



Corporate Governance

8

8.1 Corporate Government Policy

The Company adheres to the good governance principles under the Corporate Governance Code for Listed Companies of the Office of the Securities and Exchange Commission as set out by the Stock Exchange of Thailand.

The Board of Directors, management and all staff comply with the Corporate Governance Code and realize the significance of good governance, starting in 2015, with improvements from time to time to cover various topics, such as human rights, labor, health and safety, security, environment, conflicts of interest, use of inside information, corruption, internal control and information disclosure, etc. The Company has published its corporate governance policy on its website at www.taokaenoi.co.th for convenient access of directors, management and staff to such information.

In 2017, the Company was assessed in terms of its corporate governance with the following scores:

- A score of 98 percent from the quality assessment of the 2017 Annual General Meeting of Shareholders Assessment (AGM Checklist) by the Thai Investors Association.
- A Very Good score from the Corporate Governance Report of Thai Listed Companies – CGR 2017 from the Thai Institute of Directors Association.

In order to ensure the operational transparency and enhance the management efficiency, as well as to boost the trust of the shareholders, general investors and all parties concerned in the long run, the Company implements its practices in 5 chapters as follows:

Chapter 1 Rights of Shareholders

The Company realizes and focuses on basic rights of all groups of shareholders, including corporate shareholders, in order to enable them to exercise their rights as investors, e.g., voting right, the right to grant proxy, to buy, sell or transfer shares, the right to business profit sharing, access to adequate information about the Company, the right to attend and vote at shareholders' meetings, to propose meeting agenda items in advance, to nominate candidates for appointment as directors, appointment of auditor and fixing of audit fees, and the right to make decisions on significant matters, which may affect the Company, e.g., declaration of dividend, establishment or amendment of the articles of association and the memorandum of association, capital reduction or increase, and approval of special transactions, etc., other than those basic rights as mentioned above.

The Company provides its shareholders with essential and material information regarding its business operations in a clear and timely manner via the SET Portal of the Stock Exchange of Thailand and on its website at www.taokaenoi.co.th. In addition, the Company made other arrangements to promote and facilitate the shareholders' exercise of rights at the 2017 Annual General Meeting of Shareholders ("AGM") as follows:

1. The Company allowed the shareholders to propose meeting agenda items, including nominations of candidates for election of directors, in advance, in order for the Company to consider including them in



the meeting agenda and electing the directors. In this connection, the Company disseminated the details regarding rules and procedures for such arrangements via the SET Portal of the Stock Exchange of Thailand and on its website at www.taokaenoi.co.th. As a result, no shareholders submitted any questions relating to the meeting agenda, proposed any meeting agenda items or nominated any candidates for directorship at the 2017 AGM.

2. The Company disseminated information regarding date, time, place and agenda of the AGM on February 27, 2017, both Thai and English versions, in advance prior to the meeting date, in order to enable all shareholders to obtain clear and adequate information and have time to review such information before the AGM.

With regard to the invitation letters to the AGM, the Company provided information in detail on the respective agenda items, together with supporting explanations and opinions of the Board, which shall be identified as matters for information or for consideration. Proxy forms were also attached to the invitation letters, and the names of the independent directors were indicated in the proxy forms as alternatives for the shareholders to appoint any of the independent directors as their proxies.

The Company disseminated the invitation letters, together with related documents, e.g., registration form, documents and evidence to be presented before attending the meeting, procedures for proxy appointment, registration and proxy forms, on its website, both Thai and English versions, in advance prior to the meeting date. Such documents were delivered to the shareholders in advance through Thailand Securities Depository Co., Ltd., as the Company's registrar, to handle the delivery of the invitation letters and supporting documents to the shareholders.

3. The Company promoted and facilitated the shareholders' and institutional investors' participation in the AGM on Wednesday, April 26, 2017 at 10.00 hours at Cattleya Meeting Room, 1 FL, Rama Gardens Hotel, Vibhavadi Rangsit Road, Talad Bang Khen Subdistrict, Laksi District, Bangkok, where the commute to attend the meeting was convenient, and also prepared duty stamps available for the

convenience of the shareholders who appointed proxies. In this connection, all directors were present at the 2017 AGM.

4. The Company allowed the shareholders to appoint any independent directors or persons to attend the meeting on their behalf by using any of the proxy forms attached to the invitation letters. The shareholders may use the proxy forms which the shareholders may cast their votes, as prescribed by the Department of Business Development, Ministry of Commerce, and such information of the independent directors nominated by the Company as their proxies for convenient and rapid registration on the meeting date.
5. The Company explained rules and procedures for voting to the shareholders before starting the AGM, whereby the matters would be considered in the order of the agenda as indicated in the invitation letters which were delivered to the shareholders in advance without changing such order and without considering any matters other than those indicated in the agenda. During the AGM, the chairman allowed the shareholders to share their opinions and ask questions regarding the Company and the meeting agenda. The Company also arranged for an independent legal advisor to act as the inspector of the AGM and vote counting to ensure compliance with the laws and the Company's articles of association. In this regard, the Company allowed the shareholders who attended the meeting after the chairman called the meeting to order, to vote on the matters which were pending consideration and voting, and as such, the number of votes cast on the respective agenda items may vary.
6. The Company held the AGM with transparency and mechanism for auditability, whereby all directors and management, including the auditor, were present at the meeting to answer questions and listen to opinions of the shareholders, including the shareholders' right protection volunteer(s) from the Thai Investors Association as observer(s).
7. The Company used a barcode system for registration and vote counting at the AGM in order to facilitate rapid registration and processing of vote counting. Votes were collected, counted and notified to the meeting after concluding the voting of each



respective agenda item. As the vote counting for some agenda items might take longer time than usual, the chairman of the meeting requested the meeting to proceed with other agenda items in order for the meeting to continue, and when the staff concluded the vote counting, the voting results were instantly reported to the meeting.

