Chapter 5: Board of Directors’ Responsibilities

5.1 Board Structure

Composition of the Board of Directors

The Company’s Board of Directors comprises qualified persons with knowledge, ability and experiences useful to the Company. There are 11 directors in total and 1 board of advisor. The election of directors was in accordance with the resolution of the shareholders’ meeting under the rules and procedures prescribed by law, comprising:

- Executive Directors = 36%
- Non-executive Director = 18%
- Independent Directors = 46%

The Authorized Directors to sign on behalf of the Company are Dr. Prateep Tangmatitham or Mrs. Ajchara Tangmatitham or Mr. Tritecha Tangmatitham or Mr. Krid Chancharoensuk, jointly signed by any two out of these 4 persons and affix with Company’s seal.

Furthermore, the Company has set as a policy that its Board of Directors shall have a range of diversified structure to consist of persons with knowledge, ability, experience and various types of expertise in accordance with the business strategy of the Company including the merit and ethical conduct with good attitude towards the organization, leadership, far-sighted vision and dedication of sufficient time to work regardless of gender, nationality, religion, professional skill and other specific expertise. It also has appointment criteria and process for newly nominated directors (please see details under the title “Nomination of Board Members”). In addition, the 11 Directors of the Company, 1 board of the advisor, and its Executive Management have never been employees or partners of the external audit firm providing service over the past 2 years. The present Board of Directors has 5 independent and 2 non-executive directors, totally 7 directors with working experience related to the Company’s business.
Mrs. Varunee Lapitananuvat, Deputy Managing Director (E-mail: varunee.lap@supalai.com) has been appointed as the Company Secretary by resolution of the Board of Directors’ Meeting No. 7/2008 held on 29 May 2008 which is also an effective date of her appointment and commencement date of her duties. The qualifications, duties and responsibilities of the person in this position are as follows;

**Qualifications of the Company Secretary**

1. Graduate with a degree in Law or Accounting or finance and has completed relevant training courses in the Company’s secretarial functions and possess good knowledge experience and understanding of the business type of the Company. The Company secretary’s related duties are duties of directors, duties of the Company, and also possess knowledge on relevant laws and regulations, and always keeps abreast with news and information in order to improve the performance of duties.

2. Comply with related laws, the Company’s objectives, Articles of Association as well as resolutions of the Company’s Board of Directors and the resolutions of the shareholders’ meetings with accountability, care, honesty and commitment to support the Company’s operations to achieve objectives under the principles of good corporate governance and business ethics.

3. Adhere to ethics and morality and always consider the interest of the shareholders; shall not do anything that may affect reputation and image of the Company.

4. Keep the Company’s information confidential and safe and not look out for personal gains from the Company’s business opportunity.

5. Have good interpersonal skills and ability to liaise with various departments and agencies, both inside and outside the Company.

**Duties and Responsibilities of the Company Secretary**

1. Give basic advice to Directors in respect of laws, orders and regulations of the Company of which the Board of Directors needs to know, as well as to ensure proper and consistent compliance. Report any significant change in matter of laws to Directors.

2. Organize the shareholders’ meeting and Board meeting in accordance with the laws, articles of association and proper practice.

3. Take the minutes of shareholders’ meeting and Board meeting and disclosed the resolutions of the meeting accurately and completely, as well as to ensure compliance with the resolutions of the shareholders’ meeting and Board meeting.
4. Prepare and keep the register of Directors, annual reports, letters of invitation for shareholders’ meeting, letters of invitation for Board meeting, minutes of the shareholders’ meeting and minutes of the Board meeting.

5. Keep the reports of interests filed reported by directors or executives and make submission as required by laws.

6. Ensure that there is the disclosure of information under responsibility to the regulatory agencies according to the regulations and requirements of government agencies.

7. Take care of meetings, documents, and activities related to Board of Directors.

8. Contact and communicate with general shareholders to keep them informed of various shareholders’ rights and Company’s news.

9. Oversea other matters relating to the Board of Directors, the management and the shareholders.

10. Carry out other duties as prescribed by the Capital Market Supervisory Board as well as complying with related laws and the Company’s objectives, Articles of Association, resolutions of the Board of Directors and the resolutions of the Shareholders’ meetings; coordinate to ensure implementation of the resolutions of the Board of Directors.

**Independent Directors**

The Board of Directors has defined Independent Directors as those who can independently express their opinions to support policies beneficial to the shareholders or provide recommendations freely according to the assignments given taking into account any interest regarding properties or positions. The Independent Directors shall be independent from the control of the management and majority shareholders of the Company, and shall have no relations, no vested interest and not being under the influence of any individual or groups of persons. Also, there shall be no situation that prevents the Independent Directors from expressing their opinions as deemed necessary.

**Set out Qualifications of Independent Director**

To build up confidence for investors and to keep a good balance of management, the Company, therefore, defines the independence of “Independent Director” in a more strict manner than the rules prescribed by the Capital Market Supervisory Board, as follows;

1. Appointed by the Board of Directors or the shareholders of the Company to be the Audit Committee members and be independent directors.

2. Hold shares of not more than 0.5 percent of the voting shares of the Company, subsidiary companies, associated companies, or any juristic persons with potential conflict, including the shares held by related persons of such independent director.
3. Have never been a director with participation in management, a hired worker, an employee, an advisor with fixed salary, or a person with control over the Company, subsidiary companies, associated companies, or juristic persons with potential conflict, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.

4. Must not be a person related by blood or by legal registration as father, mother, spouse, sibling, and offspring, including spouse of offspring of an executive or major shareholder, controlling person, or a person who will be nominated as executive or controlling person of the Company or subsidiary companies.

5. Have never had any business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts to the extent that may obstruct the using of his/her independent discretion, and is not nor ever have been a major shareholder, a non-independent director or an executive of those with business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, unless having been relieved from such title for not less than 2 years before the date of filing an application with the Office of the Securities and Exchange Commission, Thailand.

6. Have never been an auditor of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, and is not a major shareholder, a non-independent director, an executive, or a managing partner of the audit firm where the auditors of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts are working for, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.

7. Have never been a provider of any professional service, including a legal consultant or financial consultant, with remuneration in excess of Baht 2 million per annum from the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts. Where the provider of professional service is a juristic person, it shall include the major shareholders, non-independent directors, executives, or managing partners of such professional service provider, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.

8. Must not be a director appointed as the representative of the Company directors, major shareholders, or any shareholders who are connected persons of the major shareholders of the Company.

9. Must not possess any other characteristics that will prevent the independent expression of opinions in respect of the operations of the Company.

10. The Independent Director who are qualified according to 1 - 9 may be assigned by the Board of Directors to make decision on the operations of the Company, the operations of the subsidiaries, associated companies or juristic entities which may have a conflict. The decision could be made in the form of panel.
• Term of Sub-Committees

The term of Sub-Committees, i.e. Audit Committee, Corporate Governance Committee, Risk Management Committee and Nomination and Compensation Committee, shall be 3 years for each term. Upon the retirement at the end of a term, reappointment may be made.

5.2 Board of Directors

• Segregation of Roles and Duties Between the Board of Directors and the Management Team

The Company has clearly segregated the roles, duties and responsibilities of the Board of Directors from those of the Management Team as per the following details;

<table>
<thead>
<tr>
<th>Chairman of the Board</th>
<th>Chief Executive officer</th>
</tr>
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<tbody>
<tr>
<td>1. Be responsible, as the Leader of the Board, for overseeing, monitoring and supervising the management of the Executive Committee and other sub-committees to ensure that the Board of Directors and other committees perform their duties efficiently in order to achieve the objectives and goals according to the plans set forth.</td>
<td>1. Manage and operate the business of the Company according to the strategic directions and policies approved by the Board of Directors according to the scope and powers prescribed by the Board of Directors.</td>
</tr>
<tr>
<td>2. Act as the Chairman of the Board of Directors’ meetings and the shareholders’ meetings, and ensure that all Directors are involved with the promotion of organizational culture with ethics and comply with good corporate governance and business ethical conduct of the Company.</td>
<td>2. Set up both short-term and long-term business goals in the annual business plan as well as the expense budget and long-term strategic plan to be approved by the Board of Directors. In addition, shall report the progress of the plan and the approved budget to the Board of Directors after every period of 3 months.</td>
</tr>
<tr>
<td>3. Give a casting vote in the event of a tie of vote in the Board of Directors’ meetings.</td>
<td>3. Supervise the operations through the Management Committee to achieve the goals as specified in the business plan by focusing on creating long-term value for shareholders, building the competitiveness and providing appropriate returns to the shareholders.</td>
</tr>
<tr>
<td>4. Allocate adequate time to discuss important issues, set the meeting agenda of the Board of Directors’ meeting with the independent Directors, and ensure that there be measures to include important matters on the agenda of the meeting as well as promoting and supporting the management to exercise thoughtful discretion, while encouraging them to discuss, make enquiries and express opinions on various issues during the meetings.</td>
<td>4. Allocate resources and recruit personnel with potential to create maximum benefits.</td>
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<tr>
<td>5. Promote constructive relationship both among directors, and between the Board of Directors and the management.</td>
<td>5. Employ, appoint, remove, relocate, promote, reduce, cut the salary or wage, impose disciplinary penalties upon the officers and employees and remove the employees from the positions according to the regulations prescribed by the Board of Directors.</td>
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<td>6. Promote and establish a strong organization culture and support the vision and business growth.</td>
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<tr>
<td>7. Monitor the operations of the Company closely, evaluate the operational results and report the operations already carried out by the Management to the Board of Directors in a timely manner.</td>
<td>7. Consider, screen and propose for approval from the Board of Directors regarding the policies and business direction of the Company, matters which, if carried out, would cause significant change to the business of the Company and matters to follow the laws and regulations of the Stock Exchange of Thailand.</td>
</tr>
<tr>
<td>8. Prepare details on operational powers within the Company in order to decentralize such power to enable the employees to carry out the operations and make decision efficiently with flexibility without losing control, to be proposed for approval by the Board of Directors.</td>
<td>8. Prepare quarterly reports on financial position and financial statements to be considered and approved by the Board of Directors.</td>
</tr>
</tbody>
</table>
The above-mentioned authorization of power to the Chief Executive Office must not be in such a manner as to be able to approve the transaction of interest of oneself or other persons who may have conflict or conflict of interest with the Company or its subsidiaries unless it is a normal business operation of the Company and has been approved by the meeting of the Board of Directors, in which attended by independent Directors and the scope of consideration has already been clearly outlined. Also, such authorization must be in compliance with the criteria of the Office of the Securities and Exchange Commission and the Regulations of the Stock Exchange of Thailand or as prescribed by other government agencies.

The Company’s Board of Directors perform the duties by taking into account integrity, transparency, fairness and maintenance of the Company’s interest the Following details;

- There are 2 Main Aspects of the Duties and Responsibilities of the Board of Directors as Follows:

1. Adopt Business Directions, Policies and Strategy

   - Ensure adequate system or mechanism so as to be confident that the operations of the Company are in compliance with the law, objectives, goals, articles of association and operational policies of the Company including the resolutions of the shareholders’ meeting, while maintaining the interests of the Company based on good corporate governance principles.

   - Define visions, mission, organizational values, strategic direction, objectives, mail goals and operational policies of the Company, which would be reviewed regularly and approved every year to be consistent with the business plan of the Company.

   - Control and supervise the operations of the Company to be in line with the rules and regulations of concerned agencies, be responsible and maintain the benefits of shareholders in order to create sustainable value of the business, while also disclosing information in sufficient, correct, complete, standardized and transparent manner to shareholders and all relating parties.

   - Ensure that there be anti-corruption policies and practical guidelines, clear mechanism for lodging complaint with communication at all levels of the organization and with outsiders in order to put into real practices.

   - Approve the strategies, key operational policies including objectives, financial goals and the Company plans, while monitoring, evaluating and ensuring that the performance reports comply with the plans, objectives and established goals.

   - Consider and approve the annual budget for investment and business operations as well as supervising the use of the Company’s resources.

   - The Board of Directors has the power to appoint one Director to be the Executive Committee and Management committee as may be deemed appropriate.
• Consider and appoint sub-committees to perform duties according to the responsibilities of the Board of Directors, and set out clear scope of duties of sub-committees, while arranging for report on the performance of the sub-committees.

• Encourage the use of information technology to be part of the strategy, and ensure that it is used to increase business opportunities, development of operating result and sustainability of the business.

• Attach importance to and support innovation that increase the value of business in apparel with the creation of benefits to customers or related parties society and the environment.

• Provide a mechanism to ensure that shareholders are involved in making decisions on important matters of the Company, organize the Annual General Meeting of Shareholders within 4 months from the closing date of the accounting year of the Company, and organize the Extraordinary General Meeting of shareholders when necessary to be in an orderly manner, transparent, efficient and ensure that the shareholders have exercised their rights.

• Set up a mechanism to oversee policy and operations of the Company, its subsidiaries and other businesses invested by the Company with significant implication.

• Organize the meeting of the Board of Directors every quarter with schedule and agenda set in advance, and there must be not less than one half of the number of Directors attending the meeting; the decision of the meeting must be made by a majority vote; if there is a tie of votes, the Chairman can have a casting vote.

• Encourage the management committee, the executives or people concerned to attend the meeting to provide further details as persons directly involved with the problems.

• Provide advice, jointly discuss the problems extensively and make careful decision on matters according to the agenda of the Board of Directors’ meeting and be able to independently propose matters beneficial to the Company to be included in the meeting agenda.

• Prepare reports on responsibilities of the Board of Directors regarding the financial statements by presenting together with the reports of the auditors in the annual report, which shall cover important matters in accordance with the policy on best practices for Directors of listed companies on the Stock Exchange of Thailand, as well as preparing reports on sustainability.

• Reported on interest by recording in the minutes of the Board of Directors’ meeting.

• Consider, set out and make changes of the names of directors having authority to sign and bind the Company.

