provided the shareholders with the opportunity to propose meeting agenda and name of qualified candidates to be appointed as company directors prior to the meeting date for the year 2018 during October 18, 2017 – January 19, 2018 or 3 months, by providing related conditions on company website, together with channel of The Stock Exchange of Thailand. Nevertheless, there were no shareholders proposed any meeting agenda or name of candidate during said specified period.
- 2) The company informed the shareholders about the Board of the resolution to convene the shareholders' meeting 44 days prior to the said meeting date, namely on February 26, 2018, to allow the shareholders sufficient time to plan their meeting attendance.
- 3) The company disseminated the meeting invitation letter via company website, carrying the same content as the invitation letter sent to the shareholders 37 days prior to the meeting, to provide the shareholders with necessary information in advance, namely on March 5, 2018.
- 4) The company sent out the meeting invitation letter to the shareholders 16 days prior to the meeting, exceeding the minimum time limit specified by law, namely on April 11, 2018.
- 5) The company also posted the announcement notifying said meeting invitation letter to the shareholders on newspaper for 3 consecutive days, 16 days prior to the meeting, during March 26 – 28, 2018.
- 6) 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, the annual report, profile of candidate persons to be elected as company directors, company regulations regarding the shareholders' meeting, the documents and evidences required for the shareholders to present for meeting attendance, meeting regulations, meeting procedure, the map of the meeting venue, and registration form. Other documents were the proxy appointment letter form B for voting in line with the shareholders' decision which shareholders could download from company website.



- 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. For 2018, the company held the shareholders' meeting on Wednesday, April 11, 2018, at 10.00 hours, at Chao Phraya Park, Ratchadapisek Rd., where the shareholders could easily reach by personal car, public bus or MRT.
- 2) The shareholder were allowed to register by barcode system not less than an hour 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 form authorized by the shareholders, together with vote-casting ballot to each shareholder.
- 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, which all 9 directors attended the shareholders' meeting in the year 2018. Furthermore, the meeting was also attended by company management team, the company auditor from Dharmniti Auditing Co., Ltd., as well as the company law counselor.
- 4) Prior to the meeting commencement, the company secretary informed the meeting of the meeting quorum, the vote-casting and vote-counting methods for each meeting agenda. The company also invited representatives from shareholders to act as inspector during the vote tallying for each meeting agenda, but in 2018 there were no representatives from shareholders, so the company secretary had to invite the representative from the company auditor, Dharmniti Auditing Co., Ltd., to act as inspector to ensure that the meeting was conducted in a transparent manner. In case where some shareholders joined the meeting after the meeting commencement, the shareholders still cast votes for the remaining agenda not yet considered and vote 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, while allowing equal opportunity for all shareholders to present question, comment or suggestion

for each meeting agenda. In the regard, for shareholders' meeting in 2018, there was 5 shareholders presenting question and suggestion to the meeting, where by the directors and management team responded in a straightforward manner.

- 6) The barcode system was employed to tally the votes cast for each meeting agenda, whose results were displayed on the screen in the meeting room, to provide immediate access to all the shareholders who were present.

- **Subsequent to the shareholders' meeting**

- 1) The company disclosed the resolutions adopted by the shareholders' meeting together with voting results for each meeting agenda in both Thai and English, via the channel of The Stock Exchange of Thailand in the same day, and the company website on the following day.
- 2) The company complied the meeting minute subsequent to the shareholders' meeting, by incorporating all essential details and summarizing voting results for each meeting agenda, together with the record on the discussion and conclusion regarding significant topics. Said the minute 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, so as to enable the shareholders to review said minute contents without having to wait until the next shareholders' meeting.
- 3) The company recorded the meeting on VDO, for further distribution to the shareholders upon request.