8. The Company disseminated resolutions of the AGM to the public and the voting results of the respective agenda items via the SET Portal of the Stock Exchange of Thailand and on its website at www.taokaenoi.co.th on April 27, 2017, and published the minutes of the meeting that fully recorded details, including questions, explanations and opinions of the shareholders as discussed at the meeting, on May 11, 2017.

Chapter 2

Equitable Treatment of Shareholders

The Company recognizes its duty to protect the interests of all groups of shareholders, whether they be major shareholders, minor shareholders, individual shareholders, institutional investors, Thai or foreign shareholders, to truly enjoy their rights and fair and equitable treatment at the 2017 AGM to the best interests of the shareholders, as follows:

- Meeting agenda items could be proposed and candidates for election of directors in place of those due to retire by rotation could be nominated in advance. The Company disseminated such details via the SET Portal of the Stock Exchange of Thailand and on its website at www.taokaenoi.co.th. Such proposed items and nominations would be submitted to the Nomination and Remuneration Committee for consideration, and thereafter, the Board of Directors would consider including such proposed items in the agenda of the AGM and for election of directors for further consideration and approval by the AGM. As a result, no shareholders submitted any questions relating to the meeting agenda, proposed any meeting agenda items or nominated any candidates for directorship.
- The Company allowed the shareholders who were unable to attend the AGM in person to appoint the Company's independent directors or other persons as their proxies to attend and vote at the meeting on their behalf.

- The Company prepared proxy forms as prescribed by the Ministry of Commerce, in which the shareholders could cast their votes, and delivered such forms to the shareholders along with the invitation letters of the AGM. In addition, the shareholders could download the proxy forms from the Company's website.
- The Company prepared voting cards for the shareholders to cast their votes on various items, whereby in the item of election of directors, the Company allowed the shareholders to exercise their rights to elect directors on an individual basis, and the vote counting on each agenda item was done openly and transparently.
- The chairman of the AGM conducted the meeting according to the order of the agenda as indicated in the invitation letters without adding any agenda items other than those indicated in the invitation letters.
- All shareholders shall be entitled to vote according to the number of shares held by them, and one share is equal to one vote.

Chapter 3

Roles of Stakeholders

The Company recognizes the treatment and rights of stakeholders, both inside and outside the Company, whereby the stakeholders should be treated by the Company according to their rights under applicable laws. Collaboration between the Company and the stakeholders should be encouraged to ensure wealth, financial stability and business sustainability. There are several groups of the stakeholders in the corporate governance system, most notably are as follows:

The Company discloses material information fairly, transparently and timely for all groups of stakeholders to be treated equally. In addition, the Company arranges for whistleblowing channels to accept complaints or comments or suggestions to demonstrate that all groups of the stakeholders are affected or threatened to be affected by the Company's business operations or such actions by the Company's staff that violate the law or the code of ethics, including such behavior which may give the impression of corruption, unequal treatment or careless and imprudent actions. The Company shall conduct an investigation of such issue and keep the investigation records in writing without revealing the



identity of the whistleblowers, as well as keep such information from the complaints confidential in order to prevent any potential impact on the whistleblowers.

Rights of Shareholders

The Company recognizes its shareholders as the Company's owners, therefore, the Board of Directors, as the shareholders' representatives, shall be authorized to carefully and prudently manage and operate its business in order to achieve the Company's objectives. The Company equally and fairly treats the shareholders and discloses complete and accurate information on a regular and equal basis, as well as monitors to prevent the Company's directors, management and staff from seeking undue benefits from misuse of undisclosed information. In this regard, the Board of Directors and management shall be prohibited from trading the Company's shares during the period of 1 month before disclosing the financial statements and for 48 hours after issuing the financial statements.

The Company respects the shareholders' rights and acknowledges its duty to equally treat the shareholders in light of their basic rights under the laws and the Company's articles of association, e.g., the right to attend shareholders' meetings, to propose meeting agenda items in advance, to elect directors, and to fairly receive dividends, etc.

The Company strives to take responsibility and ensure the shareholders' utmost satisfaction, taking into account the Company's sustainable growth and reasonable returns, whereby the Company shall operate its business to constantly achieve good results, and continue its business development with transparency in terms of reliable accounting, control and internal audit systems, as well as maintenance of the Company's assets. The Company is committed to generating profits and pursuing a sustainable growth to create values to the shareholders in the long run.

Rights of Staff

The Company strives to put in place fair human resource management and performance evaluation systems. The Company recruits and retains competent and experienced staff by focusing on capacity building and enhancement for staff on a regular basis, and promote career advancement and security for staff as well as fair treatment to all staff members. With regard to remuneration, the Company takes into account their

respective knowledge, competencies, experiences, job positions, responsibilities and performance relative to the Company's operating results, social and economic circumstances, and provides appropriate welfare and benefits to staff comparable to other companies in the same or similar industry, and as required by law, e.g., provident fund for staff, etc. As for staff capacity building, the Company encourages and promotes improvement of knowledge, competency and capacity which are beneficial to staff at all levels regularly and continuously for their career advancement through a wide variety of training courses, both inside and outside the organization.