• Authorize the Chief Executive Officer to have the power to carry out the business operations of the Company as well as the power to appoint and remove the employees of the Company
and determine the remuneration for working according to the policies of the Board of Directors; and authorize the employees with the operational powers in accordance with the business condition.

- Encourage the use of information technology to disseminate information, and be able to have access to additional necessary information; and in a necessary case, the Board can arrange to have an opinion from independent consultants or professionals with an expense of the Company.

- Engage in creating and driving ethical corporate culture that adhere to ethics, whereby the Board of Directors shall behave as role model leaders in terms of corporate governance.

2. Monitoring the Operations of the Management for a Check and Balance

Such assignment does not remove responsibilities of the Board of Directors as the Board of Directors should continue to monitor the management to ensure that it perform the assigned duties as follows;

2.1 Corporate Governance

- Follow up and ensure that the Management Board conduct business with corporate social and environment responsibilities reflected in the operational plan and transfer the strategic plan to be implemented in accordance with the Company’s strategic plan, objectives and main goals as well as adopting a framework for budget allocation and resource management for the development to be efficient and effective by taking into account the impact and the development of resources throughout the value chain.

- The Management Committee shall report on the operational results at least once after each quarter in order to be able to control and oversee the performance of the Management Committee continuously and in a timely manner.

- The non-executive Directors shall organize a meeting among themselves as deemed necessary in order to discuss various concerned management issues without the participation of the management, and report to the President for acknowledgement.

- There shall be monitoring of adequacy of liquidity and ability to pay debts of the business together with a plan to solve the problems and restore the operation in response to financial problems, or when there is a tendency to have problem.

- Monitor, manage and solve conflicts of interest that may be incurred and ensure that connected transactions are in accordance with the steps of operations and disclosure of information as required by law; this includes the prevention of unauthorized use of property, information and opportunities of the Company as well as transactions with those who have a relationship with the Company in an inappropriate manner.
• Supervise the working units and the persons responsible for investor relations to set out directions to support the activities regarding the investor relations and ensure that there be appropriate channels of communication with the shareholders and stakeholders of the Company, such as investors, analysts and the media on an appropriate and equal basis.

• Arrange for accounting system, financial and auditing reports and ensure that there are efficient and effective internal control system and audit Internal.

• Arrange for a preparation of statements of financial position and income statements as at the ending date of the accounting year of the Company to be presented to the Annual General Meeting of Shareholders for approval whereby the Board of Directors must arrange for an audit by the auditor before presenting to such meeting of shareholders.

• Arrange for a report on important financial and general information to the shareholders in a correct, complete and sufficient manner; and confirm the verification of information reported.

• Arrange for disclosure of financial and non-financial information which is clear, transparent, reliable and high standard.

2.2 Internal Control and Risk Management

• Set up guidelines for risk management in an extensive manner and ensure that the Executives apply internal control system effectiveness with or risk management process.

• Arrange for an internal control and audit as well as systems for financial control, business operation and supervision including risk control and management.

2.3 Remuneration for Directors

• The Board of Directors is responsible for proposing the directors’ remuneration to the Annual General Meeting of Shareholders for approval by considering the structure and compensation rates suitable for the duties and responsibilities which are incentives to motivate the Board of Directors to lead the organization to operate according to both short-term and long-term goals.

2.4 Remuneration for Executive Management

• To appoint and set up remuneration of Chief Executive officer.

• Ensure that there be appropriate compensation system or mechanism for high level executives in order to create both short-term and long-term incentives for them to perform the duties in accordance with the objectives and main goals of the Company.
• The Board of Directors has the duty to evaluate the performance of Executive Management and set out remuneration in accordance with their performance.

3. Self Assessment

The Board of Directors shall arrange for an annual appraisal of the Board of Directors, the sub-committees and individual Director at least once a year by the Nomination and Compensation Committee, whereby the appraisal results shall be used for developing the Directors’ performance.

4. The Appointment of a Person Qualified to Act as Company Secretary

• Appointment and Removal of Company Directors

The Board of Directors has delegated to the Nomination and Compensation Committee to propose to the shareholders’ meeting for approval under the rules and procedures as prescribed in the articles of association, with the key contents as follows;

1. The Company Directors are elected by the shareholders’ meeting, with the number of not less than five directors, and of which not less than 3 must be independent directors. Not less than one half of all directors must have domicile in the Kingdom. In addition, at least 1 director must possess knowledge in accounting and finance. The directors must have qualification as prescribed by laws and regulations.

2. The shareholders’ meeting shall elect directors as screened and nominated by the Nomination Committee under the following rules;

(1) A shareholder has the vote of one share per one vote.

(2) Each shareholder must put all of his/her votes under (1) to elect a person or several persons as directors, but he/she is not allowed to split his/her votes.

(3) Those who receive the highest number of votes will be elected in descending order as directors, equaling the numbers of directors to have or to be elected at that time. In case of a tie between runners-up, exceeding the numbers of directors to have or to be elected at that time, the Chairman shall make the casting vote.

3. At every Annual General Meeting of Shareholders, one-third of directors shall retire from office. If it is not possible to divide the numbers of directors into 3 exact portions, retirement shall be made by the numbers closest to one-third. The directors to be retired in the first year and second year after company registration shall be decided by a draw. For the later years, the directors who have been in office for the longest period shall retire.
4. Any director who wishes to resign from his/her position shall submit the resignation letter to the Company. The resignation shall take effect as from the date on which the resignation letter reaches the Company.

5. Resolution to remove any director from a position before the end of his/her term shall be made by the votes of not less than three-fourth of the numbers of shareholders that attend the meeting and with voting right, and with all the shares held together not less than one half of the shares held by those attending the meeting with voting right.

- **Delegation of Authority by the Board of Directors**

  Two out of four Authorized Directors with signatory power, jointly affix their signatures, for the Company, to authorize other directors or other persons to perform on his/her behalf the Company’s affairs within a certain period.

  In this regard, the delegation of authority and responsibility by the Board of Directors will not be the delegation or sub-delegation of authority in such a manner that enables the Board or its attorneys to approve any transactions for oneself or for any person with potential conflict (as defined in the Notification of SEC) for both the Company and subsidiary companies. The approval authorities of the Board of Directors are as follows;

  - Consider and approve the acquisition or disposal of assets unless such transaction must be approved by the meeting of shareholders; such approval must be made according to the notifications, regulations and/or rules relating to the Office of the Securities and Exchange Commission, Thailand.
  
  - Consider and approve the related party transaction unless such transactions must be approved by the meeting of shareholders; such approval must be made according to the notifications, regulations and/or rules relating to the Office of the Securities and Exchange Commission, Thailand.
  
  - Consider and approve the payment of interim dividends to shareholders when deem appropriate that the Company has sufficient profits to do so, and report such dividend payment to the subsequent shareholders’ meeting.
  
  - It has the power to consider and approve the borrowings or application for any credit facilities from financial institutions or determine new amount of overdraft (OD) as well as the amount of capital for investment and purchase of land of any item worth more than Baht 200 million each.
**Nomination of Board Members**

The Company has appointed the Nomination and Compensation Committee to consider selecting and screening the persons nominated for appointment as directors, taking into consideration the proper proportion, numbers and composition. The Nomination and Compensation Committee shall consider selecting qualified persons who do not possess any prohibited characteristics pursuant to the Company’s Articles of Association for recommendation to the Board of Directors in order for the Board to nominate such persons to be elected on an individual basis in the Annual General Meeting of Shareholders.

The Nomination and Compensation Committee set the criteria providing and process for remuneration in a systematic manner are as follows;

1. The Company provides for small shareholders to nominate the names of suitable persons or consider the persons from the director pool or consider existing directors to be re-appointed, or each director proposes the name of suitable persons to be appointed.
2. Select and screen the persons with suitable qualifications to be directors, such as suitable knowledge, experiences and specific ability corresponding to the business operation strategy of the Company, which is in line with the Board Skill Matrix.
3. Examine list of names of nominated persons if they possess the qualifications according to the laws and requirements of regulatory agencies.
4. Consider the dedicated time of directors, their stake or conflict of interest with the Company in case of re-appointment for another term of office by taking into account the performance of duties while serving their terms, their provision of beneficial recommendations, opinions and participation in various activities including the number of companies to be working for as directors to ensure that their efficiency will not decrease.
5. In case of appointment of independent directors, their qualifications must be in line with the criteria adopted by the Company, which is stricter than those adopted by the Capital Market Supervisory Board.
6. Prepare the list of names already considered and screened by the Nomination and Remuneration Committee including their qualifications in an orderly manner to be proposed to the Board of Directors to be further proposed to the Annual General Meeting of Shareholders to consider one after another.

In case of the appointment of directors retiring upon the end of term of office and the appointment of new directors, according to the Articles of Association of the Company, the shareholders shall elect the Directors according to the following criteria and methods;

1) One shareholder has one vote per one share.
2) One shareholder must exercise all the votes in (1) to elect one or many persons to be Directors but cannot divide the votes to any one person in different numbers.
3) The persons receiving the highest numbers in respective order shall be selected to be Directors in the number equal to the prescribed number or the number for such particular election. In the case of a tie of votes for the respective order of the candidates exceeding the prescribed number of Directors or the number of Directors for such particular election, the Chairman shall have a casting vote.

- Authority of the Board of Directors

1. The Board of Directors is responsible for compliance with the laws, objectives and articles of association of the Company including resolutions of the shareholders’ meeting by performing duties with responsibility, duty of loyalty and duty of care to protect the interests of shareholders at present and in the future. The Board shall also comply with the rules and regulations of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission Thailand and the Capital Market Supervisory Board established under the Securities and Exchange Act B.E. 2535 (1992) amended by the Securities and Exchange Act (No. 4), B.E. 2551 (2008).

2. The Board of Directors is empowered to appoint a director as the Chairman, and can also appoint Vice Chairman, as deemed appropriate.

3. The Board of Directors is empowered to appoint a director as the Chief Executive Officer, and can also appoint any person to be the Company Secretary, as deemed appropriate.

4. The Board of Directors shall ensure that the Directors attend trainings and develop necessary knowledge continuously in order to increase knowledge relating work by using the Company’s resources.

- Meeting and Quorum of the Meeting

The Company organizes the Board meeting at least once a month, and with special meetings organized as necessary. Directors are required to attend meeting every time except in case of necessity. The meeting will be pre-scheduled with exact date, time, and agenda for the whole year, which will be every second Tuesday of each month. A letter of invitation along with meeting agendas and supporting documents will be forwarded to each Director not less than 7 days before the meeting to allow them with enough study time, except in case of emergency that affects the Company’s interest. The minutes of the meeting will be taken down and completed within 14 days from the date of the meeting. Every Director can check the minutes of the meeting anytime by making request with the Company Secretary. The minutes of meeting already adopted by the Board of Directors will be retained in full along with related documents.

1. The Company has adopted a policy which states that if in any agenda of the meeting, any director has an interest which may be in conflict with the interest of the Company, the Company Secretary shall not forward the meeting agenda concerned to him or
her. Consequently, the director who has such an interest must temporarily leave the meeting room and shall abstain from voting on such resolution. This is to be in line with the traditional practice of the organization that the Board of Directors has continuously abided by.

2. To form a quorum for a Board meeting, not less than one half of the total numbers of director must attend the meeting. Where the Chairman is not in the meeting or cannot perform the duty, the Vice Chairman, if any, shall act as the Chairman. If there is no Vice Chairman, or if the Vice Chairman cannot perform the duty, the directors attending the meeting shall select one director to act as Chairman of the meeting.

3. A decision is reached by a majority of the votes.

4. Each director has 1 vote, with the exception that any director with interest in the issue is not entitled to vote in such matter. In the event of a tie of vote, the Chairman shall give the casting vote.

5. To call a Board meeting, the Chairman or the person delegated shall send the letter of invitation not less than 7 days before the meeting, except in case of emergency for the protection of the Company’s right or interest, the meeting may be called by other means and may be made sooner.

6. In respect of good corporate governance, the Company has set out a policy determining that a minimum quorum of a meeting required at the time of voting must comprise not less than two-thirds of the number of all directors.
Performance of Duties of the Board of Directors in 2017

In 2017, the Company organized 12 meetings of the Board of Directors. The performance of the Board of Directors is summarized as follows:

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To consider and approve the purchase of land and approve the foreign investment.
To consider and approve the annual business plan for the year 2018.
To consider and approve the financial statements for quarter 3 period as at September 30, 2017.
To consider and present the appointment of risk management committee and risk management sub-committee.
To consider and review the charters of the board of director.
To consider and review the charter of the executive and management committee.
To consider and review the charter of corporate governance committee.
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To be informed the report of estate holding of Company’s directors and executives as at September 30, 2017.
To be informed connected transactions for the three-month period as at September 30, 2017.
To acknowledge the summary reports of credit line, existing balance and debt burden for the three-month period ended 31 December 2017.
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To consider and approve the purchase of land and approve the foreign investment.
To consider and approve the annual business plan for the year 2018.
To consider and approve the financial statements for quarter 3 period as at September 30, 2017.
To consider and present the appointment of risk management committee and risk management sub-committee.
To consider and review the charters of the board of director.
To consider and review the charter of the executive and management committee.
To consider and review the charter of corporate governance committee.
To consider and review the charters of corporate governance committee.

To be informed the report of estate holding of Company’s directors and executives as at September 30, 2017.
To be informed connected transactions for the three-month period as at September 30, 2017.
To acknowledge the summary reports of credit line, existing balance and debt burden for the three-month period ended 31 December 2017.
To be informed connected transactions for the three-month period as at December 31, 2017.
To be informed the report of estate holding of Company’s directors and executives as at September 30, 2017.

To consider and approve the purchase of land and approve the foreign investment.
To consider and approve the annual business plan for the year 2018.
To consider and approve the financial statements for quarter 3 period as at September 30, 2017.
To consider and present the appointment of risk management committee and risk management sub-committee.
To consider and review the charters of the board of director.
To consider and review the charter of the executive and management committee.
To consider and review the charter of corporate governance committee.
To consider and review the charters of corporate governance committee.

