



## Part 2. Management & Corporate Governance



## Information of securities and shareholders

### Company registered capital and Paid-up capital

At 31 December 2018, the Company has registered capital of THB 588,036,884.50, divided into 1,176,073,769 ordinary shares, at the par value of THB 0.50 per share. Paid-up capital value of THB 587,869,544.50, divided into 1,175,739,089 ordinary shares, at the par value of THB 0.50 per share.

### The major shareholders

The list of major shareholders as of 12 March 2019 is as follows:

No		Name - Surname		Shares	%
1. Kangsawiwat FamilyTotal					
1.1	Mr.	Sompong	Kangsawiwat	208,148,836	17.70
1.2	Mrs.	Wandee	Kangsawiwat	2,644,578	0.22
1.3	Mrs.	Sunanta	Kangsawiwat	1,794,300	0.15
1.4	Mr.	Sukij	Kangsawiwat	98	0.00
Total of Kangsawiwat				212,587,812	18.08
2. Mekmanee Family					
2.1	Mr.	Kittirat	Mekmanee	30,058,756	2.56
2.2	Mrs.	Oranee	Mekmanee	10,000,000	0.85
2.3	Mr.	Nattapat	Mekmanee	10,000,000	0.85
2.4	Mrs.	Waree	Mekmanee	10,000,000	0.85
Total of Mekmanee				60,058,756	5.11
3	Mr.	Opas	Tiyawattanaoj	58,339,711	4.96
4		Thai NVDR		34,317,874	2.92
5. Sawatwannarat Family					
5.1	Mrs.	Panida	Sawatwannarat	3,341,688	0.28
5.2	Ms.	Kesorn	Sawatwannarat	22,349,496	1.90
Total of Sawatwannarat				25,691,184	2.19
6	Mr.	Preecha	Aruningmongkol	22,362,240	1.90
7	Mr.	Sakol	Sanhachavee	21,472,028	1.83
8	Mrs.	Pacharapan	Aruningmongkol	20,076,880	1.71
9	Mr.	Montree	Kangsawiwat	18,720,401	1.59
10	Mr.	Santhat	Jindasa-nguan	8,920,331	0.76
Top of top 10				482,547,217	41.04
Other Shareholders				693,191,872	58.96
Grand Total				1,175,739,089.00	100.00



## Restrictions of foreign Shareholders.

The foreigners can share ownership of the company not more than 49 % of the total issued and paid-up shares, as of 12 March 2019, has foreign holding of 0.88 % of the total shares.

## Issuance of others assets

-None-

## Dividend Policy

The Company's dividend policy is to pay dividends at a rate of no less than 40% of its net profit, after deduction of corporate income tax in consolidated financial statement and all reserves as required by law, and retained funds as required by the Company. However, the dividend payment shall confirm the Company's financial status, business operation, investment plans, including necessities and other future considerations as deemed appropriate by the Board of Directors and/or shareholders.

The dividend policy of C.S.S. Energy Co.,Ltd. and Neon Worx Communication (Thailand) Co.,Ltd (Subsidiaries) are to pay dividends at a rate of no less than 40 percent of its net profit, after deduction of corporate income tax in consolidated financial statement of the subsidiary and all reserves as required by law, and retained funds as required by the subsidiary. However, the dividend payment shall confirm the Company's financial status, business operation, investment plans, including necessities and other future considerations as deemed appropriate by the Board of Directors and/or shareholders of the subsidiary.

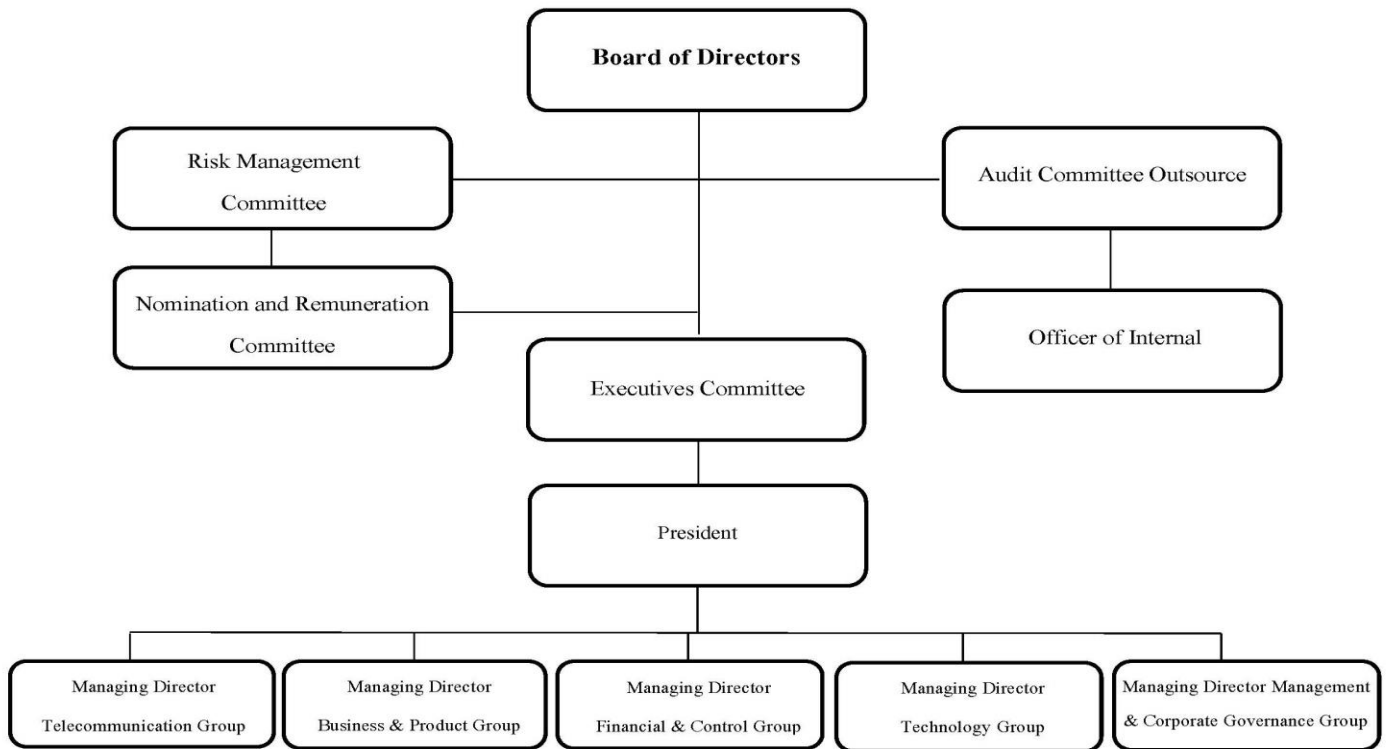
However, during year 2016-2018, the dividend payment of the Company is performed as following:

Year	Separate Financial Statements		
	2016	2017	2018
Earnings before per share (THB)	0.17	0.22	0.15
Dividend per share (THB)	0.16	0.18	0.12
Dividend payment rate per net profit (%)	96%	83%	82%

Remark; In 2018, the Company pay the interim dividend of performance in the first 6 months of the year 2018 of Baht 0.06 per share in cash and the Board of Directors Meeting No.1/2019 Approving to propose the Shareholder's Meeting 2019 to approve the dividend payment for last 6 months the year 2018 of Baht 0.06 per share. Total dividend payment of the year 2018 amount Baht 0.12 per share. However, the dividend payment has to approve by the AGM Meeting on 26 April 2019.

# Management Structure

Company's Structure at 31 December 2018



**Remark:** The internal Audit Unit works directly to the Audit Committee. The Committee assigned Miss Panida Sawatwannarat representing to the internal auditor by liaise with the firm performing which the Company hires to perform on internal Audit Unit reports its auditing work and give advice to the Audit Committee Directly to improve upon the recommendation of the independent evaluation of the internal control system.



As of 31 December 2018, the management structure of the Company consists of the Board of Directors and the Executives. The Board of Directors consists of Independent Directors, executive and non-executive Directors. Half of the members are Independent Directors.

The Board of Directors determine to have 3 sets of committee with the Audit Committee, Nomination, Remuneration and Corporate Governance Committee and Risk Management Committee. And determine that the Chairman of the Board of Directors, Audit Committee and Nomination, Remuneration and Corporate Governance Committee are Independent Committee.

## Structure of Directors and composition of the Board of Director

The Board of Directors provides the appropriate size businesses. The current Board has 10 directors consisting of 5 executives' directors and 5 non-executives' directors (Five are Independent Directors).

The Independent Directors are as follows;

1. Pol.Maj.Gen.Supisal Bhakdinarinath (Ph.D.)
2. Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)
3. Mr. Chattaphum Khantiviriya
4. Assoc.Prof.Prapart Praisuwanna
5. Mr.Vuthichai Duangratana (Ph.D.)

## Independent Directors

The present Board of Directors consists of 5 Independent Directors, which is a half of all Directors. The Company realizes the importance of good corporate governance which defined the Chairman of the Board must not be the same person as the President in view of clear-cut responsibilities and duties. The Board of Directors gives consent of the definition and qualifications of Independent Directors, the regulations of which are more stringent than those of the Securities and Exchange Commission (SEC) and Stock Exchange of Thailand (SET), as follows:

1. Hold no more than 1% of the overall shares in the Company, subsidiaries, associated companies, or person(s) with potential conflicting interests.
2. Take no part in the Director administration, including not being an employee, personnel, permanent advisor, professional advisor to the Company such as an auditor, lawyer or authorized person of the Company or subsidiaries, or Associated companies, or person(s) with potential conflicting interests and with no invested interest for no less than two years and can attend the Directors' meetings with independent opinions.
3. Have no business connection, no vested interest, whether directly or indirectly, financially or administratively, including not being a client, partner, supplier, trade or creditor/debtor of the Company, subsidiaries, associated companies, or person(s) with potential conflicts of interest and thus lacking independence.



4. Have no or never had business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant in respect of holding the power which may cause the obstacle of the independent decision, including not being or never been the significant shareholder, or controlling parties of any person having business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to SEC.

The business relationship mentioned under the first paragraph shall include business transaction in ordinary business manner of rent, or lease the immovable property, transaction related to assets or services, or the financial support regardless of being lent or borrowed, guaranteed, secured, by assets, debt, and any otherwise similar performance which causes liability or obligation to the applicant or counter party, have provided that such liability is equal to or exceed 3% of the net tangible assets of the applicant or equal or above 20 million baht, whichever is lower. In this regard, the calculation of such liability shall be in accordance with the calculation method of the value of connected transaction under the Notification of Capital Market Supervisory Board governing the conditions of connected transaction *mutatis mutandis*. The liabilities incurred during a period of 1 year prior to the date of having business relationship with the above party shall be included on calculation of such liabilities.

5. Is not or has never been the auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of applicant, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.
6. Is not or has never been the professional service provider, including but not limited to legal service or financial advisor with received service fee more than 2 million baht per year from the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the above mentioned service firms unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.
7. Is not the director who is nominated to be the representative of directors of the applicant, major shareholders, or any other shareholder related to the major shareholder.
8. Do not operate the same and competitive business with the business of the applicant, or its subsidiaries, or is not a significant partner of the partnership, or is not an executive director, employee, staff, advisor who receives salary, nor holds shares for more than 1% of the total shares with voting right of any other company which operates same and competitive business with the business of the applicant, or its subsidiaries.
9. Is not any otherwise which is unable to have the independent opinion regarding the business operation of the applicant.

## Board of Directors

According to the Company's regulations, the Board of Directors consists of at least five and at least half of the directors must reside in the Kingdom without sex discrimination. The Directors must carry out their duties under the laws, objectives and regulations of the Company, as well as the resolutions of shareholders' meetings, safeguarding the Company's benefit and assign Company Executives to work on their behalf. The Board of Directors on 31 December 2018 is as follows;

The Board of Directors consists of :

	Name		Position
1	Pol.Maj.Gen.Supisarn	Bhakdinarinath (Ph.D)	Chairman and Independent Director
2	Assoc.Prof.Pitipat	Chataccaraphat (Ph.D)**	Independent Director
3	Mr.Chattaphum	Khantiviriya	Independent Director
4	Assoc.Prof.Prapart	Praisuwanna*	Independent Director
5	Mr.Vuthichai	Duangratana (Ph.D)**	Independent Director
6	Mr.Sompong	Kangsawiwat	President
7	Mr.Opas	Tiyawattanaoj**	Director
8	Mr.Kittirat	Mekmanee	Director
9	Ms.Panida	Sawatwannarat**	Director
10	Ms.Nongnuch	Temeesrisuk	Director

### Remarks:

\* Assoc.Prof.Prapart Praisuwanna is a non-executive Director who has work experience related to the business of the company.

The Corporate Secretary is Ms.Nongnuch Temeesrisuk.