The Company promotes a better quality of living for staff and encourages them to improve the well-being of their families towards sustainable happiness and self-reliance based on the self-sufficiency economy philosophy. The Company also encourages staff engagement and respects their freedom of assembly to suggest or set out work procedures and/or agreements for the benefits of all parties, maintains good collaborative relationships, and provides whistleblowing channels, fact-finding process and protection of whistleblowers.

Rights of Customers

The Company undertakes to improve the quality of its products regularly to ensure customers' utmost satisfaction, and cares for and acts responsibly towards customers to the best of its ability. The Company also makes other arrangements so that customers can rest assured and be satisfied with the quality of the Company's products at fair prices. In addition, customers may submit any complaints on their use of the Company's products or improper services via e-mail or to the Company's Call Center in order to enable the Company to prevent/resolve such issues for customers in a rapid and appropriate manner, and take such information into account for further improvement or development of its products and services accordingly.

Rights of Counterparts, Competitors and Creditors

The Company adheres to equality and integrity in its business operations and mutual benefits based on the code of ethics and strictly complies with the laws, rules and conditions with contractual parties, formulates business alliance and maintains good relationships with all parties. Moreover, the Company also implements its competition framework with integrity, transparency, compliance with commercial and contractual terms, and support for its counterparts/business partners to ethically



operate their businesses with social and environmental responsibility. The Company shall not engage in transactions with any persons or legal entities that violate the laws or have any conduct that likely constitutes corruption, and shall consider appropriate and fair pricing and take into account the reasonableness in terms of prices, quality and services provided. The Company also clearly sets out regulations on procurement and various activities on the basis of fairness and mutual benefits. In order to prevent corruption on the part of counterparts and staff concerned, the Company shall consider immediately terminating relationships with any counterparts which are found to be involved in corruption, bribery or undue benefits to influence any parties concerned to enter into any contracts or transactions with the Company.

Rights of Community, Society and Environment

The Company regards itself as part of society and community, takes communal, social and environmental responsibility, promotes education and training for staff in order to raise their awareness of communal, social and environmental responsibility as a whole among staff at all levels, and encourages them to join various activities held by the Company to engage in social contributions and foster activities that maintain the customs, traditions and culture as well as act a good member of society by sponsoring religious activities on a regular basis.

In terms of community and society, the Company is aware that it is a member of society and as such, it needs to make social contributions as a gesture of gratitude to local communities by creating jobs and opportunities, granting scholarships, focusing on local healthcare promotion through activities to provide assistance and development of communities, health checkups and quality activities in various aspects of society, including charitable donations on a regular basis.

As for environment, the Company focuses on creating values and raising awareness of environmental preservation and optimization of resources through training, campaigns and a variety of optimal utilization of resources within the organization, e.g., campaign for minimization of office paper use, lights out during rest or idle periods, wastewater treatment system in factories, and environmentally-friendly manufacturing process for communities.

Furthermore, the Company focuses on basic human rights to endorse respect for rights and freedom without

discrimination, equality without exclusion of gender and class, no use of child labor, and suppression of every form of corruption, as part of the Company's corporate governance policy, which clearly demonstrates its intention and commitment not to support or engage in business dealings with any operators involved in violation of human rights. The Company also treats its staff equally and fairly and promotes equality by providing welfare benefits, safe and healthy workplace and appropriate remuneration without using any form of child labor.

Chapter 4

Information Disclosure and Transparency

Information Disclosure

The Company realizes the significance of disclosure of its material information to be accurate, complete, up-to-date, transparent, straightforward, and auditable in due course of time and for the purpose of making decisions on investment, management and any other arrangements for all stakeholders. Therefore, it is essential to control and implement measures on accurate disclosure of both financial and non-financial information as required by law. The Company provides all parties concerned fairly with proper, accurate, reliable information in a timely manner, and all groups of stakeholders can equally access such information through various channels, such as the Stock Exchange of Thailand, the Company's website, and others, as follows:

- Material information shall be disclosed via the SET Portal of the Stock Exchange of Thailand and on the Company's website.
- The Investor Relations Unit is established to serve as the Company's point of contact with both local and foreign investors.
- The Company participated in the Opportunity Day event organized by the Stock Exchange of Thailand to present its operating results on a quarterly basis.
- Information is also provided to foreign investors through Roadshows abroad.
- The Analyst / Fund Manager Meeting is held to provide information to analysts and funds.
- News are released through various forms of media, e.g., news photos, advertisements and social media.



Use of Inside information

The Company formulates measures and clearly advises its directors and management of the prohibition of directors, management and staff from department managers and higher, and those involved with inside information from trading the Company's securities within 1 month before disclosing the financial statements and for 48 hours after such information disclosure (Blackout Period), which shall be notified in writing by the Investor Relations Unit to the concerned persons in advance. In addition, the Company's regulations provide sanctions for violations by misusing the Company's inside information for personal gains and others, from verbal warning to dismissal.