To be informed the report of estate holding of Company’s directors and executives as at September 30, 2017.
To be informed connected transactions for the three-month period as at September 30, 2017.
To acknowledge the summary reports of credit line, existing balance and debt burden for the three-month period ended 31 December 2017.
To be informed connected transactions for the three-month period as at December 31, 2017.
To be informed the report of estate holding of Company’s directors and executives as at September 30, 2017.
5.3 Sub-Committees

The Board of Directors has appointed committee members who possess proper knowledge, expertise as the Sub-Committees, to help in studying and screening important matters that need close supervision and to give suggestions to the Board. The Company’s Committees comprise Audit Committee, Every member of the Audit Committee has sufficient, knowledge and capability in finance and accounting to audit the financial. Corporate Governance Committee, Nomination and Compensation Committee and Risk Management committee.

5.3.1 Audit Committee

The Board of Directors approved the establishment of the Audit Committee on 18 November 1999 by appointing the Company’s directors who possess qualifications according to the Securities and Stock Exchange Act and as set out by the Stock Exchange of Thailand to be the Committee members. The Audit Committee comprises the following 3 independent members who have possessed knowledge, understanding or experience in Accounting and Finance.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position in Audit Committee</th>
<th>Position in Board of Directors</th>
<th>Attendance at Board of Director’s Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Mr. Prakit Pradipasen</td>
<td>Chairman of the Audit Committee</td>
<td>Independent Director</td>
<td>12/12</td>
</tr>
<tr>
<td>2.</td>
<td>Mr. Anant Gatrepitaya</td>
<td>Member of the Audit Committee</td>
<td>Independent Director</td>
<td>12/12</td>
</tr>
<tr>
<td>3.</td>
<td>Assist. Prof. Aswin Bijayayodhin</td>
<td>Member of the Audit Committee</td>
<td>Independent Director</td>
<td>12/12</td>
</tr>
</tbody>
</table>

The Board of Directors has adopted the Charter of the Audit Committee as follows;

♦ Elements of the Audit Committee

1. Audit Committee members must be independent directors.

2. The Audit Committee must consist of at least 3 members, and at least 1 member must have knowledge on finance and accounting.

♦ The Qualifications of Audit Committee

1. Appointed by the Board of Directors or the shareholders of the Company to be the Audit Committee members and be independent directors.

2. Hold shares of not more than 0.5 percent of the voting shares of the Company, subsidiary companies, associated companies, or any juristic persons with potential conflict, including the shares held by related persons of such independent director.
3. Must not be nor have ever been a director with participation in management, a hired worker, an employee, an advisor with fixed salary, or a person with control over the Company, subsidiary companies, associated companies, or juristic persons with potential conflict, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.

4. Must not be a person related by blood or by legal registration as father, mother, spouse, sibling, and offspring, including spouse of offspring of an executive or major shareholder, controlling person, or a person who will be nominated as executive or controlling person of the Company or subsidiary companies.

5. Must not have nor have ever had any business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts to the extent that may obstruct the using of his/her independent discretion, and is not nor ever have been a major shareholder, a non-independent director or an executive of those with business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, unless having been relieved from such title for not less than 2 years before the date of filing an application with the Office of the Securities and Exchange Commission, Thailand.

6. Must not be nor have ever been an auditor of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, and is not a major shareholder, a non-independent director, an executive, or a managing partner of the audit firm where the auditors of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts are working for, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.

7. Must not be nor have ever been a provider of any professional service, including a legal consultant or financial consultant, with remuneration in excess of Baht 2 million per annum from the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts. Where the provider of professional service is a juristic person, it shall include the major shareholders, non-independent directors, executives, or managing partners of such professional service provider, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.

8. Must not be a director appointed as the representative of the Company directors, major shareholders, or any shareholders who are connected persons of the major shareholders of the Company.

9. Must not possess any other characteristics that will prevent the independent expression of opinions in respect of the operations of the Company.
10. The Independent Director who are qualified according to 1 - 9 may be assigned by the Board of Directors to make decision on the operations of the Company, the operations of the subsidiaries, associated companies or juristic entities which may have a conflict. The decision could be made in the form of panel.

**Scope of Duties and Responsibilities of Audit Committee**

1. To review for the Company to ensure the accuracy and sufficient disclosure of the reports on both financial and non-financial performance while offering opinions and management guidelines to ensure appropriateness and transparency of the Company’s operations.

2. To review for the Company to ensure proper and effective internal control and internal audit. Consider the independence of internal audit unit, as well as to approve the appointment, transfer, dismissal of the head of internal audit unit or any other departments responsible for internal audit work.

3. To review for the Company to ensure compliance with the laws governing securities and exchange of Thailand, requirements of the Stock Exchange or any laws related to the Company’s business.

4. To review effectiveness and suitability of the risk management while providing recommendations and following up with significant progress systematically.

5. To ensure that the Company has the internal control measures including the supervision, implementation of anti-corruption measures, risk assessment as well as providing recommendations, and report regularly to the Board of Directors on the audit results according to the anti-corruption measures.

6. To select and propose for appointment of an independent person to act as the Company’s auditor, and to offer remuneration for such person, as well as to attend meeting with the auditor at least once a year without a presence of the management.

7. To consider related party transaction or transactions with potential conflict so that they are in compliance with laws and regulations of the Stock Exchange of Thailand, to ensure that such transactions are reasonable and for maximum benefit of the Company.

8. To prepare report of the Audit Committee, disclosed in the Company’s annual report. Such report must be signed by the Chairman of the Audit Committee and must comprise at minimum the following information:

   8.1 Opinions in respect of the accuracy, completeness, reliability, of the Company’s financial reports and non-financial reports.

   8.2 Opinions about Risk Management.
8.3 Opinions regarding the adequacy of the Company’s internal control system.

8.4 Opinions about compliance with the laws governing securities and exchange, requirements of the Stock Exchange of Thailand or laws relevant to the Company’s business.

8.5 Opinions about transactions with connected transactions which might contain conflicts of interest.

8.6 Opinions about Implementation of counter-corruption measures.

8.7 Opinions about Internal audit.

8.8 Opinions about the suitability of the auditor.

8.9 Numbers of meeting of the Audit Committee and attendance by each committee member.

8.10 Opinions or remarks in whole obtained by the Audit Committee from performing duties under the charter.

8.11 Other items that should be known by its shareholders and general investors under the scope of duties and responsibilities assigned by the Board of Directors.

9. The Audit Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company’s resources.

10. To review and amend the Audit Committee Charter and Propose to the Board of Director for approval.

Any Other Operations Assigned by the Board of Directors with the Audit Committee’s Approval

In performing duties, the Audit Committee is responsible directly to the Board of Directors. The Board of Directors also has responsibility for the operations of the Company to the third party.

In performing duties, if the Audit Committee has found or suspected that there are items or acts relating to 1) items with a conflict of interest, 2) dishonest acts or irregularities or major defects in an internal control system 3) breach of the Securities and Exchange Act, requirements of the Stock Exchange of Thailand or the laws relating to the business of the Company which may have a significant impact on the financial position and operational results of the Company. The Audit Committee shall report to the Board of Directors for rectification and improvement within the time deemed appropriate by the Audit Committee.

If the Board of Directors or the executives do not take any actions to ensure the rectification in time, one of the Audit Committee members may report on such item or action to the Office of the Securities and Exchange Commission, Thailand or the Stock Exchange of Thailand.
Reporting

After each meeting of the Audit Committee, the Secretary of the meeting shall summarize the opinions and comments of the meeting and submit to the Company’s Board of Directors for acknowledgment and/or for consideration.

Miscellaneous

1. The Audit Committee has the authority to invite the executives, related persons or auditors to attend a meeting to provide additional explanation and information.

2. The Audit Committee may seek independent opinion from any other professional advisors as deemed necessary with the Company’s expense.

3. The Audit Committee are in charge of consideration and providing opinions on the appointment, transfer, considering of merit or dismissal of the internal audit manager.

Interested parties could view full version of the aforementioned Charter on the Company’s website www.supalai.com under Section: About Us / Board of Director / Sub-Committee / Audit Committee / Audit Committee Charter.

Performance of the Audit Committee

In 2017, the Audit Committee organized 12 meetings and reported to the Board of Directors. The Audit Committee also attended meetings with the external auditor every quarter and participated in meetings with the executive of Finance and Accounting. The performance of the Audit Committee based on the attendance of the 12 meetings can be summarized as follows;
### Performance of Duties of the Audit Committee in 2017

To consider and review the report on the Company’s performance and financial status for quarter as at September 30, 2017.

To consider and review non-financial performance.

To consider and review the performance following laws related to the business, SET regulations and the Securities and Exchange Commission regulations, and other laws relating to the Company’s business properly.

To consider and approve the annual report of the Audit Committee for the year 2017.

To consider and approve the plans of annual meeting of the Audit Committee for the year 2017 and the internal audit plan.

To consider and review the guidelines on risk management, the effectiveness and appropriateness of monitoring the progress of major risk management.

To consider and review the evaluation of the internal control system in 2017.

To consider and review the connected transactions Section 89/12 of the Securities and Exchange.

To consider and appoint the auditor and auditing fee for the year 2017.

To consider and review the relationship between the Company, its subsidiaries and the auditor.

To consider and review the report on the Company’s performance and financial status for the year ended 31 December 2016.

To consider and review non-financial performance.

To consider and review connected transactions Section 89/12 of the Securities and Exchange, Thailand.

To consider and review the internal audit reports, the performance following the resolution, the performance of the internal audit unit and to be informed the results of the performance evaluation of the internal audit unit.

To acknowledge the review results of the 2016 conflict of interest of the company.

To acknowledge the results of regulatory review.

To consider and review the report on the Company’s performance and financial status for quarter 1 as at April 31, 2017.

To consider and review non-financial performance.

To consider and review the connected transactions Section 89/12 of the Securities and Exchange, Thailand.

To consider and review of charter of the audit committee.

To consider and review of connected transactions or transaction which might contain conflicts of interest.

To consider and review the internal audit reports, the performance following the resolution, the performance of the internal audit unit and to be informed the results of the performance evaluation of the internal audit unit.

To acknowledge the statistical disclosures of complaints and clues.

### 5.3.2 Nomination and Compensation Committee

The Board of Directors approved the establishment of the Nomination and Compensation Committee comprises the following 3 members as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position in Nomination and Compensation Committee</th>
<th>Position in Board of Directors</th>
<th>Attendance at Nomination and Compensation Committee’s Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Mr. Prakit Pradipasen*</td>
<td>Chairman of the Nomination and Compensation Committee</td>
<td>Independent Director</td>
<td>2/2</td>
</tr>
<tr>
<td>2.</td>
<td>Assoc.Prof.Dr.Virach Aphimeleteamrong</td>
<td>Member of the Nomination and Compensation Committee</td>
<td>Independent Director</td>
<td>2/2</td>
</tr>
<tr>
<td>3.</td>
<td>Mrs.Ajchara Tangmatitham*</td>
<td>Member of the Nomination and Compensation Committee</td>
<td>Director</td>
<td>2/2</td>
</tr>
</tbody>
</table>
The Board of Directors has adopted the Charter of the Nomination and Compensation Committee as follows;

- **Element of the Nomination and Composition Committee.**

1. The Nomination and Compensation Committee comprises, which is more than one half of the total number of independent members.

2. The Nomination and Compensation Committee shall comprise at least 3 members, and the Chairman of the Committee must be an independent director with seniority or the person with high level of knowledge and experiences.

3. In the year that the Chairman of the Nomination and Remuneration Committee has been nominated to be re-elected for another term, the Chairman of this Committee shall not participate in such meeting agenda.

- **Qualifications of Nomination and Compensation Committee Members**

1. Appointed by the Board of Directors or the shareholders of the Company to be members of the Nomination and Compensation Committee.

2. There is no any other aspect preventing members from making comment freely on consideration of forms and criteria for paying Compensation to Directors and Executives Management.

3. Having knowledge, ability, experiences and understanding regarding the qualifications, duties and responsibilities of the Nomination and Compensation Committee as well as the knowledge relating to corporate governance.

4. Being independent according to good governance principles and being impartial in nominating and recruiting persons qualified to fill in various positions.

5. Being able to devote sufficiently time in performing duties.

- **Scope of Duties and Responsibilities**

  **Nomination**

1. Review criteria and recruiting methods that must be transparent and clear to be proposed to the Board of Directors for approval prior to the nomination of members to replace Committee members whose term of office is expiring.

2. Establish and review criteria and recruiting methods for persons in accordance with the Board Skill Matrix approved by the Board of Directors in order for the appointment to be suitable with the nature of business of the Company.

3. Ensure that there be background check, selection and screening of the persons qualified to be Directors of the Company, that is, the persons must have skills, experiences and specific ability
relating to the business of the Company, and propose to the Board of Directors in order to further propose the names and background of such persons to be elected by the meeting of shareholders.

4. Consider the qualifications of persons to be appointed as independent directors to be in accordance with the criteria adopted by the Company which is more strict than those adopted by the Capital Market Supervisory Board.

5. Consider, select and screen the qualified person to be the Chief Executive Officer and propose to the Board of Directors to consider.

6. Consider and give opinions on the proposals of the Chief Executive Officer to be further proposed to the Board of Directors regarding the policies on human resources to be in accordance with the business strategy of the Company.

7. Ensure that the succession plan of important high level executive positions and list of qualified persons is reviewed from time to time.

**Compensation**

1. Consider and scrutinize the Compensation rate for Directors to be suitable with the responsibility and be incentive to lead the organization to achieve both short-term and long-term goals, in order to propose to the Board of Directors to further propose for approval from the meeting of shareholders.