Section 2 Equitable treatment of shareholders

The Board of Directors ensured that every shareholder was entitled to fair and equitable treatment as follows;

2.1 The shareholders' meeting

- 1) The company provided the shareholders with the opportunity to nominate candidates as directors prior to holding the shareholders' meeting 2018 during the period of October 18, 2017 – January 19, 2018 or 3 months. For such purpose, the company disseminated on the company website, as well as notifying the shareholders via the channel of The Stock Exchange of Thailand. Nevertheless, there was no shareholder nominating any candidate for consideration as the 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 case where shareholders could not attend the meeting in person, the company allowed said shareholders to appoint proxies from independent director or other parties to attend the meeting on own behalf. The company provided clear details pertaining to the proxy appointment letter, sent together with the proxy appointment letter (Form B), allowing the shareholders to instruct own voting direction.
- 4) The voting procedure for each meeting agenda was carried out in a transparent manner, with the voting ballot provided the shareholders for each agenda, whereas only disapproval and abstention votes were kept afterwards. Vote tallying was carried out using the barcode system and displayed on screen in the meeting room to facilitated convenience, and easy verification.

2.2 Supervision over inside information

The company has laid down the policy safeguarding against inside information abuse for directors, management team and employees to exploit the information unjust gains for own self or for the others. In relation to this, the company communicated to company directors, management team, and employees to serve as guidelines for the company's operation. In 2018, the directors, management team, and employees strictly followed those company policies on a consistent basis.

2.3 Supervision over the transaction of company securities

Shares holding of the Board of Directors in 2018

No.	Name	No. of Shares			
		Dec 31, 2017	Changed	Dec 31, 2018	%
1.	Mr. Sanan Eksangkul	19,855	-	19,855	0.004
2.	Ms. Petcharat Eksangkul	6,655,667	1,000,000	7,655,667	1.350
3.	Mr. Sanit Eksangkul	2,826,808	-	2,826,808	0.499
4.	Mr. Wichai Eksangkul	1,231,111	-	1,231,111	0.217
	Spouse	19,001	-	19,001	0.003
5.	Ms. Sirinun Eksangkul	784,336	-	784,336	0.138
6.	Mrs. Pismai Boonyakiat	-	-	-	-
7.	Mr. Jane Wongissariyakul	-	-	-	-
8.	Ms. Thipawan Uthaisang	30,496	-	30,496	0.005
9.	Prof.Dr. Tharapong Vitidsant	-	-	-	-
	Total	11,567,274	1,000,000	12,567,274	2.216

The company specified conditions regarding the transaction of company securities in its business ethics, by forbidding the directors, management team, and employees in those departments accessible to inside information, to engage in the transaction of company securities, during the period

of a month before the disclosure of such information to the public. In 2018, all the company directors and management team strictly followed accordingly, without engaging in such transaction during the said period. In this regard, the company laid down the regulation requiring company directors and management team to duly report own 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.

2.4 Treatment of conflict of interests

The company treated the issue of conflict of interest with caution and reason by laying down major policy regarding good governance practice. The company supervised the implementation of connected transaction 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 channel of The Stock Exchange of Thailand. The information included the disclosure of names and relationship of connected parties, pricing policy, transaction value, and other related details, as well as the opinion of the Board of Directors pertaining to such transaction.

Furthermore, the company laid down the policy on approval criteria for business transactions under normal business term, conducted between the company and the directors, management team, major shareholders, or connected persons as the notification of The Capital Market Supervisory Board.

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 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 communicates to the directors, management team, and employees to be followed as practice guidelines, to ensure that all stakeholders receive fair and equitable treatment.

3.1 Shareholders

The company duly respect the basic right accorded the shareholders in accordance with the laws, regulations and business ethics of the company. The company ensured that the measures safeguarding against conflict of interest, connected transaction, 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 2018, the company implemented dividend payment from the company's operation profit in 2017, at the rate of 0.10 baht per share, for total dividend payment accounting for 59.55% of total net profit displayed in the separate financial statement, representing the company's dividend payment for 13 consecutive years.

3.2 Employees

In the company's recognition of employees as its valuable human resources playing the critical role in leading the organization toward success, the company set the policy to devote its best efforts to develop and upgrade the employees' potentials on a consistent basis. 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 policy, and laid down its remuneration policy toward the employees by providing the employees with fair and reasonable remuneration commensurate with the capability, responsibility, and performance. (Details under the heading "Corporate Social Responsibility" on Treat Employees Fairly)



The company provided necessary welfare benefit to the employees to promote better livelihood and living quality, such as the provident fund, annual check-up, accident and life insurance, uniform, credit union, scholarship for employee's children, and transportation. As well as supporting for the sport day for Bangkok office and factory employees, and beneficial activities for social and environment.