\*\* Assoc. Prof. Pitipat Chataccaraphat ( Ph. D ) , Mr.Vuthichai Duangratana (Ph.D), Mr. Opas Tiyawattanaoj and Ms. Panida Sawatwannarat's term of office will expire in year 2019. However, the appointment for replacement will be considered in the Annual General Meeting of Shareholders of year 2019.

## Authorized Directors to sign behalf and bind the Company as stated in the Company's certificate

The directors authorized to sign their names binding the Company are Mr. Sompong Kangsawiwat, Mr. Opas Tiyawattanaoj, Mr. Kittirat Mekmanee, Miss Panida Sawatwannarat and Miss Nongnuch Temeesrisuk, two out of five directors jointly sign their named affixed with the Company's seal.

## Scope of duties and responsibilities of the Board of Directors

- To hold annual general meeting of shareholders within 4 months from the end of fiscal year.
  - To hold the Board of Directors' meeting at least every 3 months, with attendance of all directors.
- Extra meeting may be held in case of necessity.



3. To provide annual report, to be responsible for execution and disclosure of financial statement audited by the auditors in order to reveal the financial status and operation result of the previous year, as well as to propose to the shareholders' meeting for consideration and approval.
4. To authorize and be responsible for compliance with laws, objectives and the Company's regulations, including resolution of the shareholders' meeting with honesty, while maintaining the benefit of the Company and the shareholders on regular basis.
5. To determine target, approach, policy, operation and budget plan of the Company, to efficiently and effectively control and manage the operation of the Executive Committee to be in compliance with the assigned policy in order to add maximum economic value to the Company as well as highest benefit to the shareholders.
6. To have a power of appointment or supervise the committee or operative group to consider or execute in a particular matter as considered appropriated by the Board of Directors.
7. To have the power to audit and approve on policy, approach and operation plan for large investment project as proposed by the Committee and/or the management
8. To control and oversee the compliance to securities and stock exchange law, including regulations of the Stock Exchange such as execution of connected transaction and acquisition or disposal of significant assets under criteria of the Securities and Stock Exchange Commission or the Stock Exchange of Thailand or applicable laws related to the business of the Company.
9. To be responsible for shareholders and to operate business based on the highest benefit of the shareholders, including disclosure information to the investors with accuracy, adequacy, standards and transparency.
10. To consider the management structure, pursue work procedures to be consistent with operation and budget plan on regular basis, monitor business operation and work performance of the committee and/or the management on regular basis to ensure the effective business operation of the Company.
11. Must not operate any business or become a partner in ordinary partnerships or become a partner with unlimited liability in limited partnerships or become a director of other private company which have the same nature as and are in competition with the business of the Company regardless of for their own benefit or the others' unless the notification is made to shareholders meeting prior to the resolution for such appointment.
12. A director shall notify the Company without delay of direct or indirect interest in a contract entered into with the Company or holds shares or debentures in an increased or decreased amount of the Company or an affiliate company.
13. Responsible for shareholders and to operate business with focus on the highest benefit of the shareholders, including disclosing the information to the investors with accuracy, adequacy, standards and transparency.





14. To supervise and set up an internal audit system to enable effective internal control system, reliable risk management and reliable financial report. The Internal Audit Unit is assigned to monitor and jointly work and liaise with the Audit Committee as well as external auditor in reviewing the internal control system.
15. To have power to consider and approve any matters necessary and related to the Company or considered as appropriate and beneficial to the Company.
16. The following matters can be executed by the Board of Directors only upon approval from the shareholders' meeting:
  - a) Any matters as stipulated by law that requires resolutions from the shareholders' meeting and
  - b) Any matters where the directors' interest involved and under the law or notifications from the Securities and Stock Exchange Commission and the Stock Exchange of Thailand which stipulated to require approval from the shareholders' meeting.
17. The decision of the Board of Directors must receive approval from the shareholders' meeting with the votes of not less than three-fourths (3/4) of the shareholders attending the meeting and having the right to vote.
  - a) Disposal or transfer as a whole or important part to other person
  - b) Acquisition or receive business of other companies under ownership of the Company
  - c) Conveyance, amendment or termination of agreements concerning all leasing business of the Company, as a whole or important parts, delegation other person to operate the Company's business, or merging with other juristic person with intention to share the profit margin
  - d) Amend the memorandum of association or articles of association of the Company
  - e) Increase, reduction or issuance of debenture stock of the Company
  - f) Amalgamation or dissolution
  - g) Any other matters set forth under the securities and stock exchange law and/or notification from the Stock Exchange of Thailand that requires approval from the Board of Directors' meeting and the shareholders' meeting with the vote aforesaid.
18. Report on one's own portfolio of securities, as well as those of their spouses and children not yet of legal age in the Company and subsidiaries to the monthly Board of Directors meeting and must report to the Company without delay
19. Each Director cannot hold a Director position in a listed company in SET and subsidiary company more than five companies.

However, any matters where the directors and/or related person have interest or conflict of interest with the Company and/or its subsidiaries (if any), the said directors have not right to vote on such matter.



## The appointment and retirement of the Board of Directors

1. At each annual general meeting of shareholders, 1/3 of the directors, or if the number is not a multiple of 3, then the number nearest to 1/3, must retire from office. The directors who have been the longest in office shall retire first. The retiring directors may be re-elected.
2. Prior to annual general meeting of shareholder, the company will give an opportunity to any stakeholders to submit candidates, then the Nomination and Remuneration Committee will select and nominate qualified persons to be directors to the Board of Directors before seeking approval from the shareholders' meeting.
3. The shareholders' meeting shall appoint the Directors upon the rules and procedures below
  - 3.1 Each shareholder shall have one vote per share.
  - 3.2 Each shareholder may cast all his/her vote(s) according to electing one or several candidates as directors, and can allot the votes to any person at any number.
  - 3.3 The candidates receiving the highest number of votes in the respective order of the votes shall be elected as directors at such time. In the event that a number of candidates receiving an equal number of votes for the last directorship exceed the number of directors required, Chairman of the meeting shall have a casting vote.
4. Apart from retirement by rotation, the Directors shall vacate the office upon:
  - Death;
  - Resignation;
  - Lack of qualification or possession of prohibited characteristics as written in section 68 Public Limited Companies Act B.E. 2535;
  - Removal by resolutions of the Shareholders' meeting as written in section 76 Public Limited Companies Act B.E. 2535;
  - Dismissal by a court order.
5. In the case of any vacancy on the Board of Directors not by purpose of retirement by rotation, the Nomination and Remuneration Committee shall elect a person who is qualified and does not possess any prohibited characterize as provided by the Public Limited Companies Act and the Securities and Exchange Act, to become member of the subsequent Board of Directors' meeting. Unless the remaining term of the directorship is less than 2 months, the replacement shall retain his/her office as same as the period for which the former director was entitled to retain. The resolution of the Board of Directors in respect of the first paragraph shall consist of not less than three-fourth votes of the remaining directors.

## The Term of Office of Directors

Since year 2013, the Board of Directors has stipulated that members should not have a term of office exceed 3 consecutive terms. Unless any director who is qualified to hold the position longer, the Board shall consider the independence and efficiency of the duties of the Director and report a reason to shareholders.

**Position in other companies**

The Board of Directors has determined the policy to each Director to be appointed as a Director, not exceeding than 5 listed Companies.

**Scope of duties and responsibilities of the Chairman of the Board of Directors**

1. To be responsible as the leader of the Board of Directors to oversee the operations of the Company to achieve the objectives pursuant to the specified plan;
2. To act as the Chairman of the Board of Directors Meeting and the Shareholders' Meeting and ensure that the said meetings run in good order in accordance with the Public Limited Company Act and the Securities and Exchange Act;
3. To have a casting vote in case the Board of Directors Meeting and Shareholders' Meeting has a tie vote.

**Board of Directors' Meeting**

The Board of Directors announced the Board Meeting's schedule in advance for 1 entire year to the directors and the relevant parties requiring that arranged every quarter, with a special session meeting involved with company's benefit allowed to be convened as deemed necessary. In the year 2018, there are schedules of Directors' Meeting for the year 2019 in advance. (Meeting schedule is subject to change), excluding the special meeting agenda. As the follow;

No.	Board of Directors Meeting	Audit Committee Meeting	Nomination, Remuneration and Corporate Governance Committee Meeting	Risk Management Committee Meeting	Strategic Committee Meeting
1	25 Feb 2019	25 Feb 2019	25 Feb 2019	10 May 2019	5 Feb 2019
2	10 May 2019	10 May 2019			2 Apr 2019
3	9 Aug 2019	9 Aug 2019			4 Jun 2019
4	8 Nov 2019	8 Nov 2019			2 Jul 2019
5					3 Sep 2019
6					1 Oct 2019
7					3 Dec 2019

In each meeting, The Company Secretary shall submit an invitation letter complete with the meeting agenda and accompanied by related documents to all board members at least 7 days ahead of the meeting date to allow the board members sufficient time to consider the issues whereas all board members are entitled to propose agenda items independently through the company secretary or shareholders.

The Chairman of the Board of Directors will be person who stipulate and consider agenda topic that allows each director to express his/her opinions freely and efficiently. In case of a Director having a stake in a matter being considered, the Director shall inform the meeting of such stake and shall not participate in discussing the matter and not exercise the voting right on the matter. In the event that the votes are equal, Chairman of the meeting shall have an additional casting vote for.

In addition, the minute report will be written completely after the meeting, information approved and stored so that it could be examined by authorized person. At least 2/3 of the total number of directors shall be presented to form a quorum at the same time of the Board passing a resolution. The Board of Directors should attend the board meeting consistently, with an average participation of at least 75% of total number of board meetings held in each year. (In 2018, The Board of Directors attendance about 95% of the meetings)

In 2018, the Board of Director held 4 meetings, classified into 4 regular term meeting to review business operations.

Details of Directors' attendance are as follows:

	Name		Position	Attendance (Times)				Remark
				Normal Term	Extra Term	Total	Meeting of Shareholders	
1	Pol.Maj.Gen.Supisarn	Bhakdinarinath (Ph.D)	Chairman and Independent Director	4/4	-	4/4	1/1	
2	Assoc.Prof.Pitipat	Chataccaraphat (Ph.D)	Independent Director	4/4	-	4/4	1/1	
3	Mr.Chattaphum	Khantiviriya	Independent Director	4/4	-	4/4	1/1	
4	Assoc.Prof.Prapart	Praisuwanna	Independent Director	2/4	-	2/4	1/1	
5	Mr.Vuthichai	Duangratana (Ph.D)	Independent Director	4/4	-	4/4	1/1	
6	Mr.Sompong	Kangsawiwat	President	4/4	-	4/4	1/1	
7	Mr.Opas	Tiyawattanaroj	Director	4/4	-	4/4	1/1	
8	Mr.Kittirat	Mekmanee	Director	4/4	-	4/4	1/1	
9	Ms.Panida	Sawatwannarat	Director	4/4	-	4/4	1/1	
10	Ms.Nongnuch	Temeesrisuk	Director	4/4	-	4/4	1/1	

## The Audit Committee

The present Audit Committee consists of four Directors and they are specialist in accounting and finance or audit. Their meetings are to be convened at least once per quarter.

In the year 2018, Audit Committee hold 4 meeting. Should attendance not less than 3 times. Members of The Audit Committee attendance about 88% of the meetings. At 31 December 2018, The names of the Audit Committee are:



Name - Surname	Position	The Meeting of the Audit Committee (Times)	Remark
1. Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	Chairman of Audit Committee	4/4	
2. Mr. Chataphum Khantiviriya	Member of Audit Committee	4/4	
3. Assoc.Prof.Prapart Praisuwanna	Member of Audit Committee	3/4	
4. Mr. Vuthichai Duangratana (Ph.D.)	Member of Audit Committee	3/4	

*Miss Panida Sawatwannarat is a secretary of the Audit Committee*

### Scope of Authority and Responsibilities of the Audit Committee

1. To verify the accuracy and adequacy of the Company's financial statement.
2. To verify the Company's Internal Control and Internal Audit systems are appropriate and effective, evaluate the independence of the Company's Internal Audit Unit, and approve the appointment, transfer and dismissal of the head of the Internal Audit Unit or any other unit that has responsibilities related to the internal audit.
3. To verify that the Company acts in compliance with the Securities and Exchange Act, regulations of the Stock Exchange and laws related to the Company's business.
4. To consider, select and propose the appointment of independent persons to act as auditors of the Company and their appropriate remuneration. They must also attend meetings with the auditors, without anyone from the management present, not less than 1 time per year.
5. To consider matters that is connected or may involve conflicts of interest, to ensure compliance with the law and regulations of the Stock Exchange and to have confidence that those matters are handled discreetly and in the best interests of the Company.
6. To produce the Audit Committee report for publication in the Company's annual report, to be signed by the Chairman of the Audit Committee and containing at least the following information:
  - a. Comments on the accuracy, completeness and reliability of the Company's financial report.
  - b. Comments on the adequacy of the Company's internal control system
  - c. Comments regarding the legality of practices in regard to the Securities and Exchange Act, regulations of the Stock Exchange or other laws relating to the Company's business.
  - d. Comments regarding the suitability of the internal auditor.
  - e. Comments matters where there is a possible conflict of interest.
  - f. The number of Audit Committee meetings and attendance of each committee member.
  - g. Comments or overall observations that the Audit Committee have received while carrying out duties in accordance with their charter
  - h. Other matters that should be reported to the shareholders or investors, within the scope of the duties and accountability received from the Board of Directors.