2. Consider the criteria and the compensation structure for the President and the executives at the level of Assistant Managing Director and above to be incentive according to the strategic plan and in line with the benefits of the shareholders, such as the form of remuneration payment, levels of payment in comparison with the industry in order to propose for approval from the Board of Directors in the form of cash and non-cash. This is to be suitable, in line with the strategy, long term goals and operational results of the Company, while linking with the value created for the shareholders by the Company and being able to compare with the level of the industry, experience and duties assigned to the Directors.

3. Review the strategies on providing benefits and propose to the Board of Directors in order to be incentives to retain the employees with potential as well as to make suggestion to senior executives of the Company on consideration of the salary or other benefits.

4. Determine terms and conditions for employment of the Chairman of the Executive Committee including benefits and recruitment, and propose recommendation to the Board of Directors to consider the successor of the Executive Committee Chairman.

**Other**

1. Consider the structure and composition of the Board of Directors by reviewing the number, qualifications and experience of the directors to be suitable with the size, category and complex
of the business; also consider the compensation, and provide recommendations for the selection of persons who are eligible to be nominated as directors to be approved by the shareholders.

2. To review policies on the Board of Directors’ Diversity to the business operation strategy of the Company.

3. To review and amend the Nomination and Compensation Committee Charter and propose to the Board of Director for approval.

4. The Nomination and Compensation Committee has the authority to invite the executives or related persons to attend the meeting to provide additional explanation and information.

5. The Nomination and Compensation Committee may seek advice from experts at the expense of the Company in order to be able to perform their duties in accordance with the Charter efficiently.

6. Consider the knowledge development plan for existing directors and new directors so as to be suitable and in line with the roles and duties of existing directors and those of the Board of Directors as well as developments critical to the business operations of the Company.

7. Consider knowledge development plan of senior executives so as to have skills needed to drive the organization to achieve the goals.

8. The Nomination and Compensation Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company’s resources.

9. Perform any other duties regarding the nomination and determination of Compensation as assigned by the Board of Directors.

♦ Reporting

After each meeting of the Nomination and Compensation Committee, the secretary of the meeting shall summarize the opinions and comments of the meeting and submit to the Company’s Board of Directors for acknowledgment and / or for consideration. The report on operational results of the Nomination and Compensation Committee shall be prepared to be signed by the Chairman of the Nomination and Compensation Committee and disclosed in the annual report of the Company.

♦ Disclosure of Information

Disclose information in the Annual Report on the nomination and remuneration policy, responsibilities of the Board of Directors, the form of remuneration and the amount of remuneration for the Board of Directors and the Chief Executive Officer, the Managing Director and Senior Executives as well as the disclosure of independence and non-conflicts of interest of the advisors of the Nomination and Remuneration Committee (if any).
Assessment of the Nomination and Compensation Committee

The Nomination and Compensation Committee shall arrange for evaluation of the performance of the Board of Directors and sub-committees in the form of the total committee and on a personal basis (self-evaluation) at least once a year and report to the Board of Directors in order to use the evaluation results to improve operational efficiency and achieve its objectives.

Interested parties could view full version of the aforementioned Charter on the Company’s website www.supalai.com under Section: About the Company / Board of Director / Sub-Committee / the Nomination and Compensation Committee / the Nomination and Compensation Committee Charter.

Performance of the Nomination and Compensation Committee

In 2017, the Nomination and Compensation Committee conducted 2 meetings. The performance of the Nomination and Compensation Committee is summarized as follows:

Performance of Duties of the Nomination and Compensation Committee in 2017
5.3.3 Corporate Governance Committee

The Board of Directors approved the establishment of the Corporate Governance Committee comprises the following 4 members as follows;

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position in Corporate Governance Committee</th>
<th>Position in Board of Directors</th>
<th>At Corporate Governance Committee’s Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Assoc.Prof.Dr.Somjai Phaøaphasvivat</td>
<td>Chairman of the Corporate Governance Committee</td>
<td>Independent Director</td>
<td>1/1</td>
</tr>
<tr>
<td>2.</td>
<td>Mr.Prasas Tangmatitam</td>
<td>Member of the Corporate Governance Committee</td>
<td>Director</td>
<td>1/1</td>
</tr>
<tr>
<td>3.</td>
<td>Mr.Tritecha Tangmatitham</td>
<td>Member of the Corporate Governance Committee</td>
<td>Director</td>
<td>1/1</td>
</tr>
<tr>
<td>4.</td>
<td>Mr.Atip Bijanonda</td>
<td>Member of the Corporate Governance Committee</td>
<td>Director</td>
<td>1/1</td>
</tr>
</tbody>
</table>

The Board of Directors has adopted the Charter of the Corporate Governance Committee as follows;

- **Elements of the Corporate Governance Committee**
  1. The Corporate Governance Committee consists of at least 3 members, and the Chairman of the Corporate Governance Committee must be independent director.

- **The Corporate Governance Committee Qualifications**
  1. The Nomination and Compensation Committee will annually consider and select appropriate persons from the members of the Board of directors and/or any qualified candidates propose for further consideration and appointed by the Board of Directors as a member of Corporate Governance Committee.
  2. There is no any other aspect preventing such member from making comment freely on corporate governance.

- **Scope of Duties and Responsibilities**
  1. Prescribe importance principles and procedures of the corporate governance process that is effective and suitable for the Company.
  2. Oversee the works performed by the directors and the management to ensure compliance with the good corporate governance of the regulatory agencies, i.e. the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, Thailand.
  3. Provide to the Good Corporate Governance Task Force the Company’s policy on good corporate governance.
  4. Develop and announce excellent corporate governance principles.
5. Lay down policy and support the annual self assessment of internal corporate governance standards.

6. Develop and prepare supervision plan to ensure the implementation of the announced corporate governance principles.

7. Review on consistency basis the good corporate governance principle of the Company, compared with international practice and recommendations of regulatory agencies or relevant agencies given to the Board.

8. Review the Board’s Manual to ensure its continuing suitability for the Company’s business while submitting the Board Charter as well as the charters for all committees appointed by the Company.

9. Provide recommendations relating to business ethics and code of conduct for directors, executives and employees.

10. Review the Corporate Governance Policy Manual to ensure its continuing suitability for the Company’s business.

11. Review the Company’s values as well as public announcements in regard to Good Corporate Governance.

12. Encourage the dissemination of good corporate governance culture for understanding by the executives and employees of every level and with real practice.

13. Review and report to the Board of Directors regarding good corporate governance of the Company and provide opinions on practical guidelines and recommendations for improvement as deemed appropriate.

14. Supervise and ensure that good corporate governance principles are implemented.

15. Provide advice to the task force for preparation in receiving rating for good corporate governance by external central unit not less than 1 time in every 3 year period.

16. Arrange in place a system to receive complaints from interest persons in the case concerning corporate governance and business ethics and code of conduct for directors, executives and employees.

17. The Corporate Governance Committee has the power to invite concerned parties or persons deemed appropriate to attend the meeting or to give explanation on related matters.

18. The Corporate Governance Committee has the duties and responsibilities to report its duties or any other assigned duties to the Board of Directors at least once a year.

19. The Corporate Governance Committee may request for advice from specialists in order to be able to efficiently perform its duties according to the Charter with the expenses paid by the Company.

20. The Corporate Governance Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company’s resources.
21. To review and amend the Corporate Governance Committee Charter and propose to the Board of Director for approval.

22. To oversight and recommend corporate social responsibility (CSR) activities.

♦ Reporting

After each meeting of the Corporate Governance Committee, the secretary of the meeting shall summarize the opinions and comments of the meeting and submit to the Company’s Board of Directors for acknowledgement and / or consideration within the date of the next Board meeting.

♦ Assessment of Corporate Governance Committee

The performance of the Corporate Governance Committee must be evaluated at least once a year and reported to the Board of Directors in order to apply the assessment results to improve operational efficiency and achieve its objectives.

Interested parties could view full version of the aforementioned Charter on the Company’s website www.supalai.com under Section: About the Company / Board of Director / Sub-Committee / the Corporate Governance Committee / the Corporate Governance Committee Charter.

♦ Performance of the Corporate Governance Committee

In 2017, the Corporate Governance Committee organized 1 meeting. The performance of the Corporate Governance Committee is summarized as follows.

Performance of Duties of the Corporate Governance Committee in 2017

- To review the Director’s Manual.
- To review the good corporate governance policy.
- To review the information disclosure policy.
- To review the policy on the use of internal information.
- To consider and approve the Code of Conduct Handbook for Employees (Summarized Version).
- To consider and review the compliance with good corporate governance principles.
5.3.4 **Risk Management Committee**

The Board of Directors approved the establishment of the Risk Management Committee comprises the following 12 members as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position in Risk Management Committee</th>
<th>Position</th>
<th>Attendance at Risk Management Committee’s Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Mr. Anant Gatepithaya</td>
<td>Chairman of the Risk Management Committee</td>
<td>Independent Director</td>
<td>1/1</td>
</tr>
<tr>
<td>2.</td>
<td>Mr. Atip Bijanonda</td>
<td>Member of the Risk Management Committee</td>
<td>Director</td>
<td>0/1</td>
</tr>
<tr>
<td>3.</td>
<td>Mr. Tritecha Tangmatitharn</td>
<td>Member of the Risk Management Committee</td>
<td>Director</td>
<td>1/1</td>
</tr>
<tr>
<td>4.</td>
<td>Mrs. Varunee Lapitananuvat</td>
<td>Member of the Risk Management Committee</td>
<td>Management Director</td>
<td>1/1</td>
</tr>
<tr>
<td>5.</td>
<td>Mr. Punnapan Nengpetch</td>
<td>Member of the Risk Management Committee</td>
<td>Management Director</td>
<td>1/1</td>
</tr>
<tr>
<td>6.</td>
<td>Mr. Kittipong Sirilugtrakun</td>
<td>Member of the Risk Management Committee</td>
<td>Management Director</td>
<td>1/1</td>
</tr>
<tr>
<td>7.</td>
<td>Mr. Boonchai Chaiananbovorn</td>
<td>Member of the Risk Management Committee</td>
<td>Management Director</td>
<td>1/1</td>
</tr>
<tr>
<td>8.</td>
<td>Mr. Adisak Warinsirikul</td>
<td>Member of the Risk Management Committee</td>
<td>Management Director</td>
<td>1/1</td>
</tr>
<tr>
<td>9.</td>
<td>Mr. Worasit Tirapatanapong</td>
<td>Member of the Risk Management Committee</td>
<td>Management Director</td>
<td>1/1</td>
</tr>
<tr>
<td>10.</td>
<td>Ms. Tanwarat Punyaratana</td>
<td>Member of the Risk Management Committee</td>
<td>Management Director</td>
<td>1/1</td>
</tr>
<tr>
<td>11.</td>
<td>Mrs. Suchawadee Suppha-asa</td>
<td>Member of the Risk Management Committee</td>
<td>Management Director</td>
<td>1/1</td>
</tr>
<tr>
<td>12.</td>
<td>Mr. Krid Chancharoensuk</td>
<td>Member of the Risk Management Committee</td>
<td>Management Director</td>
<td>1/1</td>
</tr>
</tbody>
</table>

The Board of Directors has adopted the Charter of the Risk Management Committee as follows;

- **Elements of the Risk Management Committee**
  1. The Risk Management Committee shall be appointed by the Board of Directors and composes of the Management Committee and at least 1 independent director.
  2. The independent director shall be the Chairman of the Risk Management Committee.

- **Qualifications of Risk Management Committee Members**
  1. Appointed by the Board of Directors to be the Risk Management Committee members.
  2. There is no any other aspect preventing members from making comment freely on consideration of risk.
3. The Risk Management Committee who are qualified according to 1 - 2 may be assigned by the Board of Directors to make decision on the operations of the Company’s subsidiaries, associated companies or juristic persons which may have a conflict. The decision could be made in the form of tribunal.

**Scope of Duties and Responsibilities**

1. To specify the policy and guidelines for risk management relating to the business operations of the Company appropriately and effectively.

2. To specify, review and approve the risk management plan which covers the major risk categories such as Strategy Risk, Operation Risk, Financial Risks, Liquidity Risk, Compliance Risk, Anti-Corruption Risk, Market Risk, Information Technology Risk, Social Network Risk, Customer Protection Risk, Social and Environmental Risk and Emerging Risk.

3. To set up Risk appetite and Risk Tolerance.

4. To degree of Risk by Likelihood and Impact of major Risk.

5. To follow up and assess the degree of risk to be continuous.

6. Establish the internal control system that covers all aspects.

7. To consider and review the risk management guidelines and tools for efficiency and proper to the nature and size of risk each of transactions conducted by the Company while also providing comments and suggestions on key issues regarding the risk management of the Company.

8. To consider and review the risk limits and corrective measures in the event where it is not within the risk limits.

9. The Risk Management Committee is empowered to invite executives or those concerned to attend meeting for further clarification.

10. The Risk Management Committee may, at the Company’s expense, ask for advice from specialists to enable efficient performing of duty under the charter.

11. Provide communication activity or process to operate to create awareness about risk management. By providing training approach to risk management to executives and employees.

12. To consider and approve produce a risk management manual to be distributed to employees.

13. To approve risk mapping by taking into account the relationship between risks and the impact toward each unit of the Company.

14. Arrange for people in the Company to take a knowledge test regarding the risk management policy and structure as well as their responsibilities toward such matters.
15. Members of the Risk Management Committee are entitled to attend trainings and activities to increase their knowledge in related fields using resources of the Company.

16. Perform any other duties as assigned by the Board of Directors.

**Reporting**

After each meeting of the Risk Management Committee, the secretary of the meeting shall summarize the opinions and comments of the meeting and submit to the Company’s Board of Directors for acknowledgement and / or consideration.

Interested parties could view full version of the aforementioned Charter on the Company’s website www.supalai.com under Section: About the Company / Board of Director / Sub-Committee / the Risk Management Committee / the risk Management Committee Charter.