Directors and management shall report their holding of the Company's securities upon their appointment for the first time as directors or high-ranking management of the Company (Form 59-1) to the SEC within 30 business days from their assumption of such positions, and shall report any change in their holding of the Company's securities due to purchase, sale, transfer or acceptance of transfer of the Company's securities (Form 59-2) within 3 business days from such change.

In 2017, there were no violations by directors, high-ranking management and staff relating to use of inside information.

Anti-Corruption

The Company operates its business with integrity, transparency and in compliance with the Corporate Governance Code. As a token of its commitment, the Company has decided to sign up for the Thai Private Sector Collective Action Coalition against Corruption or CAC initiated by the Thai Institute of Directors Association, in order to demonstrate its intention and commitment to anti-corruption and prevention of fraud of every form. The application for certification process is currently underway.

Whistleblowing

The Company also arranges for whistleblowing channels to accept complaints, comments or suggestions to demonstrate that all groups of the stakeholders are affected or threatened to be affected by the Company's business operations or such actions by the Company's staff that violate the law or the code of ethics, including such behavior which may give the impression of corruption, unequal treatment or careless and imprudent actions, as follows:

1. Via website at www.taokaenoi.co.th
2. Via e-mail at whistleblower@taokaenoi.co.th
3. By post to any director
Taokaenoi Food & Marketing Public
Company Limited
337 Bond Street, Bangpood,
Pakkred, Nonthaburi 11120

Chapter 5 Responsibilities of the Board of Directors

The Board of Directors shall be responsible to the shareholders for the Company's business operations, and compliance with the laws, objectives, the Company's articles of association and resolutions of the shareholders' meetings.

Board Structure

The Company's Board of Directors is composed of 8 directors, 3 of whom are independent directors. Members of the Board of Directors are qualified experts from various industrial sectors, namely, business, engineering and manufacturing, sales and marketing, accounting and finance, which are related to and supportive of the Company's business. Moreover, the Company has appointed its Company Secretary to provide suggestions in terms of legal and regulatory compliance, of which the Board of Directors must be aware, perform his or her function of facilitating the Board's activities, and ensure the compliance with the Board's resolutions.

Scope of Power and Authority of the Board of Directors

1. The Board of Directors is authorized to oversee and manage the Company's affairs to ensure its compliance with the laws, objectives, its articles of association and the Board's resolutions and resolutions of the shareholders' meetings, with accountability, integrity, due care and caution to protect the Company's interests on the basis of good governance.
2. The Board of Directors is authorized to appoint any director(s) and/or management of the Company to perform any or several tasks in order to fulfill such assignments given by the Board. The Board of Directors is also authorized to appoint the Chief Executive Officer (CEO) and other subcommittees, such as the Audit Committee and the Nomination and Remuneration Committee, as appropriate and



necessary, and approve the scope of power and authority of such subcommittees, including cancellation, revocation or amendment of their authority.

3. To encourage directors to contribute their time to efficiently perform their duties, each director's offices in other listed companies shall be limited to a maximum of 5 companies.
4. To designate or change names of directors authorized to sign and bind the Company.
5. To set goals, guidelines, policies, action plans and budgets of the Company, monitor the administration and supervision by the management or entrusted persons to ensure compliance with the policies and actions plans given by the Board of Directors.
6. To consider reviewing and approving material matters relating to the Company's operations, such as its vision, missions, policies, business strategies, goals and operation plans, financial targets, large-scale investment projects and budgets.
7. To supervise the management to proceed in compliance with the approved policies, action plans and budgets.
8. To arrange for reliable accounting, financial reporting and audit systems, including efficient and effective internal control and internal audit systems.
9. To prepare the Company's Annual Report and/or the Board of Directors' reports in accordance with applicable laws or rules.
10. To establish and implement its corporate governance policy effectively.
11. To seek professional opinions from external organizations as necessary to support proper decision-making.
12. To review the risk management process and policy and to monitor its implementation.
13. To appoint the Company Secretary to assist the Board of Directors in its performance of various tasks in order to ensure that the Company's business operations comply with applicable laws and regulations.
14. To fairly oversee the interests of both major and minor shareholders according to their rights and fairly

treat the shareholders and stakeholders.

15. To maintain counterbalancing between management and/or major shareholders at an appropriate level based on the ratio or number of independent directors on the Board.
17. To establish a mechanism to clearly and transparently manage connected transactions between the Company and its subsidiaries and connected persons in order to prevent any conflicts of interest, subject to disclosure of accurate and adequate information, as well as reporting to subsidiaries' board of directors.
18. To ensure disclosure of material information of the Company with accuracy, completeness, timeliness and transparency through such channel that is easily, equally and reliably accessible.
19. The Board of Directors should hold at least 7 meetings a year, with the directors' presence in at least three-fourths (75 percent) of all meetings held in each year.
20. The Board of Directors should hold at least 1 meeting without the presence of directors representing the management.
21. The Board of Directors is authorized to consider approving any matters necessary and relating to the Company or as it deems appropriate and for the benefits of the Company.

The following transactions may be carried out by the Board of Directors only after obtaining approval from the shareholders' meeting:

- (a) any transactions required by law to obtain resolutions from the shareholders' meeting.
- (b) any transactions in which directors are interested and subject to approval from the shareholders' meeting as required by law or notifications of the Stock Exchange of Thailand.
22. The Board of Directors shall evaluate its performance yearly in comparison with the requirements under the Charter of the Board of Directors, and take the evaluation results into consideration for further improvement. The Board of Directors shall also conduct the evaluation of performance of each subcommittee yearly and disclose the overview of such evaluation results in the Annual Report.