At the same time, the company placed much emphasis on the employees' safety, hygiene, and property protection, by laying down the policy regarding work safety, sanitation, and work environments for the employees. Furthermore, the company arranged to set up the billboard display showing the accident statistics relating to work activities. In 2018, the company organized training session regarding work safety, such as "First aid training", and "How to solve hazardous chemicals leaking during transportation". The company regularly carried out the fire prevention and fire fighting system, escape route, checking fire fighting equipments and fire alarm system, to provide the safety working environment. (Details under the heading "Corporate Social Responsibility")



3.3 Customers

The company recognized of the cultivating and retaining customer's loyalty, honesty, fairness and not taking any actions in violation of the customers' right. The company paid the highest attention to the customers' complaints under policy "Continues to develop and improve its customer services for both production and delivery", and emphasis in safeguarding all the customers' secrets, strictly forbidding any abuse of such information for personal gain or connected persons' interest. The company also provided "Customer Relations Services" where customers could lodge complaints, comments, or suggestion as the direct line at telephone number 02-941-6931 ext. 5102 or email : sales@easonpaint.co.th



In 2018, there was no significant complaint from customers. Whereas the company duly took into consideration all the complaints received from the customers, in order to devise proper measures to safeguard against, and provide solutions to the problems on a systematic basis, to ensure that similar problem would not occur again. In this regard, the company arranged customer's satisfaction survey annually with dividing the assessment into 5 areas according to ISO practices as follows;

Customer satisfaction score criteria

Level	Criteria	Score
4	Most Satisfaction	Up to 90%
3	Satisfaction	Up to 90%
2	Fair	Up to 90%
1	Poor	Up to 90%
0	Very poor	Less than 50%

Customer satisfaction survey in 2018

	Automotive Paint	Printing Ink	Packaging Coating
Ease coordination	96.00%	88.21%	87.54%
Documents and Delivery	92.78%	83.85%	85.36%
Quality and Improvement	91.11%	80.00%	83.19%
After sale service	100.00%	80.77%	83.48%
Total satisfaction with products	90.00%	83.08%	80.87%
Average satisfaction level	93.98%	83.49%	84.09%

3.4 Business partner

The company upheld its policy to deal with partners on the basis of fair competition, equality and mutual respect by following business agreement term, providing true and accurate information, sharing know-how in paint technical, as well as engaging in joint efforts to develop and promote better value for product and services, as well as arranging the football relationship between the company and partners annually.



The company's procurement process is complied with ISO 9001, in which the selection system of business partners who conduct their business according to laws, and comply with occupational health and safety standard which environmentally friendly. During 2018, there was no case of the company failing to abide by its outstanding agreements with business partners.

3.5 Competitors

The company placed much importance on fair and honest business competition under the framework specified by law. Accordingly, the company implemented its business operations according to fair competition rules. Over the years, the company was never engaged in any trade dispute with other competitors.

3.6 Creditors

The company has set the policy to treat all groups of creditors equally and fairly by strictly following contracts or conditions as earlier agreed upon with the creditors. The company's financial position was disclosed accurately and on time. The trade account payables can submit their invoices to the company on Thursday of the first and the third week of following month, with payment to be made on the same day. During 2018, the company paid all creditors following agreed term of payment, without causing any payment default.

3.7 Promotion of efficient energy resources utilization

Based on the company's firm recognition of critical value generated from its energy resources utilization, so as to create the energy saving project alongside its regular business operations such as

turning off air conditioner earlier 15 minutes before lunch time and working end, installation the reflective lamp lantern, using energy saving lamp, together with promote awareness and conscience among all the employees.