**Performance of the Risk Management Committee**

In 2017, the Risk Management Committee organized 1 meeting. The performance of the Risk Management Committee is summarized as follows;

**Performance of Duties of the Risk Management Committee in 2017**

- To review the risk management policy.
- To review the requirements regarding the risk management committee.
- To consider and approve the Risk Management Committee report.
- To consider and approve the Organizational Risk Management Manual.
- To consider and approve the practical principles on risk assessment and risk monitoring.
- To consider and approve the risk map of the organization.
- To consider and approve the risk management plan for 2018.
- To consider guidelines for risk management of subsidiaries.
- To acknowledge the results of the annual risk management activities of 2017.
- To acknowledge the results of risk assessment of the risk management team.

**5.4 Executive Committee**

**The duties and responsibilities of the Executive Committee**

1) Establish guidelines, goals, strategies, operation plan, annual budget and the various kinds of management powers of the Company to be further submitted for approval by the Board of Directors.

2) Oversee the Company’s management and operations to be efficient with maximum efficacy, and be ready to examine, monitor and evaluate the performance of the Company in accordance with the approved business plan.
3) Review the operational results from time to time in order to find quick solutions to achieve business targets.

4) Evaluate and screen large scale investment project and annual budget before submitting for consideration by the Board of Directors.

5) Set up the organizational structure and carry out efficient management covering the recruitment, training, employment and termination of employment of employees, executives and Executive Management.

6) Provide advice to the Board of Directors for making decisions on important matters, and perform any other duties as assigned by the Board of Directors of the Company.

7) Act as a representative and operate on behalf of the Company with the third parties.

8) Has the power to consider and approve the payment for investment and purchase of land in the amount not more than Baht 200 million per transaction.

9) The Executive and Management Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company’s resources.

10) Prepare succession plan and development plan for top management include report in order to present to the Nomination and Compensation Committee and the Board of Directors respectively.

11) Provide risk management and oversight to ensure compliance with internal control principles.

12) Provide the Authorization Handbook suitable for the responsibilities of the Management Committee.

13) Allocate development resources and the budget such as policies and personnel management plans and policies on information technology.

14) Oversee and ensure that there be a disclosure of financial and non-financial information in a complete, accurate and reliable manner.

Furthermore, 2 members of the Executive Committee have the power to consider and approve the purchase of land not more than Baht 100 million per transaction. The exceeding amount of Baht 100 million but not more than Baht 200 million can be approved by the Executive Committee, and each member of this Committee has the power to approve the purchase of construction materials within the authorized amount.

The above-mentioned authorization of power to members of the Executive Committee must not be in such a manner as to be able to approve the transaction of interest of oneself or other persons who may have conflict or conflict of interest with the Company or its subsidiaries unless it is a normal business operation of the Company, and has been approved by the meeting of the Board of Directors, in which attended by independent Directors and the scope of consideration has already been clearly outlined. Also,
such authorization must be in compliance with the criteria of the Office of the Securities and Exchange Commission, Thailand and the Regulations of the Stock Exchange of Thailand or as prescribed by other government agencies.

5.5 Management Committee

The Management Committee comprises the Chief Executive Officer, Executive Vice President, Managing Director, Deputy Managing Director, Executive Director, Senior Assistant Managing Director, Assistant Managing Director and Director of Department Administration.

The duties and responsibilities of the Management Committee

- Implement the policies, directions, strategies goals and management structures of the Company to be efficient and effective.
- Operate according to the business plan and budget approved by the Executive Committee with integrity, honesty and care in order to best maintain the benefits of the Company and the shareholders.
- Operate according to the risk management system and ensure that there be compliance with internal control principles.
- Review the Authorization Handbook to be suitable for the Management Committee’s responsibilities.
- Implement the framework for resource allocation, development and budgeting, such as policies and personnel management plans, and policies on information technology.
- Supervise general management as specified in the regulations of the Company.
- Follow up and ensure that the operations of the Company are in accordance with the policies, the business plan and the allocated budget.
- Exercise other powers necessary for the operations of the Company as assigned by the meeting of the Board of Directors and/or the Executive Committee.
- Communicate with the outside stakeholders of the organization as needed and according to the authorized powers.

The above-mentioned authorization of power to members of the Management Committee must not be in such a manner as to be able to approve the transaction of interest of oneself or other persons who may have conflict or conflict of interest with the Company or its subsidiaries unless it is a normal business operation of the Company, and has been approved by the meeting of the Board of Directors, in which attended by independent Directors and the scope of consideration has already been clearly outlined. Also, such authorization must be in compliance with the criteria of the Office of the Securities and Exchange Commission, Thailand and the Regulations of the Stock Exchange of Thailand or as prescribed by other government agencies.
5.6 Efficiency Evaluation of the Board Meetings

The Company has organized efficiency evaluation of every Board meeting on a yearly basis. In 2017, there were 12 Board meetings. The criteria used for efficiency evaluation of the Board meetings consists of the following 10 items;

1. Notifying the meeting at least 7 days before the date of the meeting.
2. Receiving documents in full along with letter of invitation.
3. Beginning on time with time control.
4. Appropriateness and clear details of each agenda.
5. Participation of Directors.
6. The management provides sufficient information to the Board of Directors to make decisions.
7. Taking into consideration the benefits of stakeholders.
8. Summary of clear resolutions of the meeting.
9. Control and management of conflicts by the Chairman in the meeting.
10. Attendees rate.

Efficiency Evaluation Criteria of the Board Meetings

<table>
<thead>
<tr>
<th>Received Score (%)</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>90 – 100</td>
<td>Excellent</td>
</tr>
<tr>
<td>80 - 89</td>
<td>Very good</td>
</tr>
<tr>
<td>70 - 79</td>
<td>Quite good</td>
</tr>
<tr>
<td>60 - 69</td>
<td>Moderate</td>
</tr>
<tr>
<td>Less than 60</td>
<td>To be improved</td>
</tr>
</tbody>
</table>

From the full score of 100%, the average efficiency evaluation of the Board meeting in 2017 was 97.29%, an excellent outcome.

5.7 History of Illegal Acts, or Dishonesty, or Corporate Governance, or Ethical Offences or Labor

The Company has assigned Internal Audit unit to be its Compliance Unit to perform the duties in supervising the operations, whereby during 2017,

- The Company and the Board of Directors including the management did not commit serious offenses. There was no record of violating the rules and regulations of the Office of the Securities Exchange Commission, Thailand and the Stock Exchange of Thailand.
• None of them had been convicted of a criminal offense or being subject to criminal prosecution or being adjudged to be bankrupt or placed under receivership.
• There was no record of the transactions that may cause the conflict of interest with the Company during the past year.
• There was no record of criminal offenses against properties in bad faith or against ethical conduct.
• There was no resignation of the executives due to the issue of corporate governance.
• There was no dispute concerning the reputation of the Company in a negative manner caused by the supervision failure of the Board of Directors. In addition, there was no significant labor dispute during the past 5 years.

5.8 Leadership and Visions

The Board of Directors has set a vision of being “Leader in innovation and value-added creation”, with a mission to “create and develop innovation for good operating results and sustainable growth”. Therefore, every kind of housing (single house, twin house, townhouse, and condominium) had been developed for the purpose of risk diversification and creating of growth potential. The Company had also developed energy-saving homes, paying attention to details in range of utilization, activity area placement, as well as materials and home-style designs. Furthermore, it was well aware that the energy and natural resources have been under depletion. It had, therefore, applied both science and art for home design and construction with energy efficiency and maximum benefits to the residents for customer satisfaction, whereby the Board of Directors has reviewed and granted approval to the visions and mission every year in order for the executives and the employees to set the goals in the same direction.

5.9 Conflict of Interest

The Company abides by the policy on conflict of interest, and requires that all of directors, executives and employees are not allowed to utilize information available from their positions for personal gains. To make business decision, the maximum benefit of customers and shareholders must be taken into account, and not to let personal reason or family members to influence the decision that will be a deviation from the above principles. The directors, executives or employees with interests in such transactions must not take any part in the approval. The Company had completely disclosed related party transaction in its Annual Report (Form 56-2) and Annual Registration Statement (Form 56-1). Furthermore, the Company forbids its executives and employees from undertaking or participating in any business that is in competition with the Company’s business, regardless of whether such directors, executives and employees will receive either direct or indirect interests. It is clearly indicated in the Company’s Code of Conduct and Corporate Governance Policy. However, to conduct related party transaction or transactions with conflict of interest, the Board of Directors has laid as a policy that they must be considered and approved by the Board before proceeding. In addition, the information on details of transactions, transaction value, reasons and the need must be
disclosed in the annual registration statement and annual report as per the rules of the Stock Exchange of Thailand and the office of the Securities and Exchange Commission. The meeting must also be attended by the Audit Committee to ensure that the related party transaction are conducted fairly, reasonably, and with proper pricing policy, taking into consideration the maximum benefit of the Company. All of this the Company’s policy is on the website of The Company (www.supalai.com) both Thai and English.

- **Auditing of Conflict of Interest**

The Board of Directors requires that the directors, executives and all employees write report on conflict of interest with the Company, which is deemed the Company’s internal control process. The Audit Committee and the Internal Audit unit shall supervise and manage the conflict of interest, and the results of conflict of interest audit are as follows:

Section 89/12 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008) stipulates that the directors, executives or related persons can carry out the transaction with the company or its subsidiaries only after such transaction has been approved by the meeting of shareholders of the company except when such transaction is qualified according to the following characteristics:

“The transaction is a trading agreement with the characteristics that reasonable person would do with party to the agreement in general in the same circumstances with trading leverage without the influence of the person in the position of director, executive or related person, as the case may be. Also, it must be the trading agreement approved by the board of directors or according to the basis which has already been approved by the board of directors.”

In 2017, there have been related party transaction worth Baht 87.91 million, which is more than the requirement according to the Notification of the Capital Market Supervisory Board No. TorJor. 4/2552(2009), which has set out the definition of business relationship as the trading transaction of 3% or more of the net tangible assets of the applicant for permission or from Baht 20 million or more, depending on whichever amount is lower. During the previous years, the trading transactions between the 2 companies were reported to the Board of Directors’ meeting on a quarterly basis every year.

As a matter of fact, the Board of Directors is of the opinion that the business relationship between Supalai PCL (Purchaser of Construction Materials) and Diamond Building Products PCL (Supplier of Construction Materials), of which Mr. Prakit Pradipasen is the Chairman of the Board of Directors, consists of normal trading transactions of Diamond Building Products PCL in its business operations of more than 3% of the net tangible assets, or more than Baht 20 million or more, depending on whichever amount is lower, with Supalai PCL.

Such relationship has not impacted the performance of duty and provision of independent opinion by Mr.Prakit Pradipasen who is also an independent director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation Committee of Supalai PCL according to Section 89/7 and Section 281/2 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008) due to the following reasons:
1) Trading items which are the purchases made by Supalai PCL from Diamond Building Products PCL have no material impact on the income amount of Diamond Building Products PCL.

2) The price of goods, payment conditions and other trading conditions of transactions made with Supalai PCL by Diamond Building Products PCL have been the same as those made with other customers of Diamond Building Products PCL.

3) The procurement of construction materials of Supalai PCL has been made through transparent process, and comparison of prices and quality has been made without being subject to Mr. Prakit Pradipasen’s influence, whatsoever.

The Board of Directors of the Company, therefore, resolved that Mr. Prakit Pradipasen continue to be an independent director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation Committee of the Company.

Furthermore, in 2017, the Company required all directors, executives and employees to prepare report on conflicts of interest, whereby no significant conflict has been found.

5.10 Management Philosophy

For a quality society of “Supalai People”, the Company stands firm in creating quality residence, incessant product development, society development for safety, development of professional good service, for Customers’ maximum satisfaction, by adhering to the management philosophy;

- **S (SUPERIORITY)**: Excellence in terms of products, service and good management
- **P (PROFITABILITY)**: Emphasis on profits/benefits for all concerned parties, there are
  - Customers: Profit in the form of money or gains from life
  - Shareholders: Receive dividends and value added shareholding
  - Employees: Good income and welfare, happy with work
  - Contractors for Partners: Participate in business with satisfaction and fairness / Trading Trading partners
  - Society: Gain benefits from the Company’s Project Development
- **L (LONGEVITY)**: Operation of business continually based on secure foundation

5.11 Check and Balance by Non-Executive Directors

The Company has a proper number of Directors, that is, 11 Directors. The Company’s Board of Directors comprises;

- 5 Independent Directors = 46%
- 2 Non-executive Director = 18%
- 4 Executive Directors = 36%
The Independent Directors comprises a half of all Directors. Among these, there are 6 Directors with finance and accounting knowledge. During the Board of Directors’ meetings, every Director performs the supervisory duty by taking into consideration maximum benefits of the shareholders.

5.12 Meeting of the Non-Executive Directors and Independent Directors

The Company promotes and supports the development of its management and operating systems by allowing its non-executive Directors to conduct meeting among themselves as deemed appropriate, without any executive Directors or the management in the meeting, in order to discuss various problems relating to business management of the Company or other interesting matters of benefits to the Company and all parties of stakeholders because they can express opinions freely and creatively in various points of views. In 2017, there was 1 meeting of non-executive Directors held on 13 March 2017.

5.13 Integration or Segregation of Positions

The Company has combined the positions of Chairman of the Board and Chief Executive Officer for the purposes of management efficiency and cost-saving. However, all resolutions passed in every meeting must be by a majority of votes. The Chairman shall vote only in case of a tie of votes. For an important issue, a resolution must be passed by a unanimous vote from every Director attending the meeting. In case of dissent by any Director, such agenda shall not be deemed approved by the Board of Directors. In the event where the Chairman has interest in a certain issue, he/she shall abstain from voting.