7. Other responsibilities assigned by the Board of Directors and accepted by the Audit Committee.
8. If, during the course of the aforementioned duties, the audit committee find or suspect any of the following matters or actions, which may have significant effects on the Company's financial stability or business operations, they should report to the Board of Directors so that the matter may be rectified within a time period that the audit committee sees fit.
  - a. Conflicts of interest.
  - b. Dishonesty, irregularities or flaws in the internal control system.
  - c. Violations of the Securities and Exchange Act, the regulations of the Stock Exchange or other laws relating to the Company's business. Should the Board of Directors or Company executives not rectify problems within the specified time period, one of the Audit Committee may report the matter to the Office of the Securities and Exchange Commission or the Stock Exchange.

### Nomination, Remuneration and Corporate Governance Committee

The Board of Directors appoints the Nomination, Remuneration and Corporate Governance Committee to nominate and define criteria for transparent and fair remuneration to Directors and the senior executives in compliance. The Nomination, Remuneration and Corporate Governance Committee hold at least one meeting a year.

In the year 2018, the Nomination, Remuneration and Corporate Governance Committee held 1 meeting. Members of The Nomination, Remuneration and Corporate Governance Committee attendance 100% of the meeting.

At 31 December 2018, The names of Nomination, Remuneration and Corporate Governance are:

	Name	Position	The Meeting of the Committee	Remark
1	Assoc. Prof. Pitipat Chataccaraphat (Ph.D)	Chairman of Nomination, Remuneration and Corporate Governance Committee and Independent Director	1/1	
2	Mr.Chattaphum Khantiviriya	Member of Nomination, Remuneration and Corporate Governance Committee and Independent Director	1/1	
3	Ms.Panida Sawatwannarat	Member of Nomination, Remuneration and Corporate Governance Committee and Director	1/1	

Mrs.Prapussorn Lakwuthiwong is a secretary of the Nomination, Remuneration and Corporate Governance Committee



### Scope of Authority and Responsibilities of the Nomination, Remuneration Committee

1. Nominate appropriately qualified persons to serve on the Company's Board of Directors and committees (if any), including the achievements, qualifications of outgoing directors and their suitability for re-election, for the consideration of the Board of Directors and the AGM for approval of the appointment as a Director and/or committee member (if necessary).
2. To advise the Board of Directors on approving the structure of compensation for the Board and committees (if any), including monthly remuneration, incentives, bonuses, welfare, meeting allowances and other benefits, financial and otherwise, for approval of the Directors annual compensation by the AGM.
3. To consider, search for and specify appropriate qualifications and also set the compensation structure and terms of the employment agreement for the Company's Chief Executive Officer.
4. To advise the Board of Directors and oversee matters regarding the Company's vision and human resources strategy, including an executive development plan.
5. To undertake other duties related to the nomination and remuneration of directors, committee members (if any) and the Chief Executive Officer as assigned by the Board of Directors.

### Scope of Authority and Responsibilities of the Corporate Governance Committee

1. To consider, review, and present the following policies for the Board of Directors' approval. Such policies are Corporate Governance Policy, Code of Conduct, Corporate Social and Environmental Responsibility Policy, Sustainable Development Policy, and any practice for supporting the Company' operation in compliance with corporate governance, transparency, fairness, and sustainable growth.
2. To monitor, review and ensure that systems in the organization comply with code of conduct and best practices as defined.
3. To oversee and operate with the good corporate governance of law and regulations of the Securities and Stock Exchange Commission and the Stock Exchange of Thailand.
4. Assessing the performance of the Board of Directors, the individuals and sub-committee including in the assessment to present to the Board of Directors for consideration.
5. To monitor and report the organization's performance as said in Corporate Governance Policy and relevant policies to the Board of Directors and external organizations as appropriate.



## Risk Management Committee

The Risk Management Committee is responsible for the appropriate management of the Company as assigned by the Board of Directors in written form. The Committee has 5 members, at least one of whom must be an independent director

In the year 2018, The Risk Management Committee held 1 meeting. Member of The Risk Management Committee attendance 100% of the meeting. At 31 December 2018, The names of The Risk Management Committee are as follows:

Name	Position	Risk Management Committee Meeting	Remark
1. Mr.Sompong Kangsawiwat	Chairman of Risk Management Committee	1/1	
2. Mr.Opas Tiyawattanaroj	Member of Risk Management Committee	1/1	
3. Mr.Kittirat Mekmanee	Member of Risk Management Committee	1/1	
4. Ms.Panida Sawatwannarat	Member of Risk Management Committee	1/1	
5. Mr.Chattaphum Khantiviriya	Member of Risk Management Committee and Independent Director	1/1	

## Scope of Authority and Responsibilities of the Risk Management Committee

1. To set and present risk management policies for approval by the Board of Directors in areas such as liquidity risk, operational risk, marketing risk and other areas of significance for the Company.
2. To set strategies, plans and framework for risk management consistent with the policies, and analyzing, evaluating, testing and effective oversight of risk management procedures.
3. To study and revise the Company's working procedures in areas related to risk management to ensure that organizational risk management is adequate and appropriate.
4. To appoint persons and/or units and/or working groups and that are involve with risk management as appropriate and specifying their duties in accordance with the objectives.
5. To oversee, monitor and evaluate the work to ensure the appropriate use of risk management strategies in practice and for the revision and development of an efficient risk management system consistent with the Company's business operations, including assessment of potential risks that will affect operations from both external and internal factors.
6. To undertake any other duties related to risk management as assigned by the Board of Directors.





## Strategic Committee

The Board of Directors has set up the Strategic Committee to oversee the investment operations of the company also follow up the investment strategy. The strategic Committee hold 7 meetings each year. In 2018, Member of The Strategic Committee attendance about 94% of the meeting. At 31 December 2018, The names of The Strategic Committee are as follows:

Name	Position	Strategic Committee Meeting	Remark
1. Pol.Maj.Gen.Supisarn Bhakdinarinath (Ph.D.)	Chairman of Strategic Committee	6/7	
2. Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	Member of Strategic Committee	7/7	
3. Mr.Chattaphum Khantiviriya	Member of Strategic Committee	7/7	
4. Assoc.Prof.Prapart Praisuwanna	Member of Strategic Committee	6/7	
5. Mr.Vuthichai Duangratana (Ph.D.)	Member of Strategic Committee	7/7	
6. Mr.Sompong Kangsawiwat	Member of Strategic Committee	7/7	
7. Mr.Opas Tiyawattanaroj	Member of Strategic Committee	6/7	
8. Mr.Kittirat Mekmanee	Member of Strategic Committee	6/7	
9. Ms.Panida Sawatwannarat	Member of Strategic Committee	7/7	
10. Ms.Nongnuch Temeesrisuk	Member of Strategic Committee	7/7	

## Scope of Authority and Responsibilities of the Strategic Committee

1. Formulate strategies, plans and operational frameworks for investment of company to comply with investment policy which can analyze, evaluate, measure and track effectively
2. Study and review work processes of company in relation to investment to ensure that organization has appropriate management and investment management processes
3. Supervise, monitor and evaluate performance to ensure investment management strategies have been implemented appropriately and to review and develop an efficient investment management system in accordance with business operations
4. Perform any or tasks related to risk management as assigned by Board of Directors.



## Executives Committee

The Executive Committee of the Company consisted of 5 persons. The Executives Committee hold every month. In the year 2018, The Executive Committee hold 12 meetings. Members of the Executives Committee attendance 100% of the meetings. The names are as follows:

Name	Position	Executives Committee Meeting	Remark
1. Mr.Sompong Kangsawiwat	Chairman of Executives Committee	12/12	
2. Mr.Opas Tiyawattanaroj	Member of Executives Committee	12/12	
3. Mr.Kittirat Mekmanee	Member of Executives Committee	12/12	
4. Ms.Panida Sawatwannarat	Member of Executives Committee	12/12	
5. Ms.Nongnuch Temeesrisuk	Member of Executives Committee	12/12	

## Authorities and Duties of Chief Executives Officer

1. Govern and monitor the performance of Executive Committee
2. Advise the management on business procedure
3. Govern and monitor Management to perform according to the resolution of the Board of Directors
4. Perform other duties as assigned by the Board of Directors

## Scope of Authority and Responsibilities of the Executive Committee

1. The Executive Committee has authority over management and corporate operations as specified by the Board of Directors or by approval of the Board in particular instances.
2. The Executive Committee has authority over the administration of the Company in accordance with the policies and plans that have been set.
3. The Executive Committee has authority as granted by the Board of Directors.
4. The following business must first be submitted for approval by the Executive Committee:
  - 4.1 matters related to Company policy;
  - 4.2 matters that if implemented would cause significant changes to the Company's activities;
  - 4.3 matters that by law have to be performed by the Board of Directors;
  - 4.4 matters that have to be performed according to Company rules;
  - 4.5 matters that the Executive Committee sees fit to submit for approval on a case-by-case basis or following the principles set out by the Board of Directors.
5. The Executive Committee has the authority and duty to carry out specified activities for the administration of the Company's success and to meet Company targets, which include:



- 5.1 To produce and verify strategic objectives, financial plans and important Company policy, and presentation for Board of Director's approval.
- 5.2 Scrutiny of the annual business plan, the investment budget, targets and new initiatives that important for target achievement, and presentation for Board of Director's approval.
- 5.3 Scrutiny of projects that require capital expenditure beyond the amount allocated by the Board of Directors, and presentation for Board of Director's approval.
- 5.4 Consideration and approval of various matters within their designated authority or as granted by the Board of Directors.
- 5.5 Review of the authority to act in matters as specified in the table of authority, and presentation for Board of Director's approval;
- 5.6 Management and balancing of short-term and long-term objectives;
- 5.7 Development and oversight of human resources in line with human resources strategy approved by the Nomination and Remuneration Committee;
- 5.8 Following up and reporting to the Board of Directors on Company operations and progress on meeting the Company's objectives;
6. Consideration of annual budget allocation for presentation to the Board of Directors for consideration and approval, approving changes and additions to the annual budget without a Board of Directors meeting in urgent circumstances, and presenting these actions at the next Board meeting;
7. Authorizing the purchase of raw materials, goods or services for the purpose of making sales or providing services to customers at an amount of no more than 300 million baht per purchase
8. Authorization of investment in fixed assets such as land, buildings or structures at an amount of no more than 100 million baht per purchase;
9. Authorization of important investment expenditure that was included in the annual budget for which authority was delegated by the Board of Directors or that has already been approved in principle by the Board;
10. Allocation of incentives and rewards that have already been authorized by the Board of Directors for staff and employees of the Company or other individuals who have done work for the Company;
11. Appointing or assigning a particular individual or group to act in a particular instance in place of the Executive Committee as is seen fit and the Executive Committee may cancel, withdraw, change or revise this authority.

Authorization by the Executive Committee will not include approval of any matter in which the committee or any individual has a conflict of interest of any form with the Company or a subsidiary (if any), including reports that require approval from the shareholders and the acquisition or sale of any significant property belonging to the Company and/or a subsidiary, in accordance with the regulations of the Office of the Securities and Exchange Commission or the Stock Exchange, or other laws relating to the Company's business.



## Executives

As of 31 December 2018, The Company has 6 Executives, namely are as follows;

	Name	Position
1	Mr.Sompong Kangsawiwat	President
2	Mr.Opas Tiawattanaroj	Managing Director Telecommunication Group
3	Mr.Kittirat Mekmanee	Managing Director Business & Product Group
4	Ms.Panida Sawatwannarat	Managing Director Financial & Control Group
5	Ms.Nongnuch Temeesrisuk	Managing Director Management & Corporate Governance Group
6	Mr.Narachet Chattratitiphan	Managing Director Technology Group

## Scope of Authority and Responsibilities of President

1. Designated as authorized person in administering the Company's business to be in line with the objectives, articles of association, policies, rules, regulations, instructions and resolutions of the Board of Directors Meeting and/or resolutions of the Shareholders Meeting.
2. Authority to command, plan, control and supervise the company's operations in compliance with the policy, strategic plan and estimated budget as specified by the Board of Directors and/or the Executives Committee.
3. Arrange annual strategic plan and estimated budget for each division in order to attain approval from the Board of Directors; and also control and monitor on each unit's expenses as authorized by the Board of Directors.
4. Authority to give approval on any juristic act involving the company's general transactions; such as sales and purchase, procurement and supply, expense for general transactions, investments, acquisition or disposal of equipment, properties and service; for the benefits of the company within the allocated budget.
5. Authorizing the purchase of raw materials, goods or services for the purpose of making sales or providing services to customers at an amount of no more than 200 million baht per purchase
6. Authorization of investment in fixed assets such as land, buildings or structures at an amount of no more than 20 million baht per purchase;
7. Be authorized to order and determine internal regulations, rules, notices and records in relation to business operation of the Company to be in accordance with policies of the Company and for the Company's interest, including maintaining good order within the organization
8. Authority to employ, appoint, assign, dismiss, discharge, terminate, specify the wage/ monthly salary/bonus and other welfares, as well as increase the salary for employees whose positions are lower than the Chief Executive Officer.
9. Authority to act and appear to outsiders on behalf of the company in any necessary matter concerning the company's general transactions and benefits.