23. The Board of Directors shall have such power, authority and responsibility as provided by applicable laws and rules, its articles of association and resolutions of the shareholders' meetings.

The Board of Directors may authorize any one or several directors or any other persons to perform any particular tasks on its behalf, whereby such authorization may be cancelled, revoked, altered or amended by the Board of Directors, and shall preclude any further authorization or delegation which would enable another director or person so authorized or delegated by the directors to approve such transaction in which they may have any conflicts, interests or benefits with those of the Company or its subsidiaries. Furthermore, approval from the shareholders' meeting must be obtained in executing any connected transactions or acquisition or disposition of material assets of the Company, pursuant to the notifications of the Capital Market Supervisory Board, the notifications of the Office of the Securities and Exchange Commission, and the regulations of the Stock Exchange of Thailand and/or any relevant authorities in charge.

Nomination of Directors

The Company has a nomination procedure whereby the Nomination and Remuneration Committee shall consider the qualifications and eligibility in terms of knowledge, competency and work experiences, and nominate a list of directors to the shareholders' meeting for further consideration and approval. The Company's appointment of directors shall proceed in accordance with its articles of association, which may be summarized as follows:

1. The Board of Directors is composed of at least 5 directors, not less than one half of whom must be resident in Thailand, and they must be qualified without any prohibited characteristics under the laws.
2. The election of directors at the shareholders' meeting shall require a majority vote, subject to the following rules and procedure:
 - (1) Each shareholder shall have one vote per each share held.
 - (2) Shareholders may vote on the election of directors on an individual basis.

Candidates with the highest votes in descending order shall be elected as directors to fill the number of directors to be appointed. In the case of a tie for

candidates to be elected in descending order which would exceed the number of directors to be appointed, the chairman of the meeting shall have the casting vote.

Evaluation of Performance of Directors

The Company shall evaluate and review the performance of the Board of Directors and subcommittees once a year, which shall be divided into two types, namely, overall board performance evaluation (as a whole), and self-assessment. The outcomes of such evaluation and assessment shall be analyzed and concluded by the Board of Directors in order to come up with measures to improve its efficiency, and to further develop its operation plan, as follows:

Overall Board Performance Evaluation involves an assessment of 6 topics as follows:

- (1) Board structure and qualifications;
- (2) Roles, duties and responsibilities of the Board;
- (3) Board meetings;
- (4) Board performance of duties;
- (5) Relationships with management;
- (6) Self-improvement of directors and management.

In 2017, the results of the overall board performance evaluation concluded that the Board's performance under the Company's corporate governance code was rated at excellent level with an average score of 88.33 percent.

Overall Subcommittee Performance Evaluation involves an assessment of 4 topics as follows:

- (1) Committee structure and qualifications;
- (2) Committee meetings;
- (3) Roles, duties and responsibilities of committee;
- (4) Others.

In 2017, the results of the overall subcommittee performance evaluation concluded that the subcommittees' performance under the Company's corporate governance code was rated at excellent level with an average score of 91.38 percent.

Self-Assessment of Directors involves an assessment of 3 topics as follows:

- (1) Board structure and qualifications;
- (2) Board meetings;
- (3) Roles, duties and responsibilities of the Board.



The results of the self-assessment of directors concluded that the Company's directors were qualified and performed their duties and responsibilities at excellent level and appropriately in accordance with the best practices of directors, with an average score of 90.91 percent.

Roles and Duties of the Board Chairman

In order to segregate power and authority to set out the Company's policies and administration, the Board Chairman shall have the following roles and duties:

1. To call the Board meetings, preside over the Board meetings and shareholders' meetings, and formulate the meeting agenda;
2. To conduct meetings efficiently in accordance with the Company's articles of association, encourage and allow directors to independently share their opinions;
3. To support and promote the Board of Directors to perform duties to the best of its ability according to the scope of power, authority and responsibility and subject to the good governance principles.
4. To oversee and monitor the Board's administration to achieve the specified objectives.

8.2 Subcommittees

To facilitate the Board of Directors' efficient and effective performance of duties, the Board of Directors has appointed subcommittees to help review and screen various arrangements as necessary. As at December 31, 2017, the Company has a total of 3 subcommittees, namely: (1) Audit Committee; (2) Nomination and Remuneration Committee; and (3) Risk Management Committee, with their respective scopes of authority as described below.

Audit Committee

Scope of Power and Authority

1. To review and ensure the Company's accurate financial reporting and adequate information disclosure for the purpose of equitable treatment of shareholders, and to collaborate with external auditor and management in charge of the preparation of the quarterly and annual financial reports.