5.14 Holding Position of Director in Other Companies by Chief Executive Office of the Executive Committee and the Managing Director

The Company complies with a policy on restriction of number of director positions in other companies that the CEO and the Managing Director can take. Such policy has been publicized on the Company’s Website, www.supalai.com. If the CEO and the Managing Director take too many director positions in other companies may affect the performance of duties for the Company. The Company’s Board of Directors has, therefore, established the policy on holding of position of director in other companies by the Chief Executive Office of the Executive Committee and the Managing Director for maximum benefit of the Company in order for them to devote more time to perform their duties effectively follows;

1. The Chief Executive Office of the Executive Committee and the Managing Director can hold positions in Supalai Public Company Limited and its subsidiaries and associated companies.

2. To be a director in other companies, of which the business is similar to or competitive with the business of the Company, a request must be submitted for opinion of the Audit Committee prior to submission for approval by the Board of Directors and the shareholders respectively before being appointed to such position.
3. The holding of position of director in any organization other than specified in Clauses 1 and 2, which when combined is more than 5 places, must be approved by the Board of Directors’ meeting before being appointed to such position.

In 2017, the President and the Managing Director of the Company strictly complied with the policy on the limitation of directorship in other companies (for details, please see Section: Board of Directors).

5.15 Remuneration for Directors and Executives

Remuneration of Directors

1. The Company specified the policy on rules of presentation and consideration for remuneration of directors to create the incentives of assigned performance to achieve goals effectively. The Nomination and Remuneration Committee are assigned to consider the remuneration rates of committee carefully, scrutinize the suitability of various reasons thoroughly, compare and refer by the same business including consideration from the expanding business, where shall be presented to the Board of Directors and the meeting of shareholder.

2. The Company shall not pay any money or other property to directors unless the remuneration is paid as the rights and benefits habitually as being the Company’s director.

3. The remuneration of directors shall be paid accordance with the resolutions of the shareholders’ meeting which comprise a vote not less than two in third of the total votes of shareholders who join the meeting.

Remuneration Policy for Directors

The Company has the criteria for providing remuneration to the Board of Directors and Sub Committees clearly and transparent, which shall be considered the same industrial sector and business expansion. It’s believed that such remuneration could attract, retain and motivate the directors to perform their roles and carry out their responsibilities to accomplish the Company’s goals efficiently.

Remuneration of Chief Executive Officer

The company specified a remuneration policy of the Chief Executive Officer, which the Board of Directors are assigned to consider the results of the Company’s operation based on indicator (KPI: Key performance Indicator) approved by the meeting of Board of Directors, thereafter the Nomination and Remuneration Committee will consider the results of performance and remuneration of the Chief Executive Officer to comply with the result of performance based on indicators.

There are the criteria for evaluating performance of the Chief Executive Officer which administrate under the mission, vision, strategy of the company, business goals and annual business plans. It is comprised of 2 measurements following;
1. Business portfolio

2. Internal management

**Remuneration for Executive Management**

The Company has adopted the policy and criteria in providing remuneration to the executives by assigning the Nomination and Compensation committee to assess the performance of the executive management by considering and screening the remuneration executive committee by determining the remuneration to be consistent with the operational results of the Company and the performance of each executive to be further proposes to the Board of Directors for approval.

**5.16 Orientation for New Directors**

The Company is well aware of the importance of duty performing of new directors, it has, therefore, defined guideline regarding preparation for duty performing of directors to enable new directors to know the Company’s expectations of their roles, duties, responsibilities, policies, businesses and corporate governance practice. These include to enable them understand about the Company’s business and operation, as well as to visit its business units for being prepared to perform the duty of director promptly follows;

1) Coordinate in providing of the Company’s data in legal area and others to the Board of Directors.

2) Submit “Directors Guidebook” to new directors, the guidebook contains the Company’s information and relevant crucial laws which will be useful for members of the Board of Directors. The Company Secretary is responsible for coordinating to deliver this guidebook to the Board of Directors. Contents of the guidebook are as follows.

1. Articles of Association of the Company.

2. Objectives of the Company.


9. Guidebook for good corporate governance, and other polices of the Company.

3) Arrange meetings with the Chairman, Board of Directors, committees and executives to make them informed of the Company’s business operation for using as their principles in performing duty. The presentation is made as a whole picture and in details under the following topics:
• The Company’s vision mission and goals
• Strategy and Management structure
• Management structure
• Operating data and Company’s activities
• Roles, duties and responsibilities of directors
• Good corporate governance policy
• Summary profiles of other directors and executives
• Qualifications and remuneration of directors

The Board of Directors assigned the Company Secretary to hand over “Director’s Handbook” to newly appointed directors and Advisory of the board. The Company also organized an orientation course for the new directors on topics relevant to the Company such as the Company’s business, operational plans, goals, visions and mission, structure of the Company and shareholding, managing operation, roles and duties as well as responsibilities of the Board of Directors, philosophy and ethics as well as business code of conduct of directors, executives and the employees, good corporate governance, corporate social responsibility, the corporate governance policy. The Company also arranged various project site visits for the directors. In 2017, the Company have no newly appointed director.

5.17 Succession Plan

The Company complies with a policy on succession plan, deeming as a part of the manpower placement strategy and a subtask of human resource planning strategy which determines appropriate and fair remuneration and fringe benefits for its personnel to retain them to grow in a long-term basis together with the Company. The Company has a proper and transparent plan to recruit personnel into important positions at all managerial levels to ensure that the Company has a professional management team. The Company also prepares personnel who possesses suitable qualifications, knowledge and adequate abilities to be eligible to replace the executives and high level executives in case of their resignation, retirement, completion of the term of office or inability to perform duties for whatever reason. This is to ensure smooth and effective transitional operations under those positions and to reduce the risk of lacking the successors. Accordingly, the Company has assigned the Nomination and compensation committee to prepare position succession plan of the President, Managing Director and executives of the Company in order to propose to the Board of Directors for consideration. For the recruitment and selection of persons to serve management positions of the Company, the Nomination and compensation committee has monitored the succession plan covering the following positions.
1. Chief Executive Officer / Managing Director Level

In the event that the positions of the Chief Executive Officer of the Executive Committee and the Managing Director are vacant or the individual in such positions cannot perform their duties, the Company has an arrangement whereby executives in a closely comparable level or their deputy shall act on their behalf until the selection process for the qualified replacements is completed. The criteria for such selection shall be based upon suitable qualifications as prescribed by the Company, as well as other qualities such as business vision, knowledge, proficiency, and experience, that well suit the Company’s corporate culture. The Company’s Nomination and Compensation Committee shall be responsible for the selection process and submit their final choice to the Company’s Board of Directors for approval and further appointment.

2. Executive Level

In the event that the management positions at the level of department manager and above are vacant or the individual in such positions cannot perform their duties, the Company shall have the selected successor of the position proposed to the Board of Directors of the Company. The succession planning of the executive position level is as follows.

1. Analyse business condition of the Company in term of its strategy, policy, investment and expansion plans.
2. Evaluate the readiness of manpower to be consistent with the Company’s strategy in both short term and long term.
3. Create plan making the availability of manpower by developing or recruiting employees to replace those resigning from the Company.
4. Create Recruitment Plan and arrange for Employee Training and Development in advance by providing training courses for development to prepare the employees, junior and middle level executives to advance further to junior, middle and high executive positions respectively prior to retirement or early retirement of the employees.
5. Define competencies, which refers to the knowledge, skills, personality and desirable attitude of the employees in certain positions and establish the Individual Development Plan.
6. Select, evaluate and assess the performance to determine the potential of employees’ suitability.
7. Use tool to test and evaluate the employees to analyze their potential.
8. Select successors based on the assessment and analysis of the employees’ potential and performance. The employees shall be notified in advance in order to prepare for the handover and learning of the new responsibilities, while a successor shall also be determined.
9. Develop and evaluate employees who are expected to be successors whether they can be developed and have performance as expected. If it is contrary to the expectation, the change of successors can be done.

All of this the Company’s policy is on the website of the company (www.supalai.com) both Thai and English.

5.18 Related party transaction

The Company complies with a policy on related party transaction, regulations, process for consideration and approval of transactions as well as disclosure of information in accordance with the regulations and Notifications of the Committee of the Stock Exchange of Thailand Re Disclosure of Information and Operations of Listed Companies Concerning Related party transaction B.E. 2546 (2003) All of this the Company’s policy is on the website of the company (www.supalai.com) both Thai and English.

5.19 Risk Management

The Company follows the risk management policy by adopting the risk management process that covers strategic risks, risks regarding finance, credit, liquidity, legal matters and regulation, corruption, operations, information technology, social networking, consumer protection including social and environmental issues as well as external events that affect the Company in terms of policy, financial and external situation. This is to be able to manage the risk systematically in order to reduce the risk factors that will affect the success of the Company to be acceptable level and in line with the Company’s strategic plan, which covers:

- Causes of risks affecting the Company in financial and non-financial aspects, and provide a review of the risks every time there is a change of various factors affecting the capital fund of the Company;

- Categories of risks and determine the risk appetite to be used as a basis for responding to the risks of the Company;

- Assessment of risks by adding measures for risk assessment to achieve greater accuracy in terms of both quantitative and/or qualitative aspects;

- The management of risk and monitoring each type of risk according to the priority, whereby, the risk is monitored to be up to date regularly after each quarter.

All of this the Company’s policy is on the website of the company (www.supalai.com) both Thai and English.

5.20 Performance Assessment of the Committee

The Board of Directors has appraised annual performance of the Committees once a year, whereby the appraisal form is in accordance with the principles of good corporate governance of the Company and the scope of authorities and duties of the Committees. Accordingly, the emphasis is placed on the use of
results of the assessment to review the work product, problems or obstacles during the previous year as well as the improvement of performance of the Committees. The objective is to increase efficiency of the Committees’ performance and to be used as reference in preparing CG Rating. In 2017, the appraisal was done in 2 characteristics, they are, 1) the assessment of the whole Committee; 2) the assessment made on an individual basis (self-assessment). The assessment forms were divided into 10 categories consisting of

1) Assessment form for performance of the whole Board of Directors;
2) Assessment form for performance of the whole Audit Committee;
3) Assessment form for performance of the whole Corporate Governance Committee;
4) Assessment form for performance of the whole Risk Management Committee;
5) Assessment form for performance of the whole Nomination and Compensation Committee;
6) Assessment form for the Board’s individual member (self-assessment);
7) Assessment form for performance of individual member of the Audit Committee (self-assessment)
8) Assessment form for performance of individual member of the Corporate Governance Committee (self-assessment)
9) Assessment form for performance of individual member of the Risk Management Committee (self-assessment)
10) Assessment form for performance of individual member of the Nomination and Compensation Committee (self-assessment)

There is an assessment process and criteria for calculation of results in percentage as follows;

**Assessment Process for the Whole Committee and Each Individual Member**

Every year, the Company Secretary shall send such 10 assessment forms to all members of the Committees in order for them to assessment the annual performance on concerned matters. After having completed the assessment form, each Committee member shall submit such form to the Company Secretary in order to compile the score of each member and summarize the analysis results of the assessment of the Committees’ annual performance. The report shall then be made to the Board of Directors in the following meeting of the Board of Directors, and in 2017, the report was made to the Board of Directors’ meeting on 20 February 2018. The assessment results in percentage are as follows:

<table>
<thead>
<tr>
<th>Level of Score</th>
<th>Rate</th>
</tr>
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<tbody>
<tr>
<td>More than 85%</td>
<td>Excellent</td>
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<tr>
<td>More than 75%</td>
<td>Very Good</td>
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<tr>
<td>More than 65%</td>
<td>Good</td>
</tr>
<tr>
<td>More than 50%</td>
<td>Fair</td>
</tr>
<tr>
<td>Less than 50%</td>
<td>To be improved</td>
</tr>
</tbody>
</table>
The assessment can be summarized as follows;

1. **Assessment Form for Performance of the Whole Board of Directors** consists of 6 items as follows: 1) Structure and Qualification of the Board of Directors; 2) Duties and responsibilities of the Board of Directors; 3) Performance of the Board of Directors; 4) Board of Directors’ Meetings; 5) Relations with management department; 6) Self Development of the Board of Directors and Executive;

   In summary, the average score of the assessment of the whole Board of Directors according to all 6 items resulted in an excellent score of 89%.

2. **Assessment Form for Individual Member of the Board of Directors (Self-Assessment)** consists of 9 items as follows: 1) Responsibility for their own acts and decision-making with accountability; 2) Responsibility for performing duties with sufficient capability and effectiveness; 3) Treating stakeholders equally and fairly with accountability; 4) Having accountable operational transparency and disclosure of information; 5) Having ethics and business ethical conduct; 6) Ethics in Business Operation; 7) Performance on the principle carefulness and 8) Having vision in creating value added business in the long run; 9) Good Corporate Governance principles are complied with to create value to ensure sustainable business;

   In summary, the assessment of members of the Board of Directors on an individual basis according to 9 items resulted in an excellent score of 96%.

3. **Assessment Form for Performance of the Audit Committee (the Whole Committee)** consists of 5 items as follows: 1) Structure and Qualification of the Audit Committee; 2) Duties and responsibilities of the Audit Committee; 3) Performance of the Audit Committee; 4) Audit Committee’s Meetings; 5) Self Development of the Audit Committee;

   In summary, the assessment of performance of the whole Audit Committee according to all 5 items resulted in an excellent score of 96%.

4. **Assessment Form for Performance of the Audit Committee’s Members on an Individual Basis (Self-Assessment)** consists of 16 items as follows: 1) Knowledge, ability relating to the Company’s business; 2) Powers and duties, independence and fairness; 3) Devotion of time in working and attending the meetings; 4) To attend trainings or to participate in activities in order to increase knowledge in duty and role of Audit committee; 5) Performance of other tasks assigned by the Board of Directors with the approval of the Audit Committee; 6) To review of financial and non-financial reports of the Company to ensure sufficient and correct disclosure; 7) To review effectiveness and suitability on Risk Management; 8) To review to ensure that the Company has suitable internal control and internal audit systems; 9) To review to ensure that the Company comply with the Securities and Exchange Act, requirements or laws relating to the business of the Company; 10) To considering related party transaction or transactions that may have conflict of interest to ensure compliance with the laws and regulations of the Stock Exchange of Thailand; 11) To review to ensure that anti-corruption measures are complied with; and carrying out risk assessment and reporting to
the Board of Directors for acknowledgement; 12) To review Audit Committee Charter and Internal Audit Charter; 13) To considering, selecting and nominating an independent person to be the auditor of the Company; 14) Numbers of meeting of the Audit Committee and attendance by each committee member; 15) Opinions or remarks in whole obtained by the Audit Committee from performing duties under the charter; 16) Disclosure of operational results and providing comments in the Audit Committee’s report in a complete manner.