10. Consider and execute on the submission of any company-related issue to the Board of Directors. Such matters must have an approval from the Board of Director, and should be informed to other relevant organizations including the Securities and Exchange Commission, the Stock Exchange of Thailand, and the Ministry of Commerce.
11. Execute on any tasks assigned by the Board of Directors and/or the Executives Committee; and also appoint a substitute to do any or all of the aforementioned acts and subject matters in order to help facilitate the company's operation as a whole

However, CEO delegates other persons to perform specific duties on his behalf. Such sub ☐ authorization and/or delegation shall be within the scope of authorization or delegation in accordance with the power of attorney granted and/or shall be in accordance with the internal regulations, rules or instructions given by the Board of Directors and/or the Company. The authorization of duties and responsibilities of the CEO shall not constitute an authorization or sub authorization which may cause the CEO or his authorized person(s) to be able to approve any transaction in which they, or any person who may have a conflict of interest (as defined in the notification of the Securities and Exchange Commission or the notification of the Capital Markets Supervisory Board), may have an interest or may gain benefit in any manner, or in which they may have any other conflict of interest with the Company or its subsidiaries, unless the approvals of such transactions are consistent with the policies and criteria approved by the Board of Directors Meeting.

## Corporate Secretary

The Board of Directors approved Ms.Nongnuch Temeesrisuk as a Corporate Secretary since 15 February 2013. The Profile is as follow;

### Miss Nongnuch Temeesrisuk

- Director, Managing Director Management & Corporate Governance Group and Corporate Secretary
- Age 55 years old
- Educations / Training
  - Bachelor of Accounting of Ramkhamhaeng University
  - Certificated of Institute of Directors
    - Director Accreditation Program Class 37/2005, IOD
    - Director Certification Program Class 60/2005, IOD
    - Company Secretary Program Class 27/2008
  - Certificated of "basic and rules related to listed companies" class 6/2011 of Thai Listed Companies Association



- Experiences

Communication & System Solution PLC.

- 2013 - Now : Managing Director Management & Corporate Governance Group,  
Corporate Secretary
- 2011 - Now : Executive Director
- 2005 - Now : Director

Other

- 1997 – Now : Director, C.S.S. Energy Co.,Ltd
- 2015 – Now : Director, Neonworx Communications (Thailand) Co.,Ltd

### Scope of Authority and Responsibilities of the Corporate Secretary

1. Preparing and storing important documents
  - a) The registration of the Company's directors
  - b) The invitation letter and minutes of the Board of Directors Meeting
  - c) The invitation letter and minutes of the Shareholders Meeting
2. Reports of conflicts of interest filed by directors and executives.
3. Executing additional duties about governance as assigned by the Board of Directors.



## Report on Securities Holding of Directors, Executives, Director's spouse or minor child of directors and Executives

The Board of Directors has determined that directors and executives have a duty to report holdings of its own securities and related since the election as the directors and executives of the company. Each time there is a change in the holding of such securities. Must Reports to the company and the Securities and Exchange Commission of Thailand (SEC) Within 3 business days for report. In the Board of Directors Meeting No.1/2018 has approved the Company's Secretary to make report on Securities Holding of Directors, Executives, Director's spouse or minor child of directors and Executives to acknowledge before the Board of Directors Meeting on a quarterly basis as at 31 December 2018 are as follows;

### Ordinary Share

No.	Name	Position	Number of Shares at 31 December 2017	Number of Shares at 31 December 2018	In 2018 Increase (Decrease)	Ratio of the Company's shares (%)
<b>The Board of Directors</b>						
1	Pol.Maj.Gen.Supisam Bhakdinanath (Ph.D.)	Chairman of the Board of Directors / Independent	-	-	-	-
	Director's spouse or minor		-	-	-	-
2	Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	Chairman of the Audit Committee / Independent Director	-	-	-	-
	Director's spouse or minor		-	-	-	-
3	Mr.Chattaphum Khantiviriya	Member of the Audit Committee / Independent Director	-	-	-	-
	Director's spouse or minor		-	-	-	-
4	Assoc.Prof.Prapart Praisuwanna	Member of the Audit Committee / Independent Director	-	-	-	-
	Director's spouse or minor		-	-	-	-
5	Mr.Vuthichai Duangratana (Ph.D.)	Member of the Audit Committee / Independent Director	50,000	50,000	-	0.04
	Director's spouse or minor		-	-	-	-
6	Mr.Sompong Kangsawiwat	Chairman of Executives Committee	208,148,836	208,148,836	0	17.70
	Director's spouse or minor		3,030,700	1,794,300	(1,236,400)	0.15
7	Mr.Opas Tiyawattanaoj	Director	58,339,711	58,339,711	-	4.96
	Director's spouse or minor		-	-	-	-
8	Mr.Kittirat Mekmanee	Director	44,058,756	30,058,756	(14,000,000)	2.56
	Director's spouse or minor		-	10,000,000	10,000,000	0.85
9	Ms.Panida Sawatwannarat	Director	3,341,688	3,341,688	0	0.28
	Director's spouse or minor		-	-	-	-
10	Ms.Nongnuch Temeesrisuk	Director	1,502,928	1,502,928	0	0.13
	Director's spouse or minor		-	-	-	-



No.	Name	Position	Number of Shares at 31 December 2017	Number of Shares at 31 December 2018	In 2018 Increase (Decrease)	Ratio of the Company's shares (%)
<b>Executives</b>						
1	Mr.Sompong Kangsawiat	The President	208,148,836	208,148,836	0	17.70
	Director's spouse or minor		3,030,700	1,794,300	(1,236,400)	0.15
2	Mr.Opas Tiwattananroj	Managing Director Telecommunication Group	58,339,711	58,339,711	-	4.96
	Director's spouse or minor		-	-	-	-
3	Mr.Kittirat Mekmanee	Managing Director Business Group	44,058,756	30,058,756	(14,000,000)	2.56
	Director's spouse or minor		-	10,000,000	10,000,000	0.85
4	Ms.Panida Sawatwannarat	Managing Director Finance & Control Group	3,341,688	3,341,688	0	0.28
	Director's spouse or minor		-	-	-	-
5	Ms.Nongnuch Temeesrisuk	Managing Director Management & Corporate Governance Group	1,502,928	1,502,928	0	0.13
	Director's spouse or minor		-	-	-	-
6	Mr.Narachet Chatratitiphan	Managing Director Technology Group	-	-	-	-
	Director's spouse or minor		-	-	-	-





## Remuneration of the directors

The Annual General Meeting of Shareholders 2018, held on 26 April 2018 passed its resolution to determine remuneration of the directors of year 2018. The directors consist of the Board of Directors, Audit Committee, Risk Management Committee, Nomination, Remuneration and Corporate Governance Committee which included but not limited to salary, bonus, attendance fee, extra compensation, and other compensation not exceeding value of 5 million baht. Details are as follows:

### 1. The Board of Directors

#### Monthly remuneration

- Chairman of the Boards 100,000 Baht per Month

#### Meeting allowance

- The Board of Director 30,000 Baht per Meeting

### 2. Audit Committee

#### Monthly remuneration

- Chairman of Audit Committee 50,000 Baht per Month

- Member of Audit Committee 20,000 Baht per Month

#### Meeting allowance

- Audit Committee 10,000 Baht per Meeting

### 3. Risk Management Committee

#### Meeting allowance

- Risk Management Committee 10,000 Baht per Meeting

### 4. Nomination and Remuneration Committee

#### Meeting allowance

- Nomination and Remuneration Committee 10,000 Baht per Meeting

### 5. Strategic Committee

#### Meeting allowance

- Strategic Committee 5,000 Baht per Meeting

\*Item 3 – 4 The Executives Directors are exempted from receiving attendance fee.

6. The remaining is reserved for bonus, extra compensation and other compensation to the Board of Directors. The Board of Directors will then allocate the remaining amount.



In 2018, the individual remuneration of Directors was as follows:

Name of Director	Board Of Director		Audit Committee		Attendance Fee			Total
	Attendance Fee (Baht)	Monthly Remuneration	Attendance Fee (Baht)	Monthly Remuneration	NRC Committee	Risk Manament Committee	Strategic's Meeting	
1. Pol.Maj.Gen.Supisam Bhakdinaninath (Ph.D.)	120,000.00	1,200,000.00					30,000.00	1,350,000.00
2. Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	120,000.00		40,000.00	600,000.00	10,000.00		35,000.00	805,000.00
3. Mr.Chattaphum Khantiviriya	120,000.00		40,000.00	240,000.00	10,000.00	10,000.00	35,000.00	455,000.00
4. Assoc.Prof.Prapart Praisuwan	60,000.00		30,000.00	240,000.00			30,000.00	360,000.00
5. Mr.Vuthichai Duangratana (Ph.D.)	120,000.00		30,000.00	240,000.00			35,000.00	425,000.00
6. Mr.Sompong Kangsawiwat	120,000.00						35,000.00	155,000.00
7. Mr.Opas Tiawattananroj	120,000.00						30,000.00	150,000.00
8. Mr.Kittirat Mekmanee	120,000.00						30,000.00	150,000.00
9. Ms.Panida Sawatwannarat	120,000.00						35,000.00	155,000.00
10.Ms.Nongnuch Temeesrisuk	120,000.00						35,000.00	155,000.00
	1,140,000.00	1,200,000.00	140,000.00	1,320,000.00	20,000.00	10,000.00	330,000.00	4,160,000.00

#### Other Remuneration

- None -

#### Remuneration of Executives

The Nomination, Remuneration and Corporate Governance Committee of the Company uses measuring performance of the executive in the form of performance indicators. (Key Performance Indicators: KPI). This is the way to measure the performance of each department. The president uses characteristics of KPI overview of the Company to determine the individual's remuneration by using various indicators. Such as Business performance of the company, Evaluation individually and also compare the remuneration in the same position and industry groups Etc. The short term of benefit is salary adjustment and Bonus payment and other welfare. The long term of benefit is the Provident Fund.

For the President, the Nomination, Remuneration and Corporate Governance Committee considers the remuneration of the President and present to the Boards of Directors for approval of appropriate compensation by using characteristics of KPI overview of the Company. It also adheres to global management approach with a qualitative measurement (Balanced Scorecard) with four main aspects, including the financial performance of the Company's business, customer, internal processes and learning and development. It also was applied the concept to include sustainable use quick view of financial base. Lead the management methods to spend wisely cause worth promoting, learning to achieve better internal process and as the result to creating a comprehensive satisfaction of all stakeholders. The short term of benefit is salary adjustment and Bonus payment and other welfare. The long term of benefit is the Provident Fund.

The remuneration for executives and the President for the year 2017 and 2018 are as follow;

Remuneration	2017		2018	
	Persons	Baht	Persons	Baht
Executives	6	31,825,800.00	6	36,549,829.00

## Other Remuneration

### Provident Fund

The Company has established a provident fund to the 6 executives. The Company contributed to the fund monthly at the rate of 5 percent of basic salary. In 2017 and 2018 provident fund are as follows;

provident fund	2017		2018	
	Persons	Baht	Persons	Baht
Executives	6	1,060,200.00	6	1,092,600.00

## Personnel

Total employees of the Company (exclude the executives) as of 31 December 2018 were 321 people.

Details of employees in each business line are as followings:

No	Group	Employees
1	Sale and Telecommunication	57
2	Sale and Marketing	178
3	Business Information and Technology	9
4	General Management	77
	Total	321

## Remuneration of the employees (exclude executives)

In year 2017 and 2018, the remuneration in cash has been paid to employees in form of salary, wage, over time, bonus, living expense, and other welfares. Details are as follows;

Remuneration	2017	2018
	Amount (Baht)	Amount (Baht)
Employees	169,187,729.40	146,508,162.49

## Other remuneration of the employees (exclude executives)

The Company has established a provident fund to the employees. In 2017 and 2018 provident fund are as follows;

provident fund	2017	2018
	Amount (Baht)	Amount (Baht)
Employees	4,293,563.00	4,129,544.00



## Welfare

For improving the quality of working life, company not only provides benefits as required by law, also offers various welfare benefits such as ward, group insurance, annual health check, welfare grants the employee's death and the deaths of his parents in order to build morale and strengthen confidence in working with the company and highest benefit to employee.