2. To review and ensure the Company's appropriate and efficient internal control and internal audit systems, and to review the independence of its internal audit office as well as to approve such appointment, transfer and removal of the head of the internal audit office or any other unit responsible for internal audit.
3. To review and ensure the Company's compliance with the securities and exchange laws, regulations of the Stock Exchange or other laws applicable to the Company's business operations.
4. To consider selecting and nominating an independent person for appointment as the Company's auditor and suggest his/her remuneration, and to discuss with the auditor without the presence of management at least once a year.
5. To consider executing connected transactions or transactions with potential conflicts of interest in compliance with the securities and exchange laws and regulations of the Stock Exchange, so as to ensure that such transactions are reasonable and in the best interests of the Company, and to accurately and fully disclose the Company's information regarding connected transactions or transactions with potential conflicts of interest.
6. Should the Company's auditor identify any incident suspicious and concerned with directors, management or any other persons responsible for the operations of the Company and its subsidiaries, which violates the law, and the auditor has reported such incident to the Audit Committee, the Audit Committee shall, without delay, conduct further investigation and report the initial investigation results to the Office of the Securities and Exchange Commission and the auditor within 30 days from the date of receipt of such report from the auditor.
7. To prepare and disclose the Audit Committee's report in the Company's Annual Report. Such report must be signed by the Chairman of the Audit Committee and at least contain the following particulars:
 - (a) Its opinion on the accuracy, completeness and reliability of the financial reports of the Company and its subsidiary.



- (b) Its opinion on the adequacy of the internal control systems of the Company and its subsidiaries.
 - (c) Its opinion on compliance with the securities and exchange laws, regulations of the Stock Exchange or other laws applicable to the business operations of the Company and its subsidiaries.
 - (d) Its opinion on the eligibility of the auditor.
 - (e) Its opinion on transactions with potential conflicts of interest.
 - (f) The number of meetings of the Audit Committee and attendance records of each member of the Audit Committee.
 - (g) Overall opinion or observations regarding its compliance with the Charter.
 - (h) Any other particulars that, in its opinion, should be disclosed to the shareholders and general investors, subject to the scope of its authority and responsibility as authorized by the Board of Directors.
8. In the course of the Audit Committee's performance of duties, should any of the following transactions or actions be identified or suspicious to materially affect the Company's financial position and operating results, the Audit Committee shall report such issue to the Board of Directors for rectification within the time as the Audit Committee deems appropriate:
- (a) Transactions with conflicts of interest;
 - (b) Fraud or irregularity or flaws in material aspects in the internal control systems;
 - (c) Violation or breach of the securities and exchange laws, regulations of the Stock Exchange or other laws applicable to the Company's business operations.

Where the Board of Directors or management fails to rectify such issue within the specified time, any member of the Audit Committee may report such transaction or action to the Office of the Securities and Exchange Commission or the Stock Exchange.

9. The Audit Committee may seek an independent opinion from any other professional advisor when necessary at the expense of the Company.

10. To perform any other tasks assigned by the Board of Directors as appropriate.

Subject to the scope of authority and responsibility, the Audit Committee is authorized to invite management, executives or staff of the Company or related subsidiaries to report, provide comments, discuss or produce any documents as it deems relevant and necessary. The Board of Directors is authorized to revise the scope of power and authority of the Audit Committee as necessary or appropriate.

Term of Office

Each member of the Audit Committee shall hold office for a term of 3 years each, except retirement by rotation in accordance with the Company's articles of association, in which case, such member may be re-elected.

Nomination and Remuneration Committee

Scope of Power and Authority

1. To nominate persons eligible for appointment as directors and high-ranking management, provided that the nomination and selection rules or procedures must be reasonable and transparent and submitted to the Board of Directors' meeting and/or shareholders' meeting for consideration and approval.
2. To consider guidelines for determination of remuneration for directors and high-ranking management, provided that the forms, rules and procedures of such remuneration must be fair and reasonable and submitted to the Board of Directors' meeting and/or shareholders' meeting for consideration and approval.
3. To perform any other tasks assigned by the Board of Directors.

Management and various units must report or provide information and relevant documents to the Nomination and Remuneration Committee in order to facilitate the performance of its assigned duties.

Term of Office

Each member of the Nomination and Remuneration Committee shall hold office for a term of 3 years each



and may be re-elected as the Board of Directors deems appropriate.

Risk Management Committee

Scope of Power and Authority

1. To formulate the corporate risk management policy, strategies and guidelines for.
2. To set out risk management plan for the management, including overall corporate risk management procedure.
3. To supervise the management's compliance with such corporate risk management policy, strategies and guidelines for, monitor its performance in accordance with the corporate risk management framework, and keep the Board of Directors updated on a regular basis.
4. To review the system or evaluate the efficiency of such risk management policy, strategies and guidelines at least once a year and from time to time when risk levels have changed.
5. To perform any other tasks assigned by the Board of Directors.

Term of Office

Each member of the Risk Management Committee shall hold office for a term of 3 years each and may be re-elected as the Board of Directors deems appropriate.