In summary, the assessment of members of the Audit Committee on an individual basis according to all 16 items resulted in an excellent score of 95%.

5. Assessment Form for Performance of the Corporate Governance (the Whole Committee) consists 5 items as follows: 1) Structure and Qualification of the Corporate Governance Committee; 2) Duties and responsibilities of the Corporate Governance Committee; 3) Performance of the Corporate Governance Committee; 4) Corporate Governance Committee’s Meetings; 5) Self Development of the Corporate Governance Committee;

In summary, the assessment of performance of the whole Corporate Governance according to all 5 items resulted in a excellent score of 98%.

6. Assessment Form for Performance of the Corporate Governance Committee’s Members on an Individual Basis (Self-Assessment) consists of 10 items as follows: 1) Knowledge, ability relating to the Company’s business; 2) Specific expertise; 3) Showing the opinions in supporting or protesting the recommendation on matters that are important to the business; 4) Devotion of time in working and attending the meetings; 5) Performance of other tasks assigned by the Board of Directors with the approval of the Corporate Governance Committee; 6) There is the regulatory performance of the Directors and management department including review guidelines on the principles of good corporate governance of the Company according to the principles of good corporate governance of external regulatory agencies; 7) To verify the corporate governance policy and review practicality guidelines and the principles of corporate governance in practices to be continued and appropriate with the business of the Company; 8) To review the business ethics and morality of directors, board and staff including the announcement of statement on good corporate governance of the Company prior to the public; 9) To review, give opinions and recommendations to improve on the good corporate governance of the Company to be effective in practices; 10) To reports on the activities of corporate governance committee or other duties which the Board of Directors assigned to the committee.

In summary, the assessment of members of the Corporate Governance Committee on an individual basis according to all 10 items resulted in an excellent score of 96%.

7. Assessment Form for Performance of the Risk Management (the Whole Committee) consists 5 items as follows: 1) Structure and Qualification of the Risk Management Committee; 2) Duties and responsibilities of the Risk Management Committee; 3) Performance of the Risk Management Committee; 4) Risk Management Committee’s Meetings; 5) Self Development of the Risk Management Committee;
In summary, the assessment of performance of the whole Risk Management according to all 5 items resulted in a very good score of 85%.

8. Assessment Form for Performance of the Risk Management Committee’s Members on an Individual Basis (Self-Assessment) consists of 10 items as follows: 1) Having moral, neutrality, making decisions with information and logic, adhering to the operation by the principles and standards professionally; 2) Devotion of time in working and attending the meetings; 3) Performance of other tasks assigned by the Board of Directors with the approval of the Risk Management Committee; 4) To consider and give approval to provide the risk management manual which shall be published to employees to acknowledge, including consideration to approve the Risk Map providing by recognizing the relationship of risk and the impact on other departments within the Company. 5) Other operations as approved by the Risk Management Committee as assigned by the Board of Directors; 6) Showing the opinions in supporting or protesting the recommendation on matters that are important to the business; 7) Establish, review and approve the Risk Management Plan that covers various types of important risks, namely, strategic risk, operational risk, financial risk, compliance risk, anti-corruption risk, the risks that affect the reputation of the Company, information technology risk, market risk and social and environmental risk; and monitor and assess the level of risk to be at acceptable levels; 8) To specify the policies and recommend the guidelines on risk management relating to the business operations of the Company appropriately and effectively. 9) Provide follow – up and assess risk management continuously; 10) Consider and provide comment on the risks that have impact on the Company;

In summary, the assessment of members of the Risk Management Committee on an individual basis according to all 10 items resulted in an excellent score of 91%.

9. Assessment Form for Performance of the Nomination and Compensation (the Whole Committee) consists 5 items as follows: 1) Structure and Qualification of the Nomination and Compensation Committee; 2) Duties and responsibilities of the Nomination and Compensation Committee; 3) Performance of the Nomination and Compensation Committee; 4) Nomination and Compensation Committee’s Meetings; 5) Self Development of the Nomination and Compensation Committee;

In summary, the assessment of performance of the whole Nomination and Compensation according to all 5 items resulted in an very good score of 74%.

10. Assessment Form for Performance of the Nomination and Compensation Committee’s Members on an Individual Basis (Self-Assessment) consists of 10 items as follows: 1) Knowledge, ability, experience and Specific relating to the Company’s business; 2) Having moral, neutrality, making decisions with information and logic, adhering to the operation by the principles and standards professionally; 3) Showing the opinions in supporting or protesting the recommendation on matters that are important to the business; 4) Devotion of time in working and attending the meetings; 5) Other activities as approved by the Nomination and Remuneration Committee as assigned by the Board of Directors; 6) Consider and scrutinize the Compensation rate for the Chief Executive Officer and executive management in order to propose for approval by the Board
of Directors and Independent Director; 7) Consider, select and screen the persons qualified to be Directors of the Company and propose to the Board of Directors in order to further propose to be elected by the meeting of shareholders; 8) Consider and give opinions on the proposals of the Chief Executive Officer to be further proposed to the Board of Directors regarding the policies on human resources to be in accordance with the business strategy of the Company; 9) To consider the rewards including a recommendation for any salary and benefits and presented the Board of Directors. 10) To review a portion, number and an experience of Board of Directors and ensure that the succession plan of important high level executive positions and list of qualified persons is reviewed from time to time;

In summary, the assessment of members of the Nomination and Compensation Committee on an individual basis according to all 10 items resulted in an excellent score of 92%.

5.21 Performance Assessment of the Chief Executive Officer

The company specified a remuneration policy of the Chief Executive Officer, which the Board of Directors are assigned to consider the results of the Company’s operation based on indicator (KPI: Key performance Indicator) approved by the meeting of Board of Directors, thereafter the Nomination and Remuneration Committee will consider the results of performance and consider both the short and long-term remuneration of the Chief Executive Officer to comply with the result of performance based on indicators.

There are the criteria for evaluating performance of the Chief Executive Officer which administrate under the mission, vision, strategy of the company, business goals and annual business plans. It is comprised of 2 measurements following;

1. Business portfolio
2. Internal management

5.22 Development and Knowledge Accumulation for Directors and Executives

The Board of Directors seriously supports and promotes the knowledge development for every director for their efficiency in duty performing. It’s the Company’s policy to encourage its directors, executives and those supporting the secretarial works to attend seminars and training courses of Thai Institute of Directors (IOD), The Stock Exchange of Thailand, or other independent institutions, ranging from the development in part of the duties and responsibilities of directors, or new management concept, so that every director will continue to develop and improve their works, as well as to apply the knowledge properly for further benefit to the Company. (See to Board of Director)

In 2017, there were 3 directors attending the training course relating to performing of duties of the directors to all 3 persons such as 1) Mr.Anant Gatepithaya 2) Assist.Prof.Aswin Bijayayohin 3) Mr.Atip Bijanonda please see details in Section on: Attendance of Training Courses or Seminars of the Directors.
5.23 Monitoring of Insider Trading

The Company complies with a policy on inside information in order to prevent inside information abuse by the directors, executives or employees for personal gains or for the gains of their associates as prescribed in the Ethics and Code of Conduct, the Director’s Handbook and the Handbook on Corporate Governance Policy. The policy on the use of inside information has been publicized on the Company’s website (www.supalai.com) to ensure that the policy has been acknowledged and complied with. The details are as follows:

1. The directors, executives and employees shall not use inside information of the Company or business trading partners of the Company, that they know from performing duties, to purchase or sell or offer to purchase or sell, or persuade others to purchase or sell or offer to purchase or sell securities of the Company or those of the Company’s trading partners for personal gains or for the gains of others or to operate business in competition with the Company or to do related businesses although the Company may not lose any benefits. They shall also strictly comply with related laws.

2. Directors, executives and employees of the Company shall keep confidentiality of inside information under one’s responsibility and shall not disclose such information to the public or other personnel of the Company who has no involvement.

3. The Company protects inside information that is not yet disclosed to the public by giving limited access to related and necessary parties only. Security system is also provided to protect computerized systems and information. Personnel in charge shall insist that all parties involved must strictly comply with the rules.

4. A disclosure of information shall be made by authorized persons only. General personnel are not obliged to disclose the information. When asked to reveal information that they do not have authority to disclose, refer a question to the person in charge in order to provide accurate information and in the same direction.

5. The employees should control outsiders involved with internal information such as financial advisors legal consultants and auditors as well as colleagues involved with the information that has not yet been disclosed publicly and in the process of negotiation. This is regarded as maintaining internal information, which may have impact on the change of price or value of the securities, or the Company may lose business benefits. Accordingly, such people shall have to enter into a confidentiality agreement until the information is disclosed to the SET and the Securities and Exchange Commission, Thailand.

6. Other than publicly available information, the Company considers all other information as inside information for directors, executives and employees to use under the duties and responsibilities as assigned.
7. Directors, executives and employees are due to take responsibility on data protection and shall not exploit the inside information for personal gains even after resigning from the Company.

8. The Company’s directors and executives including their spouses and children who are minors as well as related persons are required to submit the list of their securities holding and report on changes of the list to the Office of the Securities and Exchange Commission within 3 days from the date of purchase, selling, transferring or receiving the transfer of the securities. This is to comply with Section 59 of the Securities and Exchange Act. The directors and executives are also prohibited from buying and selling of the Company’s securities during the period of one month prior to disclosure of financial statements to the public.

9. The Company requires that the directors and executives report on the change of securities holding to the Office of the Securities and Exchange Commission and submit the copy of the report to the Company Secretary on the same day they submit the report to the Office of the Securities and Exchange Commission, Thailand.

10. The Company requires that directors and executives who know significant internal information that affect the price or value of securities suspend the trading of the Company’s securities during the period of 1 month before the financial statements or internal information is disclosed to the public. They are also prohibited from disclosing material information to other persons, whereby, during the period of 30 days prior to the announcement of operating results, the Company’s Secretary shall send notifying letter to inform the directors, executives, and the units acknowledging internal information not to disclose inside information to outsiders or non-related persons.

11. The Company supports a campaign to use inside information via the Company’s communication channel, especially during major events such as an issuance of shares or debentures for capital increase.

12. The Company treats the acts in violation of the policy on the use of internal information, the unauthorized disclosure of the information to the extent that cause damage to the Company and related parties as a crime that must be subject to disciplinary action and/or be liable according to the law.

In 2017, the Board of Directors and the executives strictly complied with the rules. Thus, there was no case of violation or failure to comply with the rules regarding securities trading by using the inside information.

5.24 The Internal Audit

The Board of Directors has established the Internal Audit Unit within the Company. Also, to facilitate the Internal Audit Unit to be independent from the management, the Board of Directors has ordered that the
Internal Audit Unit report to the Audit Committee in order for the Board of Directors to be able to follow up the Company’s operations efficiently. The Internal Audit Unit has set objectives, main engagement, scope of operations, powers and duties, and responsibilities in writing in the Internal Audit Charter approved by the Chairman of the Internal Audit Committee.

In 2017, the Internal Audit Unit Department was able to carry out the duties and responsibilities in accordance with the Internal Audit Charter completely, independently and in compliance with the Code of Conduct and commitment of the Internal Audit Unit as summarized as follows:

1. **Development to Add Value to Audit Work**
   - Focus has been placed on assurance and consulting services with independence and equity to add value and improve the operations of the Company, ensure the governing of the operations. Arrangements have also been provided for risk management and good internal control so as to achieve the operational objectives of the Company.
   - Prepare an annual risk-based audit plan according to the strategic direction of the Company and important risks that impact the operation of the Company; carry out the operations in accordance with the Standard for the Professional Practice of Internal Auditing which includes the laws, regulations and regulations relating to the Company (Compliance Audit).
   - Focus on the Proactive and Preventive Audit.
   - Arrange for monitoring of implementation of the recommendations generated from the auditing.

2. **Development of Internal Auditors**
   Arrange a test according to Standard for the Professional Practice of Internal Auditing and encourage internal auditors to develop themselves by pursuing a certificate for professional auditors or other professions relevant to internal auditing; also promote further education in other professions related to the business of the Company.

3. **Internal Audit Charter**
   The Internal Audit Charter has been established as guidelines for operating personnel of the Company at all levels to understand lines of command, objectives, scope of work and responsibilities of the Internal Audit Unit, and liabilities of audited units by taking into consideration the importance of the good corporate governance as an important tool in supervising and managing the operations, and to ensure that there be correct standards and trustworthiness by maintaining pure and fair standards according to prescribed practical professional dignity of internal auditing.
3.1 Objectives

The Internal Audit Unit has been established with the aim to build confidence to the executives in controlling, supervising and giving advice and to provide useful information for their decision making regarding the improvement of the Company’s operations.

3.2 Line of command

1. The Internal Audit Unit is an independent unit reporting directly to the Audit Committee.
2. The head of Internal Audit Unit is the top senior personnel of the Department and report directly to the Audit Committee.
3. The head of Internal Audit Unit shall propose the Risk – Based Audit Plan to the Audit Committee.
4. The head of Internal Audit Unit directly reports the result of the audit to the Audit Committee, and the Audit Committee must report every audit result to the Board of Directors accordingly.