## Rules on Consideration of Remuneration for employees of the Company

The Company has considered establishing format and rule for payment of remuneration and welfare for employees which is consistent with the company's operating results in both short term and long term as follows.

### Consideration of Short Term Remuneration:

- The Company has established the Salary structure and considered from education, knowledge and experience by comparing with other companies in the same industrial sector
- The Company has considered of salary adjustment and bonus payment once a year which is consistent with the company's operating results. It is based on the ability to make a profit each year by Key Performance Indicators (KPI) of the Company to be used for consideration and comparing with other companies in the same industrial sector
- The company providing welfare services to the employees; Accident Insurance, Health Insurance and arrange annual health check once a year for employee healthy. Others welfare are Allowance for cremation and employee's seminar etc.

### Consideration of Long Term Remuneration:

- Company has a criteria for considering adjustment of staff level on a regular basis, once a year, using KPI (Key Performance Indicators) criteria to consider of performance and ability of employees by adhering to an international management approach with quality metrics Balanced Scorecard consists of four main factors: finance, business performance of company, customer, internal process and learning development determined appropriate compensation and incentives.
- The Company has established the Provident Fund for employees to encourage money saving by the employees. The fund saving proportion was increased so that the employee may choose the rate of 3% - 15% with Company's contribution at the rate not exceeding 5% of base salary, employment period and willingness of the employee, which shall be paid back to the employee upon retirement or job quitting.



## Human Resource Development

The company has classified management into categories on this below;

1. Profit Center: defines as sales and business related sector which known as key sector
2. Cost Center: defines as general administrative comprises of finance and account, various administrative

For this reason, the company has developed Human Resource policy to suit more consistent with HR policy of CSS divided into 3 main areas on this below;

1) HRM: Human Resource Management: manage HR assignment to make better quality of employee's life as a Second home, including being a good advisor to all employees and create employee satisfaction inform of HR Clinic

2) HRD: Human Resource Development is a practice which helps enhance employees' efficiency through various ways of learning along with an emphasis on applying the acquired knowledge in a real-life working situation. This practice plays an important role in the future development of each employee. The HR department has conducted a research on employees' needs concerning the seminar and training provided by the company. A questionnaire would be distributed to each department at every year end where the department head should complete and return the form to the HR department who would afterwards gather, examine, and arrange a programme, an annual training plan as well as a budget for yearly training programmes in order to obtain an approval from the Board of Directors' meeting. Following each training programme, the HR department would ask employees to complete the satisfactory evaluation form and also keeps monitoring on the outcomes after the training.

Indicators of successful key developments for this year have shown that:

- 86.11% of employees' performances have been improved after the training program
- 84.52% of employees are satisfied with the training
- 24.00% has been of Budget management for training programs

Furthermore, during the training program, the company also aims to provide a program content which helps support and increase work efficiency for the benefits of the organization as a whole. In 2018, the company had arranged altogether 55 training program, or an average of 22.25 hours/person/year, for executives and employees both inside and outside the organization including

- Internal programme by inviting professional instructors or expertise to share their knowledge and experience to the employees. The company had arranged altogether 16 internal programs in 2018, all focusing on the issues of laws, regulations and international standards.

- External programme by sending employees and executives to training from external institutions which is specific course for each department, such as feasibility study course of investment, Information disclosure course according to CG CODE, Collective Action Coalition-CAC course to build understanding of new draft financial reporting standards TFRS 16, XBRL course new dimension of financial reporting in digital era, captures important issues in auditor's report in accordance with new standards, crane operator course overhead crane type high tower cranes and other type of crane etc. In 2018, company provided 39 external training courses.

3) Safety & Quality Management (SQM): consist of 2 mainly tasks; employee's safety and ISO 9001: 2015 in order to create accountability and global acceptance. In 2018, the Company has been communicating to educate employees about how safe operating regulations in various works as well as provide training to educate security Occupational Health and Working Environment, caring for the environment and managed system for employees to secure and property as well as good hygiene. Such as training course crane tower cruiser safety course for electrical work course, fire prevention and suppression (fire escape). Last year, company has managed to control and prevent accidents from work by dividing into 4 areas as follows:

- System: company has ISO 9001: 2015 support system which is an international standard, company has provided a process to manage security system. occupational health with a clear plan.
- Equipment tools company provides a plan to check equipment before use to prevent accidents
- Company employees require employees who use tools equipment must be trained and certified
- Organization
  - Company has publicized news to employees both via Intranet system and attached public relations boards at each point of safety including front office
  - Company supports, promotes and operates safety protection in air pollution, light and noise by checking with certified Council
  - Company has arranged work area to be suitable and convenient for operation to reduce accidents from using space
  - Company provides knowledge and understanding about safety correctly to company's Sub contract

From training courses above, in the year 2018 the company has no accidents from work through stop working or death in any way.

However, in addition to the training and education of safety and health for employees, the Company also recognizes the importance of the security that is one of the factors that are critical to conducting business to achieve the goal as the company put it. So it broadens the scope of safety and occupational health by training and educating contractors of the company. By disclosed in the Corporate Social Responsibility report 2018 (CSR Report 2018).



## Significant labor dispute in the past 3 years

-None-

## Personnel of Subsidiaries

The Company has 2 subsidiaries as of 31 December 2017. Details are as follows;

Subsidiaries	Employees
C.S.S.Energy Co.,Ltd.	-
Neonworx Communications Co.,Ltd.	71

Remark: C.S.S.Energy Co.,Ltd. has no employee, because employees have been transferred to the company then all since April 2016. In addition, there is no labor dispute in the last 3 years of Subsidiaries

## Remuneration of the employees from subsidiaries

In year 2018, the subsidiaries have been paid the remuneration in cash to employees in form of salary, wage, over time, bonus, living expense, and other welfares. Details are as follows;

Company	Baht
C.S.S. Energy Co.,Ltd	-
Neonworx Communications (Thailand) Co.,Ltd.	40,084,066.05
Total	40,084,066.05



## Corporate Governance

### Corporate Governance Policy

It is Company policy to follow the Code of Best Practice in order to ensure transparency and for the benefit of the company's business operations as it creates confidence in shareholders, investors and all related parties. The Board of Directors has therefore set out principles of corporate governance which follow the best practice specified by the Stock Exchange of Thailand. The Company's principles of corporate governance fall into 5 categories:-

#### Category 1 The Rights of Shareholders

The Company places importance on the basic rights of shareholders both as owners of the Company and as investors in stocks such as the right to trade or transfer stocks, the right to receive adequate information about the Company, the right to receive a share of the profits from the Company, rights in shareholder's meetings, the right to express an opinion, the right to take part in making decisions on important Company issues such as issuing dividends, appointing or removing directors, appointing auditors, and approving important business transactions that affect the running of the business.

Apart from the various basic rights mentioned above, the Company also acts for the convenience of shareholders exercising their rights in various matters as follows:

1. The Company organizes an Annual General Meeting within 4 months of the end of the fiscal year, sending out a notice of the meeting and relevant information to inform shareholders 7 days in advance, and placing notices in newspapers announcing the date for 3 consecutive days ahead of the meeting. With each meeting agenda, the views of the Board of Director are also included.
2. The Company puts information relevant to the agenda of shareholder's meetings on the Company website, and explains the rights of shareholders to participate and vote in the meeting.
3. If the shareholder is unable to attend the meeting in person, the Company allows them to authorize an independent director or another individual to act as a proxy by using one of the power of attorney forms sent out with the notice of the meeting.
4. The Company will provide an opportunity for shareholders to submit opinions, suggestions and questions to the email address of the secretary to the Board of Directors before the meeting takes place.
5. During the meeting, the Company will open opportunities for shareholders to ask questions, make suggestions or voice opinions freely and equally. Directors and executives will be present at the meeting to answer questions and provide information.

#### Business Operation Year 2018

The Board of Directors support shareholder meeting regarding on shareholder's rights and equitable treatment in compliance with law and corporate governance principles as follows:



- The company gives all shareholders an opportunity to submit an agenda and candidates for becoming a committee together with advance question prior to annual general meeting of shareholders for year 2018. The company has set up time frame for any shareholder to submit agenda and candidate during 8<sup>th</sup> October 2018 till 15<sup>th</sup> January 2019 via Stock Exchange of Thailand news announcement together with a guideline and procedure at website, [www.cssthai.com](http://www.cssthai.com) in “investor relation” menu, then meeting of shareholder sub-menu. Nevertheless, none of shareholder submit an issue to company.
- Presentation and information delivery to shareholders, the Company has appointed Thailand Securities Depository Co., Ltd. (TSD) as its securities registrar to send the meeting invitation notice, documents and other information which is important and necessary for decision-making to shareholders (in English in case of foreign shareholders) in advance before the meeting date and in accordance with laws or/and regulatory concerned. Besides, company has put in place a communication and data distribution channel that is updated through the Company's website 30 days before meeting in order for shareholder to adequate consideration. In addition, company also published in a newspaper stating date, time, place and agenda of meeting consecutively three days before the meeting.
- The company has delivered proxy legally with instruction and stamp duty to facilitate proxies free of charge. Shareholder could send back an original proxy by post with essential document in advance, attention to Office of Corporate Secretary before the meeting.
- The Company provides for the registration system using barcode that shows the register number of individual shareholders that makes use of a barcode system to speed up the registration process.
- Notification upon voting procedures and vote counting prior to the shareholders' meeting was provided. A use of voting card was also applied in a meeting.
- The Company grant shareholders the right to vote on each agenda fully. By means of a transparent vote count quickly and efficiently. The Scores can be displayed to the meeting immediately.
- The shareholders attending after commencement of the meeting were allowed to vote for agenda items that are still under consideration and do not reach the resolution and count as a quorum since the agenda of that meeting and vote onwards.
- The shareholders shall be offered an opportunity to thoroughly express their opinions and raise their queries prior to voting and deciding resolution. All directors and executives in charge of core business shall attend the meeting so that the shareholders can raise any relevant questions to them.
- The company did not add or change any important information regarding the Annual General Meeting of Shareholders for 2018 without prior notification to the shareholders. Shareholders were also encouraged to give out comments and questions; the details of which had been fully recorded in minutes of the shareholders' meeting.



- The company had ensured that every shareholder was encouraged and well facilitated to attend the meeting through arrangement of an easy-to-access meeting place. A free transportation to and from the venue, with pick-up and drop-off points as specified clearly in the invitation letter, was also provided for every shareholder.
- After the Meeting, the company conducted extensive minutes of shareholders possesses indicating votes agree, disagree, abstained and Invalid Ballots on the occasion to have a vote. Such minutes shall be submitted to the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission ("SEC") within 14 days after the meeting date as well as allowed the shareholders to view it thoroughly via [www.cssthai.com](http://www.cssthai.com) > Investor Relations > Shareholders Info.

#### Operation plan year 2019

- The company would still emphasize on the importance of the shareholders' basic rights, both as a company owner and an investor. These include, for instance, rights to obtain adequate information from the company; rights to receive a share of profit from the company; rights as a member of the shareholders' meeting; rights in giving out comments and suggestions; as well as rights to participate in any important decision concerning the well-being of the company.
- In addition to the above basic rights, the company also focuses on facilitating shareholders in executing their rights through its concern about the right and equality of the shareholders in a meeting as designated by laws and the Principles of Good Corporate Governance. This includes, for instance, facilitating and encouraging every shareholder to attend the meeting by providing a free transportation to and from the meeting venue, with pick-up and drop-off points as specified clearly in the invitation letter; or arranging the meeting at an easy-to-access place.

### **Category 2      The Equitable Treatment of Shareholders**

The Company will give equal opportunity to every shareholder and allocate voting rights at the meeting according to the number of shares held, one share equivalent to one vote, and will do nothing that restricts, violates or dispossess shareholders of their rights, whether major shareholders, minor shareholders, investors or foreign shareholders. The Company assigns an independent director to assist minor shareholders, allowing them to make proposals, express opinions or raise complaints with the independent director who will decide on the appropriate way to proceed in each case. For example, in the case of a complaint, the independent director will investigate the facts and find an appropriate solution. In the case of a proposal on an important issue that affects the stakeholders or the Company's business, the independent director will put the matter to a shareholder's meeting to consider putting it on the meeting agenda.

The meeting proceeds according to Company regulations, following the meeting agenda. Detailed information is presented for each item and relevant information is clearly presented for consideration. Additional



items will not be added to the agenda without notifying shareholders in advance, unless there is good reason. If the shareholder is unable to attend the meeting in person, the shareholder may authorize the independent director or another individual to attend as a proxy, by using the power of attorney form sent out with the notice of the meeting. Voting is transparent and follows the meeting agenda. The election of directors gives shareholders the opportunity to exercise their right to appoint directors, with votes being cast for individuals.