Year	Energy Saving Project
2013 - 2014	Appointed the Energy Management Committee to laid down the company's energy resources conservation policy
2015	Certified to be an efficient energy management organization, and received "Thailand Energy Award" 2015 by Department of Alternative Energy Development and Efficiency
2016	Certified to be the best practice of energy management organization or "TEM Awards 2016" by Department of Industrial Promotion, Ministry of Industry.
2017	Engaged the Energy Saving project with The Institute of Industrial Energy, with improving the efficiency of machinery and equipment for energy saving
2018	Engaged the Energy Saving project Phase 2, subsidized by Department of Alternative Energy Development and Efficiency, Ministry of Energy, with installation Solar Cell system combined power plant of the factory

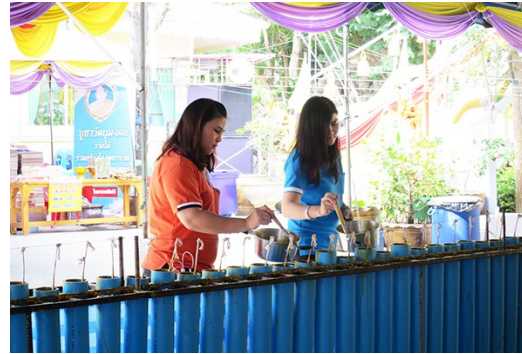
The result of participating in Energy Saving project for industrial Phase 1, the energy consumption of the company in 2018 decreased by 63,272 kWh from the previous year or energy cost reduced by 201,477 Baht, and reduced green house gas by 44 tCO₂/year.



In addition, the company has prepared for Phase 2 in 2019 which the operating have progressed 50% with the installation of Solar Cell system. The project is expected to help the company reduce energy consumption cost by more than 16,000 kWh/year, and reduced green house gas by 11 tCO₂/year

3.8 Participation in CSR contributing to community developments

The company regularly engaged itself in those activities aimed at promoting community developments for further common benefits. In 2018, the company participated in cultural activities bringing lent candle for Buddhist Lent day on the project “Lent candle Festival” at Wat Khao Din, Chacheongsao, involved running activity with Mini marathon by Panthong Sabhachanupathum School, Chonburi Province, and practiced on emergency situation for setting up the best practice on safety works and emergency plan every month, and in cooperation with both government and private sectors.



3.9 Guidelines for refraining from action infringing upon human rights

The Board of Directors duly recognized the significance of human rights by conducting the business in accordance with the law and human rights standards without discrimination on gender, nationality, religion, political ideology. Some of those actions were anti-child labor campaign by refusing to accept person less than 18 years old of age as company employee, no unfair discharge of company employee in accordance with labor laws supervising strict human right compliance. Throughout its business operation to date, the company had no previous bad record pertaining to any violations of human rights lodged with court. (Details is under the heading “Responsibilities for Community and Environment”)

3.10 Guidelines against business practice infringing upon patent or intellectual properties

The company strictly adhered to its policy of not engaging in any act in possible infringement upon intellectual property rights, either by means of copying or unauthorized usage of intellectual

properties belonging to other parties. The company consistently dedicated its efforts to developing products and services on a continuous basis by arranging the Best Performance Team contest every year to seeking for an innovative working instruction with more efficiency and accuracy on employee's function. During 2018, the company was not engaged in any activities infringing upon the patents or intellectual properties.

3.11 Participation channels for the stakeholders

The company laid down a Whistle Blowing policy to justly protect the whistle-blower, including protection from persecution when filing a report. The company provided the channel for all stakeholders to file the report or complaint on those matter likely to cause damage to the company, whether they concern the accuracy of financial statement, internal control system deficiency, or any act likely to violate the laws and business ethics, or the matters that the stakeholder' right is violated or the corruption. The whistle blower could directly communicate through the channel as follow;

Section	Telephone	Email address
Customer Service	02-941-6931 Ext. 5112	sales@easonpaint.co.th
Production	038-451-833 Ext. 5261	ruengyut_n@easonpaint.co.th
Research & Development	02-941-6931 Ext. 2211	piti_ek@easonpaint.co.th
Purchasing	02-941-6931 Ext. 1132	chutima@easonpaint.co.th
Environmental & Safety	038-451-833 Ext. 5151	vichai_ma@easonpaint.co.th
Financial Report	02-941-6931 Ext. 1234	chayuth@easonpaint.co.th
Investor Relation	02-941-6931 Ext. 1221	saroch@easonpaint.co.th
Audit Committee	02-941-6931 Ext. 1204	info@easonpaint.co.th

Or send a registered mail to a person in chart at

Eason Paint Public Company Limited
312, 402/3-6 Phaholyothin 32, Chankasem
Chatuchak, Bangkok 10900

In 2018, the company did not receive any such claim from stakeholders.