Chief Executive Officer

The Chief Executive Officer shall be in charge of managing and controlling the Company to fulfill its initial objectives. The Chief Executive Officer shall perform his/her duties and take responsibilities for the Company's operations either in person or by assigning any manager at the next lower level to act on his/her behalf. The Chief Executive Officer's duties and responsibilities shall include, but not limited to:

1. To oversee and provide suggestions on the Company's day-to-day operations and administration;
2. To engage in any business activities in accordance with the objectives, policies, regulations, arrangements, orders and resolutions of the Board of Directors' meetings and/or resolutions of the shareholders' meetings;
3. To guide the Company's achievement in terms of its vision, missions, strategies, goals, objectives and annual business results;
4. To further authorize or assign any other persons as the Chief Executive Officer deems appropriate to act on his/her behalf in necessary and appropriate matters, mainly taking into account the Company's interests and subject to the legal requirements, rules and regulations, and the Company's articles of association;
5. To issue orders and instructions on implementation of projects and objectives within the Company's framework and directions in the best interests of the Company;
6. To monitor and evaluate the Company's operations on a daily basis in order to respond to potential risks from external and internal factors;
7. To handle communications with the public, shareholders, customers and staff in order to promote the Company's reputation and good image;
8. To consider approving various transactions, such as purchase and sale of goods, procurement of raw materials, marketing, personnel management, purchasing and general administration affairs, in order to execute the Company's routine transactions, subject to the conditions and restrictions under the Company's notifications on regulation of approval authority;
9. To appoint buying and selling agents in the ordinary course of the Company's business transactions;
10. To recruit and employ staff, and to handle staff transfer and rotation in the same field, between departments or divisions, or to terminate employment of staff, and to fix wages, salaries, remuneration, bonus and benefits for staff;
11. To consider appointing external consultants for the Company's operations as he/she deems appropriate;
12. To issue, amend, add, revise orders, regulations, notifications and memoranda of understanding to ensure that the Company's operations follow its policies and in the interests of the Company, and to maintain discipline and order in the organization;
13. To perform any other tasks as assigned from time to time by the Board of Directors;
14. To engage in activities relating to the Company's general administration affairs;



15. To sign any documents relating to arrangements necessary for or in connection with the ordinary course of the Company's business transactions as listed in items 1 to 14 above.

However, the authority to execute any juristic acts which (a) may give rise to conflicts of interest with the Company or its subsidiaries; (b) may give rise to conflicts of interest between the Chief Executive Officer or person who may have a conflict of interest and interested person with the Company or its subsidiaries, as prescribed by law and notifications of the Securities and Exchange Commission or of the Capital Market Supervisory Board or of the Stock Exchange of Thailand, shall not be vested in the Chief Executive Officer's scope of power to exercise his/her discretion or assign another person to act on his/her behalf. In this respect, such juristic acts must be proposed to seek approval through the Audit Committee for further submission to the Board of Directors and/or shareholders' meeting (as the case may be) as required by the Company's articles of association and by law, except for approval in the ordinary course of business transactions of which the scope has been clearly specified.

Procedure for Selection of the Chief Executive Officer

For the purpose of selection of the Chief Executive Officer, the Nomination and Remuneration Committee shall screen and select candidates who are fully qualified, eligible, knowledgeable, capable, skillful and with experiences beneficial to the Company's operations, and are well-informed of the Company's business and capable of managing works to achieve the objectives and goals set by the Board of Directors. The appointment of the Chief Executive Officer shall be subject to approval by the Board of Directors.

The Company's criteria for selection and appointment of directors and top management are as follows:

1. Being a natural person and of legal age;
2. Not being bankrupt, incompetent or semi-incompetent;
3. Never having been sentenced to imprisonment by a final court judgment on any offense relating to property from dishonest undertaking;
4. Never having been dismissed or discharged from public service or organization or authority on the grounds of malfeasance;
5. Not having been named in any criminal complaint filed by the Office of the SEC or subject to any legal proceedings following the criminal complaint initiated by the Office of the SEC, or having been sentenced to imprisonment by a final court judgment, regardless of whether such sentence was suspended, and it has not yet surpassed a three-year period after the term of imprisonment was completed or the suspension period of the sentence was over, only in respect of such offenses under the securities and exchange laws or derivatives laws, as follows:
 - (1) Unfair trading practices in securities or derivatives;
 - (2) Dishonest undertaking or causing damage to assets, creditors or the public;
 - (3) Failure to perform duty with due care or integrity;
 - (4) Knowingly making false statements in material aspects or concealing material facts that should have been revealed;
 - (5) Operating securities business or derivatives business without permission and involving public fraud;
6. Not having been named in any criminal complaint filed by a local or foreign financial regulatory authority, or subject to any legal proceedings following the criminal complaint initiated by such financial regulatory authority, or barred from serving as director or executive of a financial institution, or never having been sentenced to imprisonment by a final court judgment, regardless of whether such sentence was suspended, and it has not yet surpassed a three-year period after the term of imprisonment was completed or the suspension period of the sentence was over, only on the grounds relating to deceitful, fraudulent or dishonest management of assets, which caused damage to either the financial institution in which such person is a director or executive or to its customers;
7. Never having been sentenced to imprisonment by a final court judgment, regardless of whether such



sentence was suspended, and it has not yet surpassed a three-year period after the term of imprisonment was completed or the suspension period of the sentence was over, in respect of public offenses regarding deceitful, fraudulent or dishonest management of assets;

8. Not having been subject to a court order of asset seizure under the anti-corruption laws, anti-money laundering laws, or any other similar laws, and it has not yet surpassed a three-year period after the date the court issued such order of asset seizure.
9. Not acting or omitting to act, in bad faith, or with gross negligence, in executing any transaction of the Company or its subsidiaries, which caused damage to the Company or its shareholders, or generated undue benefits for oneself or others;
10. Not disclosing or disseminating false information or statements relating to the Company or its subsidiaries, which may be misleading or conceal material facts that should have been revealed which may affect the decision-making of shareholders, investors or other persons concerned, either by ordering, taking responsibility for or involving in preparation, disclosure or dissemination of such information or statements, or by taking or omitting to take any other action, unless it can be proven that by virtue of such position, capacity or function, such person was not aware of the falsehood of such information or statements or the omission of such facts that should have been revealed.