The Company has also taken measures to prevent insider trading by related persons, which means directors, executives or any staff that work in units dealing with internal information (including spouses and children of minor age). Related persons are not permitted to trade in Company stock for a period of at least 1 month before the quarterly and annual financial statements are released and should wait for at least 24 hours after this information is made public. It is also forbidden to pass that information on to other individuals.

The Company informs directors and executives of their duty to report their stock holding in the Company and the penalties specified in the Securities and Exchange Act 1992 and the regulations of the Stock Exchange of Thailand. In instances where directors or executives trade Company stock, they must report the stock held by themselves, spouse and children who are still minors in compliance with Section 59 of the Securities and Exchange Act B.E. 2535 within 3 working days to the Office of the Securities and Exchange Commission for the information to be put into the public domain.

#### Business Operation Year 2018

- Additional rules and regulations concerning the shareholders' meeting have been included in the invitation to the Annual General Meeting of Shareholders in order for the shareholders, whose presence at the meeting is made either by oneself or an authorized person, to be able to prepare an appropriate and relevant document/evidence which in turn helps preventing possible problems or conflicts of interests in a meeting.
- The Board of Directors conduct meeting followed by those listed in the notice of meeting without additional agenda. In order for fairness of shareholder who is absent.
- During the shareholder meeting, the company provides ballot in a presence of voting in order for adherence to integrity and transparency, together with counting and disclosing result of voting and recording explicitly into report
- The number of votes a shareholder has corresponded to the number of shares he owns.
- Along with the invitation letter, an Authorization Form B which allows shareholders to determine on the voting direction for each agenda has also been attached in order for shareholders who could not attend the meeting to be able to provide their authorizations to an independent board member or any individual to participate and vote in a meeting. Alternatively, shareholders can also download the form from the company's website.



- The Board of Directors has stipulated that the directors, management and their related persons (as defined by SEC and SET) must prepare and submit a report on interests annually by disclosed the conflict of interest of the directors and executives and review every year.
- The Company has sent the Questions Form about the AGM Agendas in the invitation letter of the AGM to facilitate Shareholders who couldn't come by themselves can send questions in advance to the company. The Secretary will collect it to the Board of Directors to consider in the day of Meeting.
- The Company has recorded the AGM's meeting in video format and posted on the company website for shareholders who did not attend the meeting can see the meeting moments and listen to the questions and answers or the information presented at the meeting by themselves.

#### Operation plan year 2019

- The company would still emphasize on the importance of fairness and equality for every shareholder. The number of votes a shareholder has will be corresponded to the number of share he owns; hence one share means one vote. In addition, the company shall avoid any action which intends to limit or infringe the rights of its shareholders including both major and minor shareholders, institutional investors, as well as foreign shareholders.
- The company would also address on the importance of conducting the meeting in accordance to the meeting agenda and the company's rules and regulations. Details of each agenda along with relevant documents / evidence must be thoroughly presented for further consideration. If not necessary, no additional agenda, particularly those which are crucial and therefore require some time to study and review before making decision, shall be included without prior notice to the shareholders.

### **Category 3     The Role of Stakeholders**

The Company places importance in all groups of stakeholders, whether they are internal stakeholders, i.e. the Company staff and management, or external stakeholders such as competitors, partners and customers. The Company is aware that support and input from all groups of stakeholders is valuable to the Company's business and development. Accordingly, the Company acts in compliance with the relevant laws and regulations to ensure that the rights of the stakeholders are properly respected. To create a stable business environment, the Company works together with each group of stakeholders in the following ways:

#### **(a) Shareholders**

The Company is focused on development and continuous growth which will lead to an increase in Company earnings and profits. This will increase the value of the Company and mean that shareholders will receive the best returns.

**(b) Customers**

The Company considers the quality and standards of its products, while customer care and other responsibilities are carried out with honesty and fairness. Also maintain customers' relationship as well as sustainable improvement of customers' relationship and accept customers' suggestions and complains to improve customers' satisfaction.

**(c) Partners**

Company policy is to deal fairly with trading partners according to the trading terms and/or contractual agreements in order to establish good business relationships that benefit all parties.

**(d) Competitors**

The Company supports free and fair competition and conducts its business according to the regulatory framework on proper competition.

**(e) Creditors**

Company Policy is conduct in compliance with contract and conditions both in terms of repayment of loan, interest to maintain and other conditions. Also reports financial status to the creditors of requirements in the loan contract properly. The company will report its creditors in advance if cannot fulfill the obligations in the agreement and jointly find solutions to fix problems.

**(f) Employees**

Company policy is to treat employees equitably and fairly, providing appropriate remuneration and welfare as well as supporting development of their knowledge and ability.

**(g) Community and society**

The Company recognizes its responsibilities towards the community and society, conducting an ethical business and supporting creative social projects as appropriate.

**(h) The Environment**

The Company strictly follows laws and regulations relating to the environment and constantly sets measures to control environmental impact. Also support employees to participate in the training related to environment and keep materials and equipment up to standards level to reduce the use of natural resources

**(i) Do not breaches of intellectual property rights.**

the Company has policy to employees shall protect and keep the Company's copyright, and intellectual properties in order to avoid any infringement by other individuals. And the employees shall respect and shall not breaches intellectual property rights of others.

**(j) Respect of Human Rights**

The company focuses on respect for human rights. By conducting business under the labor law and human rights very seriously. To respect for the rights, freedoms and non-discrimination of labor rights, women's rights, children's right, and human dignity.



The Company operates in compliance with the relevant laws and regulations to ensure that the rights of stakeholders are well protected.

#### Business Operation Year 2018

- The company has defined the framework of ethics and code of conduct in business on the company website and communicate to the employees and the executives to keep right to all stakeholders Whether internal stakeholders such as employees, executives and directors or external stakeholders such as shareholders, customers, partners, competitors, creditors, community & society, environment and also not breaches of intellectual property rights and Respect of Human Rights etc.
- The company's secretary is responsible for providing a shareholding report of the participants including Board of Directors, executives, as well as their spouses and dependent children in order to acknowledge the meeting party prior to each quarterly Board of Directors' meeting.
- The Board of Directors provides contact channels for any complaints and whistle blowing to all stakeholders to complaints problems or corruptions directly to The Audit Committee.
- Company has realized of quality and standard of its products and services, resulting in its responsibility to the customers with honesty and fairness. Company conducts a customer satisfaction survey on a yearly basis in order to maintain a good relationship with customers there are topics as follows: 1) Product 2) Service management 3) Selling price 4) the order side 5) Delivery. In this year The company has summarized customer satisfaction with the average score of 4.29 (5 points)

#### Operation plan year 2019

- The company plans to elevate its Anti-Corruption policy in order to obtain a certified approval as a member of the Private Sector Collective Action Coalition Against Corruption (CAC).

### **Category 4 Disclosure and Transparency**

The Company is aware of the importance of the complete and accurate disclosure and transparency of financial and general information in accordance with the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as other important information affecting the Company's stock price, as this influences decision making by investors and stakeholders. The Company makes information available to shareholders, investors and the general public through the channels provided by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as on the Company website: [www.cssthai.com](http://www.cssthai.com)

To manage investor relations, the company secretary has been assigned the duty of communicating with investors, shareholders, analysts and relevant state agencies. The Board of Directors is responsible for the financial statement and information that appears in the annual report. The financial statement is compiled in accordance with Thai accounting standards, with a selected accounting policy that has been consistently followed and



presents adequate financial information. The Audit Committee reviews the quality of the financial report and the internal audit process, as well as the adequate nature of information in the financial statement's remarks.

#### Business Operation Year 2018

- Company's financial reports have been delivered to the Securities and Exchange Commission and The Stock Exchange of Thailand within a specified period. And none of the auditors commented on issue.
- The company has not been recorded to amend its financial statements to the Stock Exchange of Thailand and the Securities and Exchange Commission.
- The company has made available communication and data distribution channel so that shareholders, investors and other stakeholders can access information thoroughly and equitably through various channels on a regular basis
- Clear disclosure of information concerning shareholdings of the Board of Directors and other executives in the annual report.
- The Company has prepared a report on responsibilities of Board on Financial Report as disclosed in Form 56-1 and Annual Report together with report from auditors.
- Disclosure of shareholding of the Board of Directors and Management clearly. The Board of Directors requires directors and executives to report the following:
  - Reporting on the purchase or sale of the Company's shares. Must be reported according to the regulations of the SET and the SEC.
  - Reporting the equity and related transactions. The Board of Directors assigned to the Directors must report to the stakeholders and reviewed annually.
- In the part of Investor Relations, The Company assigned Mrs.Prapussorn Lakwuthiwong, manager of Corporate Secretary & Shareholders Department is responsible for communicating and providing information to investors, Shareholders and general public. Contact number is 02-018-1111 #5501  
Email : [prapussorn@cssthailand.com](mailto:prapussorn@cssthailand.com)

Activity in 2018	Times / Year
Analyst Meetings	3

#### Operation plan year 2019

- The company would still emphasize on the importance of information disclosure in an appropriate, accurate and transparent way concerning not only financial and general matters in compliance with standard practices of the Securities and Exchange Commission and the Stock Exchange of Thailand; but also other important matters which might affect the company's stock value, and thereafter the decision making process of investors and stakeholders, as regulated by the Securities and Exchange Act (No.5) B.E.2559.



## Category 5 Responsibilities of the Board of Directors

### 1. Structure of the Board of Directors

The Company's Board of Directors consists of individuals who must have skills, professions, specialize, gender etc., The Board of Directors will be act an important role in setting policies and the overall direction of the Company. They are also responsible for governance, checking and evaluating the performance of the Company against the plans that were set.

At 31 December 2018, the Board has 10 directors consisting of 5 executive directors and 5 non-executive directors who are qualified to be independent directors and provide balance when votes are taken. The Audit Committee consists of 4 independent directors who represent the shareholders in overseeing transparency in the governance of Company operations.

The Board also appoints 4 committees: The Audit Committee, the Executive Committee, the Nomination, Remuneration and Corporate Governance Committee and the Risk Management Committee. Each committee has areas focus areas on which they make proposals for the consideration of or acknowledgement by the Board of Directors, with each committee also having its own specified rights and duties.

The Company has clearly separated the role and responsibilities of the Board of Directors and the Company's executives. The Board is responsible for setting policies and oversight of the executives at the policy level. The executives are responsible for the management of the Company's operations in line with the policies that have been set.

It is the duty of the Company Secretary to give advice to the Board of Directors regarding regulatory requirements to coordinate implementation of the Board's decisions.

### 2. Role, Duties and Responsibilities of the Directors

The Board of Directors is composed of individuals with a great depth of knowledge, skills and expertise, which are recognized for their leadership. The board of directors has an integral role in setting the vision, mission, strategy, policy, business approach and compliance with the law, objectives, regulations and the resolutions of shareholders meetings in order for the benefit and oversight of the Company's operations. The Board of Directors has therefore set up various committees to oversee the operations of the Company.

#### 2.1 Corporate Governance Policy

The Company has a written corporate governance policy that was accepted by the Board of Directors meeting in order that they might review this policy and act accordingly. Moreover, after the Company's ordinary shares are registered on the Stock Exchange of Thailand, the Company will act in accordance with the law and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The corporate governance report will be released in the annual report and the information disclosure form (Form 56-1). For unprocessed parts, company will use as guideline in the appropriate deployment as follows.





## 2.2 Code of Conduct

The Company has set out a code of conduct that the Board of Directors, management and staff are expected to adhere to at all times as they carry out their duties according to the Company's mission, displaying honesty and impartiality towards the Company, the stakeholders, the public and society. The Company has therefore announced and informed all employees to act in strict accordance with this approach and disclosed in Company's website.

## 2.3 Conflicts of Interest

The Company's policy regarding conflict of interest is set on the principle that any decision affecting business operations should only be made in the interests of the Company and any action that creates a conflict of interest should be avoided. Persons with an interest in a matter under consideration must inform the Company of their relationship or connection in that matter, must not take part in the decision and have no authority to approve that business.

The Audit Committee will advise the Board of Directors on matters that are connected and matters where there is conflict of interest, giving full consideration of the appropriateness in accordance with the guidelines of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The information will be included in the annual report and the information disclosure form (Form 56-1).

## 2.4 Internal Control

The Company places importance on the internal control system at both the management and operational levels. To ensure operational efficiency, the Company has clearly defined in writing the duties and authority of those performing tasks and the executive. There is oversight of the beneficial use of Company property and the separation of duties between those performing tasks and those supervising and evaluating. The Company appoints the Audit Committee to test the internal control system and carry out an appropriate and effective internal audit, as well as to hire outside experts to inspect the internal control system and report the results to the Audit Committee to ensure that the Company's main operations follow the specified approach and are effective.

## 2.5 Risk Management

The Company made an evaluation of the adequacy of the existing internal control system in order to consider methods of revising operations to further improve efficiency.