Section 4 Information disclosure and transparency

The company duly recognized the importance of disclosing significant company information relating to both financial and non-financial topics, which was regarded good corporate governance policy. The company ensured that the shareholders and investors receive such information in equitable manner through such channel as the annual report, annual information disclosure form 56-1, news

distribution channel of The Stock Exchange of Thailand, and company website also (www.easonpaint.co.th), with that information being regularly updated.

In 2018, the company facilitated information disclosure in accordance with the requirement of The Stock Exchange of Thailand and The Stock and Exchange Commission in display of transparency toward its business operation as follows;

4.1 Corporate governance

The company disclosed its corporate governance policies, corporate governance principles, business ethics, and code of conduct for the Board of Directors, and Sub-committees on company website.

4.2 Social and environment management policy

The company incorporated these topics under the policies on corporate governance and business ethics with regard to society and environments (Details under the heading “Corporate Social Responsibilities”)

4.3 Risk management policy

The company has set up Risk Management Committee to supervise risk management of organization in a systematic and cover all areas appropriately, as well as assign risk management policy (Details under the heading “Corporate Governance”)

4.4 Shareholding structure

The company disclosed the names of top 10 shareholders at the time of closing shares registration book for the shareholders’ meeting, and at the end date for each quarter on company website.

4.5 The Board of Directors’ responsibility report toward financial statement

The Board of Directors recognized the importance of compiling financial statement in such manner deemed accurate and reliable, to serve as references for decision-making by the investors, by displaying said report of the Audit Committee in the annual report. In 2018, the company received unconditional certification for its financial statement from the company auditor, and facilitated the submission of said financial statement to the Securities and Exchange Commission and The Stock Exchange of Thailand within the timeframe required, and was never subject to any instruction to revise its financial statements.

4.6 Duty performance by the Board of Directors and Sub-committees

The company disclosed the details on the role of the Board of Directors and Sub-committees, the number of meetings held, the number of meeting attendance by each director during the year 2018 (Details under the heading “Management Structure”)

4.7 Shareholding by directors

The company annually disclosed shareholding and change of the company's shareholding of directors during 2018 in the annual report. (Details under the heading "Management Structure")

4.8 The remuneration for directors and management team

The company disclosed the policy regarding the remuneration for directors and management team, the remuneration accorded the director for the Board of Directors and Sub-committee in the annual report (Details under the heading "Management Structure")

4.9 The policy to report possible conflict of interest by the directors

The Board of Directors laid down the policy requiring company directors and management team to report each time possible conflict of interests arose by either themselves or connected persons. The company secretary was required to submit related report to the Board of Directors after the company learnt of such event. During 2018, the company directors and management team strictly followed said policy, by not taking part in such meeting agenda having possible conflict of interests. The company will facilitate information of the meeting's resolution to The Stock Exchange of Thailand.

4.10 Connected transaction

The Board of Directors laid down the policy for the company to comply with the regulations of the Capital Market Supervisory Board, in case of connected transaction. The company will bring the issue to the Audit Committee's meeting, and the Board of Directors' meeting for consideration respectively, so the Audit Committee will be able to comment in case there are different opinions, and the Board of Directors can acknowledge the details before the company disclosure to The Stock Exchange of Thailand.

4.11 Quarterly performance report

In case of net profit according to last financial statement changed from the financial statement in the same period last year more than 20%, the company has revealed the explanation of the operation's results for the quarter to The Stock Exchange of Thailand.

4.12 Whistle blowing policy

The company laid down a policy and protective measures for whistle blowers in the code of conduct for company directors, management team, and employees. Details are under the heading "Corporate Governance". (Section 3 : Consideration of the roles of stakeholders No. 3.11).

4.13 The relationship with investors

The company set up the investor relation to serve as the center in communication and distributing significant information useful to the investor and other parties concerned. With this regard, the company has assigned the roles of investor relation for staff to take as a guideline of practice.