The following transactions by the Company or its subsidiaries, whether by way of its order, approval, support, acceptance of benefits or any other active involvement, shall be regarded as an act in bad faith, unless proven otherwise:

- (1) Transaction which is not executed in a manner as a person of ordinary prudence in the like business would do with a general counterparty under the same circumstances, and which is not significantly beneficial to the Company or its subsidiaries, or which is executed to the advantage of oneself or others;
- (2) Transaction which fails to comply with the rules prescribed under the securities and exchange laws relating to connected transactions or

material transactions involving acquisition or disposition of assets.

11. Not acting unfairly or taking advantage of investors in trading securities or derivatives, or being or having been involved in or supportive of such action.

8.3 Consideration of Remuneration of Directors and Top Management

The remuneration of directors, subcommittee members, and top management shall be considered and prescribed as follows:

1. The Nomination and Remuneration Committee shall consider determining remuneration of directors, subcommittee members and the Chief Executive Officer, as appropriate to duties, responsibilities, achievements, business types/sizes, and benefits expected of the respective persons, provided that such remuneration must be reasonable and sufficient to attract and retain competent personnel, as compared to other companies in similar business, including forms of remuneration, payment methods and amounts as appropriate.
2. Any revision to the rate of remuneration of the Chief Executive Officer shall be proposed to the Board of Directors for approval.
3. The consideration of remuneration of directors and subcommittee members shall be proposed to the shareholders' meeting for approval every year.

8.4 Governance of Subsidiaries and Associated Companies

For the purpose of governance of subsidiaries and associated companies, the Company shall send its directors or high-ranking staff to supervise such subsidiaries and associated companies in order to set out significant policies and oversee their business operations to the right direction and in the best interests of the Company as a whole. Furthermore, the Company should have a veto right on any significant matters to be undertaken by its subsidiaries. Investment in such subsidiaries must first be considered and approved by the Board of Directors and connected transactions must also be considered and approved by the Audit Committee. In addition, the



subsidiaries must be required to establish and put in place proper regulations on execution of connected transactions, acquisition or disposition of assets or any other material transactions and subject to information disclosure requirements. Any transactions which may materially affect the Company must first be approved by the Company's Board of Directors. The subsidiaries must be supervised to keep information and record its accounts and make them available for the Company's audit and consolidation in the preparation of the Company's financial statements in a timely manner.

8.5 Handling of Inside information

To ensure equal access to information and to prevent any misuse of inside information for personal benefits by directors, management, staff and employees, this policy shall also apply to spouses and underage children of directors, management, staff and employees accordingly. In the interest of good governance, the Board of Directors have considered and approved a policy on handling of inside information of the Company as follows:

1. Directors, management, staff and employees of the Company must keep secrets and/or inside information of the Company confidential.
2. Directors, management, staff and employees of the Company must not disclose or exploit the Company's secrets and/or inside information for personal gains or others, whether directly or indirectly, and whether with or without consideration.
3. Directors, management, staff and employees of the Company must not trade, transfer or accept transfer of the Company's securities by using the Company's secrets and/or inside information, and/or execute

any other juristic acts by using the Company's secrets and/or inside information which may cause damage to the Company, whether directly or indirectly, and any violations of this requirement shall be regarded as severe misconduct.

4. The Company has established guidelines for storage and prevention of misuse of inside information (Insider Trading) by prohibiting directors, management, staff from department managers and higher, and persons involved with inside information from trading the Company's securities during the period of 1 month before disclosing the quarterly and annual financial statements and for 48 hours after such information disclosure.
5. Directors and management must report their purchase or sale of the Company's securities as well as any change in their holding of such securities to the Company at all times, and also report any change in their securities holding to the Securities and Exchange Commission pursuant to Section 59 of the Securities and Exchange Act.

In this regard, the Company has set out disciplinary actions for those exploiting or disclosing the Company's inside information in such manner which may cause damage to the Company, as applicable to the circumstances, e.g., verbal warning, written warning, probation and termination of employment by way of dismissal, discharge or displacement, as the case may be, etc. The Company also provides education to its management to realize their obligations to report their securities holding, and the holding by their spouses and underage children of the Company's securities, including punishments under the Securities and Exchange Act B.E. 2535 (1992), and its amendments.



8.6 Auditor's Fees

For the accounting period ended on December 31, 2017, the Company and its subsidiaries paid the auditor's fees as follows:

Unit : Million Baht

Auditor's Fees	TKN	TKNRF	TKNC	NCP
Audit Fee	1.79	0.51	0.08	0.36
Non-Audit Fee*	0.13	0.02	-	0.01
Total	1.92	0.53	0.08	0.37

Remark *Non-audit fee refers to traveling and documentation costs.

8.7 Other Compliance with Good Governance Principles

Succession Plan

The Company establishes succession plan to ensure the continuity of administration among management at

the level of department chiefs, and focus on executive staff, in order to enable the Human Resources Department to arrange for personnel to be well-prepared to perform work systematically, with competency and skills, and build up their experiences required for key positions in the Company.