## 2.6 Board of Directors Report

The Audit Committee is responsible for verifying the financial statement, with the accounts division and auditor presenting their financial report quarterly at the Board of Directors' meeting. The Board of Directors are responsible for the Company's budget and the financial information that appears on the annual report (Board of Directors responsibility to the financial report). The financial statement is produced to accredited accounting standards and checked/verified by the Company's auditor and the important information disclosed, both financial and non-financial, is done so on the basis of truth and consistency.

**Business Operation Year 2018**

- The Company communicates the business ethics policy and code of conduct for the Directors executives and employees upon the business ethics and code of conducts in order for them to use as a guideline in work as designated by the company's obligations provided on Company's website and intranet.
- The Board of Directors had outsourced an expert to help auditing and evaluating the company's internal control system, as well as monitoring on the significant matter in correlation with the business operation. The evaluation outcome showed that the company has a sufficient internal control to the extent that could provide assurance upon achievement of the established operation's objectives.
- The Board of Directors has reconsidered on the Company's vision, mission and strategies so that the executives and employees have the same objectives.
- The Board of Directors has monitored the management of the executive committee by define reporting on the progress of the operation and performance every time in the Board of Directors Meeting
- To ensure that the risk management process is effective at all stages in accordance with principles of good corporate governance. Board of Directors has resolved to extend scope of risk management to affiliated companies in order to build confidence among investors and all stakeholders on business operations under the risk control system compliance with corresponding international principles. It also reduces risk that may occur in the future as well.

**Operation plan year 2019**

- The company still focuses on the importance of roles and responsibilities of the Board of Directors according to the principles of Good Corporate. This includes, for instance, a report on the stake holdings of the Board of Directors and other executives in each quarterly Board of Directors' meeting; paying attention to the auditing and monitoring of an internal control system mainly to ensure that the company's core operation has been effectively implemented under the indicated directions.

**3. Meetings of the Board of Directors**

In accordance with Company regulations, a meeting of the Board of Directors is held at least once every 3 months, with special meeting called when necessary. Invitations are sent out 7 days in advance, unless the situation requires an emergency meeting to protect the Company's interests. Each meeting has a clearly organized agenda. Documents with full details are prepared and sent to the directors in advance so that they have sufficient time to study the information before the meeting. The Chairman and Company directors jointly set the agenda and decide the subjects to be discussed at the meeting, with every director having the chance to propose topics for inclusion. Directors may discuss and give their opinions openly and the Chairman summarizes and concludes the views expressed. Votes are passed by a majority with each director having one vote. Directors with an interest will not attend the meeting and/or vote on that matter. If votes are equal, the Chairman will have a deciding vote.



The minutes of the meeting will be written after the meeting has finished and the approved minutes will be kept for inspection by the directors and others.

#### Business Operation Year 2018

- A meeting agenda had been distributed to participants prior to the last 4 Board of Directors' meetings. (Average 10 days)
- According to the Board of Directors' and committees' meeting agenda 2018, The Directors had attended to the meeting as the follows.
  - The Board of Directors Meeting had 4 times meeting, there were directors attended 95%
  - The Audit Committee had 4 times meeting, there were directors attended 88%
  - The Nominations, Remuneration and Corporate Governance Committee had 1 meeting, there was directors attended 100%
  - The Risk Management Committee had 1 times meeting, there was directors attended 100%
  - The Strategic Committee had 7 times meeting, there were directors attended 94%
  - The Executives Committee had 12 times meeting, there were directors attended 100%
- A secretary to the Board of Directors is responsible for taking minutes of meeting along with other comments and suggestions during the discussion, the details of which should be submitted to the company's president for his/her authorization; and thereafter to the meeting party as the first agenda upon the next meeting. Additionally, a secretary is also responsible for collecting data or documents as considered relevant to the meeting in favour of a better convenience when conducting future searches and references.

#### **4. Remuneration of Directors and Executives**

The Company appointed the Nomination and Remuneration Committee to suggest appropriate remuneration for the various committees to the Board of Directors so that policy on remuneration of Company directors is clear and transparent and is at a level that is appropriate for the duties and responsibilities of each director, sufficient to retain directors with knowledge and ability. The Company will present suggested remuneration for these directors for approval at the Annual General Meeting: AGM.

The Company discloses the remuneration paid to Directors and Executives in the format specified by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

#### **Policy on Director Remuneration**

To provide remuneration for Directors, the Company will take into consideration the appropriateness of duties and responsibilities as assigned and compared with listed companies on SET with a similar industry. The Nomination, Remuneration and Corporate Governance Committee will propose to the Board of directors Meeting to approve the Directors' Remuneration.



## Policy on Executives and the President Remuneration

The Nomination, Compensation, and Corporate Governance Committee will consider and approve the remuneration of the President and Executives by using Corporate KPI measurement and evaluation system. Each executive has annual KPI to measure the performance of each Division corresponding to the KPI of the company by President shall consider and approve the appropriate remuneration on an individual basis by using indicators such as indicator. The results include the company's business. Evaluation work individually. It also compares the compensation and position in the same industry. Classify into short term criteria such as Salary, annual Bonus, other welfare and long term benefits such as Provident Fund.

For the President, the Nomination, Compensation, and Corporate Governance Committee will consider and approve the remuneration of the President and submit to the Board of Directors to consider appropriateness of remuneration using Corporate KPI measurement and evaluation system of the President that adheres to international management principles scoring by Balanced Scorecard including 4 aspects; Financial performance including business performance, Customers, Internal process and Learning and development regarding to leader performance based on the guidelines of the Stock Exchange of Thailand and apply to corporate practice to consider remuneration and incentives. It also applies concept of sustainability through use of financial perspectives to lead how to manage cash flow economically, to provide good value for good internal management to satisfy all stakeholders by classify into short term criteria such as Salary, annual Bonus, other welfare and long-term benefits such as Provident Fund.

## 5. Development of Directors and Executives

The Board of Directors has a policy to provide training for the relevant Directors in the corporate governance system of the Company, which includes Directors, the Audit Committee, the Executive Committee, the Risk Management Committee, the Nomination and Remuneration Committee and Company executives, so that there is continuous development. If there are changes in the Board of Directors will provide advice to new Directors on the Company's business approach and useful information on carrying out their duties in order to support continued efficiency under the corporate governance framework.

## New Director Orientation

The Company encourages the directors to attend the training program to increase their understanding on the roles and responsibilities under the good corporate governance campaign by internal training Program and other institute

Internal training The importance of new director orientation by assigning all incoming directors to attend and Executive team will provide themselves with information relevant to the directors' duties

External training Company provides education training for new directors in various courses related to the roles and responsibilities of the directors under the good corporate governance framework such as roles and duties of directors in accordance with the rules and regulations of the directors, the Securities and Exchange



Commission (SEC), Stock Exchange of Thailand (SET), Public Company Limited Act and Thai Institute of Directors (IOD) etc. also encourage specialized knowledge for directors to promote effective performance such as financial reporting knowledge.

### Training of The Board of directors

The Company encourages training and knowledge sharing for directors, to promote continuous performance improvement in management under good corporate governance. There are the directors who has been trained in IOD courses are as follows;

Name	Position	Corporate Governance for Executives	Role of the Chairman Program (RCP)	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Advanced Audit Committee Program	Board Matters & Trends (BMT)	Board that Make a Difference (BMD)
1. Pol.Maj.Gen.Supisarn Bhakdinarinath (Ph.D.)	Chairman of Boards / Independent Director	2014	2014	2015			2016	2016
2. Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	Independent Director				2005			
3. Mr.Chattaphum Khantiviriya	Independent Director				2008			
4. Assoc.Prof.Prapart Praisuwanna	Independent Director				2009			
5. Mr.Vuthichai Duangratana (Ph.D.)	Independent Director				2013	2016		
6. Mr.Sompong Kangsawiwat	President		2012	2006	2011			
7. Mr.Opas Tiawattananroj	Director			2006				
8. Mr.Kittirat Mekmanee	Director			2011				
9. Ms.Panida Sawatwannarat	Director			2005	2005			
10. Ms.Nongnuch Temeesrisuk	Director			2005	2005			

Training of the Board of Directors for the year 2018 are as follows;

No.	Name	Position	Training Courses
1	Pol.Maj.Gen.Supisam Bhakdinanath (Ph.D.)	Chairman of the Board of Directors and Independent Director	<ul style="list-style-type: none"> <li>- Certificate of "Ethical Leadership Program" (ELP 12/2018)</li> <li>- Advanced Certificate Course of "Management of Public Economics for Executives" Class 17</li> <li>- Seminar of "Global Cyber Forum CEO Succession Planing"</li> <li>- Seminar of "International Conference on Business and Industrial Research (ICBIR 2018)"</li> <li>- Seminar of "Innovation Thailand Expo 2018"</li> <li>- Seminar of "Next Step Thailand:EEC World strategic connect"</li> <li>- Seminar of "Business Networking"</li> <li>- Lecture of "IOD Director Briefing 2018"</li> <li>- Lecture of "Chairman Dinner 2018"</li> <li>- Lecture of "AGM &amp; Dinner Talk"</li> <li>- Lecture of "Emerging Technology"</li> <li>- Lecture of "IOD Director Briefing 2018"</li> <li>- Lecture of Chairman Forum "Digital transformation a must for all companies"</li> </ul>
2	Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	Chairman of the Audit Committee, Independent Director and Chairman of NRCG Committee	
3	Mr.Chattaphum Khantiviriya	Member of Audit Committee, Independent Director and Member of NRCG Committee	
4	Assoc.Prof.Prapart Praisuwanna	Member of Audit Committee, Independent Director	- Advance Master Managent Program (AMM) Class.1
5	Mr.Vuthichai Duangratana	Member of Audit Committee, Independent Director	- Board Nomination and Compensation Program (BNCP) วันที่ 5/2018
6	Mr.Sompong Kangsawiwat	Chairman of Executives, President and Chairman of Risk Management Committee	
7	Mr.Opas Tiawattanaroj	Director, Member of Risk Management Committee and Managing Director of Telecommunication Group	
8	Mr.Kittirat Mekmanee	Director, Member of Risk Management Committee and Managing Director of Business Group	<ul style="list-style-type: none"> <li>- Certificate Course of "Management of Public Economics for Executives" Class 11</li> <li>- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives Rationale Class. 20</li> </ul>
9	Ms.Panida Sawatwannarat	Director, Member of Risk Management Committee and Managing Director of Financial and Control Group	- Certificate Course of "The impact of the new financial reporting standards regarding contracts made with customers and leases that affect the preparation of financial reports of listed companies."
10	Ms.Nongnuch Temeesrisuk	Director, Corporate Secretary and Managing Director of Management and Corporate Governance Group	

## Evaluation of the Board of Directors

The Company has a policy to ask its Board of Directors to the principles of good corporate governance for listed companies to evaluate its performances at least once a year with principles and threads in the assessment with the Stock Exchange of Thailand to consider and review their performances and issues and obstacles over the year and to increase the effectiveness of the Board of Directors by principle and the topic in the evaluation in accordance with the stock exchange of Thailand as follows.



1. Composition and Qualifications of the Board of Directors
2. Board Meetings
3. Roles and Responsibilities of the Board of Directors
4. Duties and Independence of the Board of Directors
5. Relationship with the Board of Directors Management
6. Board Development which appraise are different sub-headings based on roles and responsibilities.

For self-assessment process of Board, Nomination, Compensation, and Corporate Governance Committee will consider performance of the Board of Directors and the committees prior to propose to the Board of Directors for consideration. Secretary will submit the evaluation form to the Board of Directors to appraise annual performance. After evaluation process has been done, will be submitted back to secretary to collect scores of each individual. The results of the performance appraisal of the Board of Directors were analyzed and reported to the Board of Directors for acknowledgment and to seek direction in supporting the performance of the Board which evaluation comprises of self-assessment form of the Board, subcommittees and individual committee.

More than 85 %	=	Excellent
More than 75 %	=	Very Good
More than 65 %	=	Good
More than 50 %	=	Acceptable
Less than 50 %	=	To be improved

In 2018, the self-assessment of the Board of Directors, individual and sub-committees can be summarized as follows.

(A) Entire Board of Directors with an average score of 97.61 at an excellent level which the highest score is topic of Board of Directors' meeting. Since 2018, economic conditions are rapidly changing and more intense, also company has plans to invest in business expansion resulting in company to have more board meetings by named a strategic meeting to brainstorm various opinions of each director which is beneficial to business

(B) Individual Board of Directors has an average score of 99.46 at an excellent level with the highest score being Structure and Qualifications of Board of Directors. Since Board of Directors is a person with diverse knowledge and capabilities and be able to provide useful advice for business.

(C) Audit Committee get an average score of 100 at an excellent level due to Audit Committee is able to perform duties in accordance with Charter of Audit Committee and being independent from management

(D) Nomination, Remuneration and Corporate Governance Committee get an average score of 99.72 at excellent level because of performing duties in recruiting directors and determining remuneration for directors, also manage to control company to comply with requirements of good corporate governance as well.