Interested person could view the company's latest company's information on company website, under heading "Investors Relation", and the news system of The Stock Exchange of Thailand, or contact Mr. Saroch Chantadee, Company secretary, Tel. 03-941-6931 ext. 1221, Email : saroch@easonpaint.co.th

Section 5 Responsibilities of the Board of Directors

The Board of Directors had important responsibility in setting the direction for company's business operations, following up on the working result by its management team, and being responsible for duties to contribute to the best interest of the shareholders.

5.1 Structure of the Board of Directors

1) Composition of the Board of Directors

The Board of Directors comprised 9 persons, classified in to 5 executive directors, and 4 non-executive directors (4 independent directors).

The Board of Directors consisted of qualified directors with knowledge, proficiency, and various experiences in accounting, financial, management, marketing, and paint business. They provided useful suggestion and advice in business operation to the company consistently. The company's number of independent director is accounted for more than one-third of the Board of Directors, complying with the requirements by the Capital Market Advisory Board.

2) Independent director's qualifications

All of company's independent directors are fully qualified to serve as an independent director under the rules set by the company, and none of independent director 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. The independent directors are truly independent from management team, and major shareholders of the company, and independent directors and the person being involved have no shareholding in the company over than 1% complies with the rules.

3) Directors selection process

The Board of Directors appointed the Nomination and Remuneration Committee, to supervise the director selection process to be carried out in a transparent manner (Details under the heading "The selection of the management")

4) Directorship term for independent directors

The Board of Directors was elected by the shareholders' meeting, with directorship term complying with company regulations, while being eligible for re-election after term completion. Independent directors were not allowed to serve more than 5 listed companies.

5) 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 "Management Structure". All directors well understand the best practice in the number of companies which are able to serve as director, regarding good governance practice. At present, none of the company's directors serve as director in more than 5 listed companies, and none of the company's directors who is executive directors serve as director in other listed companies.

However, the company has not specified the number of listed companies and subsidiary company that each director hold directorship for not more than 5 places, since the company needed the directors to supervise operation management of those companies to be in the same direction.

6) The separation of the position of Chairman from Managing Director

Based on the different responsibility scope between Chairman of the Board of Directors and the Managing Director, the company therefore specified the Chairman 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 duly scope clearly separating for Chairman from the Managing Director.

Furthermore, despite the Chairman of the Board of Directors not being an independent director, nevertheless, both of them duly carried out their assignment in an independent manner, and providing opportunities to all directors to act freely in expressing own options and suggestions contributing to the best interest of the organization

7) Company Secretary

The Board of Directors resolved to appoint Mr. Saroch Chantadee, the Manager of Office of Managing Director who passed the company secretary course from Thai Institute of Directors (IOD) on October 16 – 17, 2012, as the company secretary, having the duties and responsibilities as specified by the company.

In 2017, the company secretary passed the Certificated in Investor Relation 2017 organized by Thai Listed Companies Association dated August 23 – 24, 2017. (Details under the heading "Management Structure" in Company Secretary)

5.2 Sub-Committee

The Board of Directors appointed several committees comprising of Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Executive Committee, who has experienced members to supervise over each particular aspect of company operations, and clearly lain

down the authority and responsibility scope for each committee per the charter for the said committee. (Details under the heading “Corporate Governance” in Sub-committee)

The Audit Committee and The Nomination and Remuneration Committee, they all are independent committee.

5.3 The roles, authority, and responsibilities scope of the Board of Directors

1) Leadership and vision

The Board of Directors consisted of member who had extensive capabilities and experiences beneficial to company management, together with leadership and independent decision-making qualities to the objectives and goals of the company and shareholders.

The Board of Directors also approved strategy, target, plan and budget of the company proposed by the management. At the same time, they were required to ensure that there were adequate mechanisms in supervising and monitoring, so that to meet the target contributing to further value and interested of all stakeholders.

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 and revealed company website. Together with communicate to the Board of Directors, management team and employees, which required that all of them comply with such manual strictly.