3.3 Main Engagement

1. Provide advice and information relating to the audit, assess risk management and internal control including standards of operations, generally accepted accounting principles, policies, laws, rules, regulations for enhancing efficiency and effectiveness in governing process to add value and ensure the creditability of the financial information system and the operations of internal departments.
2. Be committed to practice to enhance their own knowledge and also the organization’s on the internal audit and various technical matters relating to the provision of advice and suggestions to build confidence in operating work.

3.4 Scope of Operations

1. The Scope of Operations of the Internal Audit Unit includes providing advice and information regarding the audit, operations, assessment and improvement of risk management, internal control; generally accepted accounting principles, policies, rules, regulations and laws as well as supervising process and all relating procedures to the departments in the organization to add value and improve the operations of the audited units as well as relevant units to achieve the set goals and objectives.
2. The performing of any other non-audit tasks must always be approved by the Audit Committee.
3.5 Powers and Duties

1. The Internal Audit Unit is independent in auditing the operations of all departments within the organization.

2. Internal Audit Unit can have access to personnel, information, documents and assets of the employees in connection with the audit except for information on salary of the personnel in the Company.

3. The Internal Audit Unit has no authority to set policy, working methods and internal control systems or modify the internal control system because such duties are under the responsibilities of related executives. The internal auditor’s duties are only providing advice and recommendations. However, the Internal Audit unit has the rights and duties to review the compliance with the Company’s policies in order to assess the adequacy and effectiveness of the control so as to respond to the risks.

4. The Internal Audit Unit shall carry out the audit in accordance with the International Standard for the Professional Practice of Internal Auditing.

5. Internal Audit Unit has the right to attend training courses or participating in activities to increase their relevant knowledge by using the resources of the Company.

6. In case of the internal audit performance on any matters or any other performance of the internal audit is necessary to rely on the expertise of specialists, the head of Internal Audit shall present the Audit Committee and the Board of Directors respectively in order to be considered for an invitation or engaged specialists.

3.6 Duties and Responsibilities

1. To prepare the annual audit plan to the Audit Committee for approval and shall comply with the annual audit plan.

2. To review the internal audit charter at least once a year, so that it is consistent with the scope of responsibilities for the operations of the Company and shall be approved by the Audit Committee.

3. Verify the accuracy and reliability of data and figures by using techniques and generally accepted auditing methods. The quantities for auditing will be determined as deemed necessary and as appropriate taking into account the efficiency of the internal control system and the importance of the matter to be audited including analysis / evaluation of the management and operations of the audited unit by considering the priority for auditing. Also, with regard to time spent in the operation, significant risks shall be taken into consideration.
4. Develop audit program using Risk Based Approach that covers strategic risks, operational risk, financial risk, regulatory risk, and social and environmental risks.

5. Provide assessment of the conflict of interest of the Company on a yearly basis and audit the connected transactions or operational activities to ensure the compliance with policies, laws, regulations, orders including the segregation of tasks, maintenance of properties, and the use of all resources taking into account the efficiency and effectiveness of the operations.

6. Evaluate performances/report on results of the audit and provide recommendations for improvement of the performances of the audited unit to be more efficient, effective, and cost-savings in accordance with the internal control framework of COSO (COSO Framework: The Committee of Sponsoring Organizations of the Treadway Commission), an international organization that systematically disseminates methods and concepts of the internal control system; and report the adequacy and effectiveness of anti-corruption measures to the Audit Committee.

7. Arrange for the evaluation of the Internal Audit Unit Auditee operations by the auditor’s unit, and the results would be used for the development and improvement of the services so as to achieve the internal audit objectives efficiently and effectively.

8. Monitor and evaluate the implementation of the jointly discussed conclusions to ensure the audited units have improved the operations as discussed.

9. Coordinate with persons involved to facilitate the audit to achieve the goals and to be efficient.

10. Assess risks in all processes of the Company relating to measures against corruption and provide appropriate risk management procedures.

11. Audit the compliance with measures, practical principles, and the internal control relating to anti-corruption measures for all tasks assigned including financial and accounting internal controls and record-keeping to ensure that control relating to prevention on corruption is in place.

12. To receive corruption complaints and search additional information as assigned by the Audit Committee or the Senior Executive used supporting the consideration.

13. Perform other auditing work as assigned by the Audit Committee.

4. Details on the Chief of the Internal Audit Unit

The meeting of the Board of Directors No. 8/2008 held on 8 September 2008 resolved to appoint Ms. Toopthong Hirunyanulak as the Chief of Internal Audit since 18 August 2008. Ms. Toopthong Hirunyanulak
has possessed qualifications and experience in the internal audit and had attended training courses relevant to the internal audit such as international standards in internal audit, development of auditing, fraud audit, assessment of internal control and risk assessment according to the COSO ERM. Thus, Ms. Tooptheng Hirunyanulak has been considered suitable for the position to perform duties as assigned appropriately and sufficiently. The roles and responsibilities of Ms. Tooptheng Hirunyanulak are as follows;

1. Perform duties as “Internal Auditor” responsible for assignments in accordance with the Audit Committee Charter approved by the Audit Committee.

2. Act as the “Secretary of the Audit Committee” by organizing meetings, preparing meeting document and taking note of the minutes of the Audit Committee meetings.

5.25 Company’s Operation Supervision

The Company recognizes the importance of compliance with regulations, one of the important mechanisms contributing to correct and prudent working procedures of the Company, which support the Company to be able to implement its strategic plans, achieve the goal. The Company also comply with the rules and regulations, articles of association and regulations of concerned agencies. The following departments have been assigned to be responsible for such tasks:

- The Company Secretary is responsible to ensure that the operations of the Company are in compliance with rules and regulations for listed companies including regulations of the Company and articles of association as well as being center for compiling and keeping abreast of information on external rules and regulations concerned. The Company secretary shall also act as communication center to provide knowledge and advice on external rules and regulations for listed companies.

- Legal Affair Department is responsible for supervising legal affairs relating to the Company’s business and providing knowledge for the internal departments on various issues in order for the business operations to be handled correctly in accordance with laws of external agencies.

- The Internal Audit unit is responsible for assessment of the efficiency and adequacy of the internal control system. It must also audit and ensure the compliance with rules and regulations of the Company.

- The Quality System Department has the duty to establish operational guidelines in the procedure, work instruction and other concerned documents for all employees to use as a manual for operations including a process of problem analysis to contribute to the solution and improvement of the operational system to ensure the management system of planning, designing, construction, sales and community management are appropriate with extensive coverage, and also ensure that the implementation of the quality
5.26 Auditing Fee

The Company and its subsidiaries paid auditing fee to EY Office Limited as the auditor for the year 2017 as well as related individuals or businesses concerning the auditors and the audit firm in the last fiscal year in a total amount of Baht 3,680,000 Baht.

Neither the auditor firm nor the auditor has relationship nor any interest with the Company / executives / major shareholders or persons related to such persons. The auditor is independent and qualified to be auditor of the Company and has also been approved by the Office of the Securities and Exchange Commission.

- Auditing Fee for the Year 2017
  1. The auditing fee for consolidated financial statement and separate financial statement totaling 2,450,000 Baht.
  2. An annual and quarterly auditing fee for four subsidiaries of the Company and the consolidated financial statements is Baht 1,230,000 Baht.

Total audit fees of Supalai Public Company Limited and its subsidiaries 3,680,000 Baht.

- Non-audit fee
  - None -

5.27 Compliance with Good Corporate Governance Principles in Other Matters

The Board of Directors of Supalai Public Company Limited is well aware of the importance of corporate governance and social responsibility as it is confident that good governance will contribute to the following;

1. Strengthening a good management system with transparency and accountability, which can enhance the Company’s potential to compete in the short and long terms for sustainable business growth and eliminating conflicts of interest that may arise.

2. Creating confidence among investors, both in the country and abroad as well as financial institutions, business partners, all stakeholders through clear and transparent communication on an equal basis and adding value to shareholders in the long run by significantly taking into consideration all kinds of stakeholders.

3. Being a tool to measure the operations of the Company and examine all operations to improve their efficiency.

Therefore, the Company’s Handbook on Corporate Governance Policy and Ethics and Code of Conduct has been complied with by directors, executives and the employees, whereby the directors and executives have acted as good role models and oversee and encourage all employees to comply with the Code of Conduct and create working atmosphere favorable to the compliance with the guidelines specified.
in the Handbook. At the same time, the Company is committed to prevent violation of the Code of Conduct; and in case of negligence and violation of such Code of Conduct, disciplinary penalties set forth by the Human Resources Department of the Company will be imposed. There has been communications and public relations to promote understanding of the practices of the Code of Conduct among the management and employees, while the monitoring of the compliance with guidelines of the Code of Conduct has been carried out. Detailed information for stakeholders can be found on the Company’s website. (www.supalai.com).

• Motto for Good Corporate Governance

The Company has adopted a motto for good corporate governance under the concept of “Supalai GREAT” to promote an approach of working together in the same direction, and to strengthen the good organizational culture, which comprised of:

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<td>(Good)</td>
<td>(Responsibility)</td>
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<td>To think good, speak good and do good is the foundation of positive thinking, which can be applied to work and to solve problems. This also helps reduce conflicts while enhancing smooth and successful interpersonal communication.</td>
<td>Act consciously. Operate business with determination and dedication with all our ability. Always learn to enhance capabilities.</td>
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<td>(Equitable Treatment &amp; Ethics)</td>
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<td>Treat all relevant parties equally. Adhere to moral standards and conduct business with fairness. Give priority to all stakeholders. Treat stakeholders equally regardless of gender, age, race, nationality, religion, belief, and political opinion.</td>
<td>Fulfill duties with utmost attention. Be consciously aware of and carry out our tasks cautiously. Bravely accept the consequences of our actions. Adhere to and abide by applicable laws, rules and regulations.</td>
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<td>(Transparency)</td>
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<td>Operate business with transparency, disclosure of information and accountability. Be determined to conduct business with honest intention. All pieces of evidence and references can be traceable and accountable.</td>
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• Supervision of the subsidiaries’ operations

The Company has set out a policy in supervising the operations of its subsidiaries, by selecting the directors of the Company who have relevant knowledge, skills, qualifications and experience in line with the type of the businesses of the subsidiaries to be the competent directors who have controlling powers over the subsidiaries as approved by the Board of Directors. In the event that the subsidiaries have important issues such as increase or decrease of capital, dissolution of the subsidiaries or associated companies, they shall always seek prior approval from the Board of Directors. Moreover, the supervision shall ensure that the operations of the subsidiaries and associated companies are transparent. Therefore, their auditors must be from the same auditing company that provides services to the Company in order for the auditors to audit business transactions and seek appropriate and sufficient evidence to express opinions on consolidated
financial statements. In the past, the Board of Directors resolved to approve the appointment of directors with scope of powers, duties and responsibilities as follows;

1. The oversight has been put in place to ensure that the directors, executives, and employees comply with the business ethics, Code of Conduct Handbook, policies according to Good Corporate Governance principles and policies related to anti-corruption, which are the same principles applied by the Company. Accordingly, in 2017, the Company has communicated the Code of Conduct Handbook (Summarized Version) to its subsidiaries and disseminated E-news, information on corporate governance, risk management, anti-corruption via cartoons such as Granpa Tham (Dharma), Granma Tuen (Warning), Noo Dee in order to be guidelines for its subsidiaries. The Department of Human Resources of each subsidiary has supervised the employees to comply with the policy of the Company as can be shown in the following images.

2. Control to ensure that there are complete and correct operations on data storage, accounting recording as well as regulations established in regard to the related party transaction, the acquisition or disposition of assets, or major transactions of the subsidiaries and also ensure that the preparation of financial statements is based on the same accounting policies used by the Company in order that the financial statements of the subsidiaries can be included in the consolidated financial statements properly and in a timely manner.

3. The Board of Directors assigns the Internal Audit Unit to review the performance of subsidiaries by using the Risk Based Approach depending on each case to ensure that the subsidiaries have appropriate and sufficient internal controls systems. The Internal Audit Unit shall then report to the Audit Committee to further propose their opinions to the Board of Directors.

4. Arrange for the reports on the operations and the financial Statement of the Subsidiaries Company to be proposed to the Board of Directors for acknowledgment on a monthly basis.
The Company adheres to good corporate governance principles based on a survey of corporate governance criteria of listed companies constantly, which might not yet cover certain principles. Nevertheless, the Company has arranged for other approaches different from the required criteria, and has been considered by the Board of Directors relating to the accountability and suitability according to the circumstances of the business of the Company. The aim is to achieve the Company’s objectives, while taking into account maximum benefits of shareholders. The matters have not yet done by the Company are as follows:

1. **Election of Directors by Cumulative Voting**

   This is because the elected director according to the cumulative voting might not have the qualifications in accordance with the Board Skill Matrix, which is the tool for recruitment of directors in line with the Company’s strategy, and such director might perform according to the benefits of certain groups of shareholders, not for the best interests of the shareholders as a whole. This will lead to a rift between the directors and the executives, causing the management not to be in the same direction.

2. **Preparation of Integrated Report**

   The Company has prepared annual reports according to the criteria of the Stock Exchange of Thailand, while preparing the sustainability development report according to the Global Reporting Initiative Version 4.0 (GRI G4), thus offering the users to access detailed information both financial and non-financial information, which is prepared in CDs and delivered to the shareholders prior to the date of the meeting of shareholders. Therefore, the users can download such information from the website of the Company.

3. **Forming Policies to Limit the Number of Years for the Term of Office of Independent Director more than 9 years From the Date Appointed for the First Time**

   The Company has 5 independent directors, of which 2 shall hold office for less than 6 years and 3 directors for more than 9 years. However, the Nomination and Remuneration Committee and the Board agreed that independent directors are fully qualified according to the criteria set by the Securities and Exchange Commission, that is, they are knowledgeable, capable with experience suitable for the business. They can provide opinions freely and perform their duties as independent directors well. All independent directors have also proved that they can maintain independence and have no conflict of interest and / or significant vested interest in the Company, whatsoever.

   The Board of Directors shall consider and review matters that the Company still cannot comply with the principles of good corporate governance.