3) The policy regarding possible conflict of interests

The Board of Directors placed much importance on ensuring that any transaction with possible conflict of interest was carried out in a cautious, careful, and hones manner. The company incorporated the policy regarding possible conflict of interest into its policy pertaining to corporate governance and business ethics. (Details under Section 2 Equitable treatment of shareholders)

In 2018, the company disclosed such items with possible conflict of interest under the heading “Connected transaction”

4) Supervision over internal control and audit system

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

Accordingly, the Board of Directors instructed the Internal Audit Office to directly report to the Audit Committee as lease once a quarter, so as to allow the Audit Committee to review and ensure sufficient internal control.

At the Board of Directors' meeting no. 1/2018 dated February 23, 2018, reviewed the adequacy of the internal control system (Details under Anti-corruption and Internal Control" in The Board of Directors' Opinion). With this regard, the Audit Committee is responsible for considering and giving approval for the appointment or dismissal of the Internal Audit Office. In 2018, the company hired Well Planning Solution Co., Ltd., who has good quality of knowledge, abilities and experiences as the Internal Audit

5) Risk management

Regarding risk management, the Board of Directors supervised to ensure that the company had adequate systems overseeing the view, monitoring, and management. In the past, The Board of Directors had evaluated the risk management at least once a year, and set policy to manage the possible risk. During 2018, the committee held 2 meeting and invited Risk Management Working Group which consists all of department managers to join the meeting in order to discussed various matters, and also arranged the training on Risk Assessment for all sections, to ensure that all risks were properly maintained at acceptable levels. The Risk Management Committee analyzed and evaluated possible risk, and compiled risk management report, for submission directly with the Board of Directors. (Details 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. Each director was able to propose agenda, and the company secretary will send out the meeting invitation letter, meeting agenda, and relevant meeting documents to the directors not less than 7 days in advance, to allow the directors 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. The chairman allowed directors to present opinion and comment freely, while those directors having conflict of interests would not be allowed to cast vote at such meeting. In this regard, the numbers of director are not less than two-third of the Board of Directors on each casting vote at the meeting. The company secretary recorded the meeting minutes and the classified those minutes in systematic manner to facilitate easy reference. The Board of Directors supported the joint meeting between the Audit Committee and management team at least once a year.

During 2018, the Board of Directors held 4 meetings altogether, and independent directors held 1 meeting without the management team in attendance. (Details about the meetings under the heading "Management Structure"

5.5 Evaluation of the Board of Directors and Chief Executive Officer

The evaluation of the Board of Directors performance for the year 2018 has been carry out, was set for each of the directors to assess the performance of both the board as a whole, sub-committee and individuals so as to review performance results, problems, and obstacles faced during the past year, in order to contribute the better effective performances.

The company secretary sent out evaluation form 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.

The percentage score criteria for The Board of Directors and Chief Executive Director

Level	Criteria	Score
4	Excellent	Up to 80%
3	Good	Up to 70%
2	Fair	Up to 60%
1	Poor	Up to 50%
0	Very poor	Less than 50%

1) The Board of Directors carried out the performance evaluation, which divided into 4 parts as follows;

- The Board's structure and qualification
- Efficiency of the Board
- Role, duty and responsibility of the Board
- Others (Relationship with the management team and independent)

In 2018, the evaluation result was in "Excellent" criteria with the average score of 91.70%

2) The Board of Directors has set the evaluation of performance of the Sub-committee. In 2018, the result can be summarized as follows;

Sub-committee	Evaluation result (%)
Audit Committee	96.43
Executive Committee	95.31
Nomination and Remuneration Committee	94.38
Risk Management Committee	91.88

3) The individuals performance was divided into 3 parts as follows;

- Qualification of Director
- Involve in the Board meeting
- Role, duty, responsibility and self development of director

In 2018, the evaluation result was in "Excellent" criteria with the average score of 94.32%

4) The annual performance evaluation for Chief Executive Officer is divided into 8 parts as follows;

- Leadership
- Performance strategies
- Compliance strategies
- Financial plan
- Self-development and management
- Relationship with committee
- Relationship with external parties
- Relationship with employee

In 2018, the evaluation result was in “Excellent” criteria with the average score of 90.46%

5.6 Directors’ remuneration

The Board of Directors appointed the Nomination and Remuneration Committee to supervise and ensure that the remuneration process for directors and management team were carried out in a transparent manner. (Details of regulations and criteria on remuneration policy for directors under heading “Remuneration for the directors and management team”).

5.7 Development for the directors

1) Orientation for new directors

In case of the new directors, the company will host the orientation for the new directors to properly prepare them for director assignments. The company will arrange the factory site visit, and organized presentation on company background, business perspective and business policy for the new directors. The company also provided them with the manual for directors for listed company; clearly summarizing and comparing the provision in the company regulation comply with the Securities and Exchange Act., the public company Act, as well as the corporate governance policies for the company’ directors.

In 2018, the company has no new director was appointed by Annual General Meeting of Shareholders.

2) Training attendance by the directors

The Board of Directors encourages further knowledge for the directors on a consistent basis, so as to gain better effective skills regarding their duty assignments. The programs included the training and seminar organized by Thai Institute of Directors Association (IOD) and other organizers. (Details under the heading “Management Structure” in the Board of Directors’ information)

The directors attended course designed to promote their management abilities, and applied the knowledge when performing duty. During 2018, the directors attended the course on significant operation topic such as Thailand Energy Academy, CEO Club “The Game Is On !!!”, “Start Less Finish More” and “Global Economy Outlook 2019”

Training and seminar attended by the Board of Directors in 2018

Date	Name	Training Course/Seminar
May 31, 2018	Ms. Petcharat Eksangkul	• The Game Is On !!!
July – November 2018	Ms. Petcharat Eksangkul	• Thailand Energy Academy
October 11, 2018	Ms. Petcharat Eksangkul	• Start Less Finish More
December 12, 2018	Ms. Petcharat Eksangkul	• Global Economy Outlook 2019

5.8 Succession plan

The company has set succession plan for all levels of key management person, starting from the process of nominating the persons who will be responsible in a proper and transparent manner. The persons were prepare in different areas, as well as continuously participated in training for development. There was also monitoring activities to create the management with knowledge, abilities, leadership, and honest, allowing the company to proceeds its operation continuously and effectively.

The Board of Directors has recognized the importance of creating the management to succeed the top management with the principles as follows;

- 1) Specify description for the top management position, and relation with targets and strategies of the organization, including qualifications of knowledge which related to company operation.
- 2) Select subordinate executive with potential, and capabilities.
- 3) Analyze their qualification individually to find performance and what needs to be further developed.
- 4) Create individual developing plan to promote potential and capability development.

5.9 Un-accomplishment performances in Good Corporate Governance

Regard to the suggestion of Thai Institute of Directors on the parts that the company had not practiced complying with Good Corporate Governance principle for listed company, the company would like to take into account to apply appropriate such as;

Un-accomplishment parts	Reasons
Chairman of the Board of Directors should be independent director, and should not be the same person as Chief Executive Officer	The Board of Directors has appointed executive director serving as Chairman and Chief Executive Officer due to his ability and expertise in business. Although the Chairman is not an independent director, nevertheless, the Chairman 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

Un-accomplishment parts	Reasons
The company should reveal the remuneration of CEO	The company has revealed the said information in the management team's remuneration. The company also is a small sized business and the Information has no impact on the management as well
The Board of Directors should specify the number of listed companies that each director hold directorship for not more than 5 places	The Board of Directors has not specified the said policy, since The Board of Directors believed that each director has business expertise and capabilities 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
The Board of Directors should specify the limit of the number of years for independent directors not exceeding 9 years	<p>The Board of Directors has not specified the said policy, since the independent directors continue to perform their duties with independence from the management and major shareholders of the company, as well as make decisions by taking into account the best interests of the company without private interests that may conflict with the interests of the company</p> <p>At present, the company has 3 independent directors appointed as the company's director for more than 9 years because they have good performance for business operations, and fully qualified to further serve as independent directors</p>

5.10 Good Corporate Governance Assessment

In 2018, the company has a result of "Very good" on Corporate Governance Report of Thai Listed Companies (CGR), which organized by Thai Institute of Directors as follows;

	Company's score	Level	Average score of Listed company
2018	85	Very good	81
2017	82	Very good	80
2016	79	Good	78
2015	72	Good	75