(E) Risk Management Committee with an average score of 97.79 at an excellent level, the highest score is role, duty and responsibility of Board. Risk Management Committee has reviewed process effectively at every



step in accordance with principles of good corporate governance and also control risks that may occur and affect company.

(F) Strategy Committee with an average score of 99.46 at an excellent level, the highest score is topic of meeting. For 2018, economic conditions and situations changes rapidly and more intense, company has plans to invest in business expansion from various opinions of each director which is beneficial to decision and business.

(G) Executive Committee with an average score of 99.50 at an excellent level, the highest score is role, duty and responsibility of director because Executive Committee has performed duties in accordance with operation plan as well

### **Performance Assessment of President and Executives**

Company has guidelines for evaluating performance of President and all executive levels by using corporate measurement and evaluation systems by dividing the assessment categories in 2 part are as follows:

- First part is using universal practice of Balanced Scorecard, which comprises of 4 factors such as financial, customer, internal and learning and development factors by the opportunity of Human Resource Department.
- Second part is regarding to leader performance based on the guidelines of the Stock Exchange of Thailand and apply to corporate practice under the responsibility of Secretary and Shareholders Department.

Besides evaluation guidelines, company also consider compensation for fairness and effectiveness based on information from the business results and comparison among the same industry which classify into short term . Salary criteria, annual Bonus, other welfare and long term benefits . Provident Fund etc.,

The Results of President's assessment leads to process of consideration by the Nomination, Compensation, and Corporate Governance Committee and will consider submit to the Board of Directors to consider onwards.

The Results of President's assessment in 2018 were higher, with 86% in 2017 and 88% in 2018 as Good.

### **The succession plan**

Company recognizes importance of succession planning for top executives and the President to ensure sustainable management. Nomination and Remuneration Committee Corporate Governance determines qualifications of the successor to all aspects of management including knowledge management skills and experiences to ensure that the successor has knowledge sufficient ability to officiate. It also sets the potential for good leadership that information is based on assessment of the Stock Exchange of Thailand and applied to the context of company and assigned Human Resources Management to be responsible for project. Starting from the process of selection of external quality institutes and developed a program of qualified executive development that meets the criteria and guidelines which includes the testing and selection process on summary and report format. This will be used to provide information to the Nomination, Remuneration, and Corporate Governance Committee.





### Holding the position of the President in another company

The Board takes into account importance on the performance of duties as President to ensure the sufficient time to perform his duties. The Board of Directors has determined the policy for the Managing Director shall not be appointed as a Director in more than 2 other listed companies and must be agreed by the Board of Directors.

In addition, the Managing Director/Chief Executive Officer shall not hold Director Position in other company which has the same nature as and is in competition with the business of the Company unless the Board of Director has agreed. The above regulations are except being Director in subsidiary company.

### Policy on Director Nomination

In its nomination of directors, the Company considered the lists of qualified persons to be appointed as Director of the Company and its subsidiaries. In this regard, the structure of the Board of Directors must have diversity of skills, professions, specialize, gender etc. They must be able to devote adequate time to their duties to benefit the Company's business. The Company provided the opportunity for shareholders to propose meeting agenda items and appointment of new director according to the good corporate governance criteria through the Company's website ([www.cssthai.com](http://www.cssthai.com)) from October to January. The Nomination, Remuneration and Corporate Governance Committee will propose to Board of Directors Meeting before propose to the Annual General Meeting to shareholders onward.

### Governance of Operations of Subsidiaries and Associate Companies

The Company has the following policies on the governance of subsidiaries and associate companies:

- To send directors and/or persons assigned by the Company to be its representative according to the proportion of shares held in order to participate in the management of that business, including the right to vote in Board of Directors meetings and shareholders meeting, for the greatest benefit to the Company;
- To set the scope of authority and responsibilities of the directors and executives representing the Company in that business in overseeing or taking part in setting important policies for business operations;
- To ensure complete and accurate disclosure of the financial status and operating results, transactions made between the subsidiary and a connected person, the acquisition or disposal of assets, or other important transactions of the subsidiary, and to apply the rules concerning disclosure and transactions of a nature similar to the rules of the Company;
- To ensure that there is an internal control system that is suitable, efficient and adequate for the main business of the subsidiary, and also other mechanisms in the governance of the subsidiary such as approving a capital increase or decrease, winding up the subsidiary etc.



## Oversight of the use of inside information

The Company has the following policies and methods for the oversight of the directors and executives using inside information that has not yet been publically disclosed for their own benefit, including the trading of assets:

- To inform directors and executives of various divisions regarding their duty to disclose assets held by themselves their spouse and children still of minor age to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand in compliance with Section 59 and subject to the penalties prescribed by Sections 59 and 275 of the Securities and Exchange Act B.E. 2535.
- To require directors and executives to report changes in their assets to the Office of the Securities and Exchange Commission in compliance with Section 59 of the Securities and Exchange Act B.E. 2535 within 3 business days from the date of the changes, and to send a copy of this report to the Company on the same day.
- The Company requires directors, executives and others carrying out related duties who receive important inside information that could influence the price of stock must refrain from trading in Company stock for a period of at least 1 month before the financial or inside information is disclosed publicly, and at least 24 hours afterwards, and also must not disclose that important information to others.

The Company will take disciplinary action against those violating rules against the use of inside information for their own benefit, including written warnings, pay cuts, suspension without pay or dismissal. Penalties will be determined by the intention of the act and the seriousness of the violation.

## Whistle blowing or Complaints

The Company has provided channels for all stakeholders to report or complain about unlawful activities or those in violation of the law, rules, regulations, or corporate governance principles including incorrect financial reports or defective internal control systems of the Company to the Independent Director and Audit Committee.

### **Channels to report or complain**

E-mail : [Audit\\_Com@cssthailand.com](mailto:Audit_Com@cssthailand.com)

Mail : The Audit Committee

Communication & System Solution PLC.

329 Moo.3 Banmai, Pakkred, Nonthaburi, 11120

### **Action after Receive the Complaint**

Once we received the complaint, the Audit Committee will consider the complaint and inform the relevant parties to investigate facts about the complaint and resolve the complaint appropriately. The Audit Committee will periodically monitor the progress of complaint. The relevant parties will notify the result to the complainant within a reasonable period. The Audit Committee shall report to the Board of Directors.



## Protection and Confidentiality of the Complainant

To protect the rights of complainant and relevant informants who acts in good faith, the Company shall keep all information of complainants and informants in confidentiality. Only the persons who are responsible in conducting inspection about the complaints can have access to such information. The assigned persons to handling the complaint are responsible for keeping all information regarding the complaint, relevant documents as confidential and shall not disclose such information to other persons unless the disclosure is required by laws.

## Environmental Protection and Efficient use of resources

The Company has concerned and promoted employees to save and use resources efficiently for the maximum benefit. The environmental impact is major to consider. So, the Company sets policy for employees as follows;

- The company set requiring to care the environment and use resources efficiently is part of the company's operations and consistent with the law and other regulations.
- The Company consider that take care of environment and use resources efficiently is the responsibility of all employees.
- The Company supports knowledge for the employees in the way of caring the environment and use resources efficiently to raise awareness to employees all levels, realize and keep importance in Environmental Protection and Efficient use of resources. The new employee has to be training about the environment protection and efficient use of resources.

### Knowledge and training in the environment

In addition, training and educating new employees of caring the environment and use resources efficiently. In 2018, the Company has course for training employees about transportation management and developed its transportation system seriously, focusing on changing work processes to reduce environmental pollution

## The Audit Fee

The Company's financial auditor is Ms.Krongkaew Limkittikul, certified public accountant registration no. 5874 of EY Office Limited was approved from the AGM 2018. Who is independent and have no relationship or any other types of stake or interest with the Company, its executives, major shareholders or persons related to those mentioned. Total of The Audit Fees in the year 2018 is 2,805,000 baht. Details are as follows;

	CSS	Energy	NWC
Yearly Audit fee (Baht)	1,400,000.00	185,000.00	440,000.00
Quarterly Reviewed Financial Statements (3quarters)	450,000.00	90,000.00	240,000.00
<b>Total</b>	<b>1,850,000.00</b>	<b>275,000.00</b>	<b>680,000.00</b>

In 2018, There is no other service audit fee Apart from the above list.



## Implementing good corporate governance principles for listed companies in 2017

The company has always emphasized and followed the principles of good corporate governance. By following good corporate governance principles for listed companies in 2017 to be suitable for the business of the company. However, The Board of Directors requires regular review at least once a year.

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

According to the survey conducted in 2018, the Thai Institute of Directors Association surveyed 657 companies. Summary of the survey The company received an overall score in the "Excellent" The rating was 90%, which is one of 142 companies with five-star quality level and has an average score of over the average of the listed companies with a score of 81%. from past performance Showing the company's commitment to continuously developing corporate governance standards. To be a good organization and quality, also being transparent and verifiable However, in 2018, it is still not possible to cover the criteria of the CGR project in the following;

### **1. The Board of Directors should clearly state a policy that independent directors who have served on the Board beyond nine years from the date of their first appointment**

The company believes that directors are knowledgeable and well versed in the business of the company. Therefore, considered to be important to the company in running the business of the company to achieve the goals.

### **2. Non-executive directors hold meetings among themselves without the management attending the meeting.**

Last year, the company did not arrange for a meeting of non-executive directors to have a meeting among themselves without participation in the management. Which the Board of Directors Commented that the meeting will be held in 2019 to allow non-executive directors to discuss various issues Both about the business of the company

### **3. Anti-corruption management**

Is in the process of preparing complete information because there is important information that is consistent with the audit plan of the internal control system auditor and reviewing the data according to the self-assessment form to prepare for the CAC certification in 2019



## Corporate Social Responsibility Strategy

Amidst many new challenges realizing that most important in our world nowadays is keeping development by having the same goal: "preserve everything that is valuable to remain sustainable" in accordance with the context of each organization because rapidly changing in the world situation has affected things up and down, but in the end, everyone's answer is to wish to be happy on a beautiful world for as long as possible.

Communication and Systems Solutions Public Company Limited is also one of desires to find happiness on such beautiful worlds as well leading to adaptation and development of various dimensions of organization, not only generating economic returns, but also aware of accountability on investment framework along with taking into account important issues in the environment, society and governance.

Company still adheres to principles of practice based on caring for the stakeholders' equality strengthen concentration in 2018 by raising the level to the most concrete results to align with direction of driving sustainability at the international level.

In the year 2018, company has referred report of performance in accordance with Global Reporting Initiative (GRI) indicators according to the GRI Standards that are consistent with key issues in order to achieve clarity in results as targeted by means of financial performance together with non-financial performance Value chain as well. Therefore, company hopes that framework will be a good starting point in creating the right practices leading to development of sustainable value creation for the organization.

For the year 2018, Board of Directors has reviewed and revised policy to cover all dimensions of sustainability including economic, social and environmental dimensions also monitoring continuously to ensure that such policies have truly driven sustainability and maximized benefits for all stakeholders.

Company has a principle of sustainable business driven based on core policy of organization. "Committed to becoming a good model of corporate governance and excellent results in conducting business together with enhancing sustainable progress " We walked step by step from the beginning until today. We develop and create consistency between important principles and activities that are linked to more clear strategy.

2013, Report on 8 important topics under the principle of social responsibility ESGs.

2014, Prepare policy on 8 important topics under principle of social responsibility ESGs.

2015, Create operational strategies at international standards level.

2016, Implement the strategic plan, review results to be measurable concrete.

2017, Link management into the Global Reporting Initiative (GRI) indicators / SDGs.

2018, Raise reporting results according to the Global Reporting Initiative (GRI) / SDGs benchmark, using 4G strategy as a core of good governance in driving business to sustainability in accordance with social responsibility framework. ESGs consisting of economy, social and environmental dimension in order to achieve a positive impact forwarded to all groups of stakeholders under the context with Board of Directors as the approver and clearly defined as the policy.

## Social Responsibility Policy

### Good Corporate Governance Policy

"Promoting business operations with good corporate governance standards and strive to develop for modernization according to international standards."

### Fair business policy

"Focus on practice towards stakeholders covering all groups clearly and concretely leading to sustainable growth based on fairness in conducting business with all parties to truly contribute."

### Anti-corruption policy

"Focus on risk management of business by identifying risk points to prevent aiming to be a truly anti-corruption model."

### Policy for respecting human rights

"Promote practice of international human rights principles a expand results into appropriate treatment for all groups of stakeholders. "

### Fair labor treatment policy

"Promote and provide opportunities for employees at all levels to participate in expressing opinions in terms of living quality and creating work results that are beneficial to company leading to stable growth together "

### Consumer Responsibility Policy

"Treating consumers with real awareness of the benefits that consumers receive to affect the highest satisfaction leading to sustainable consumption. "

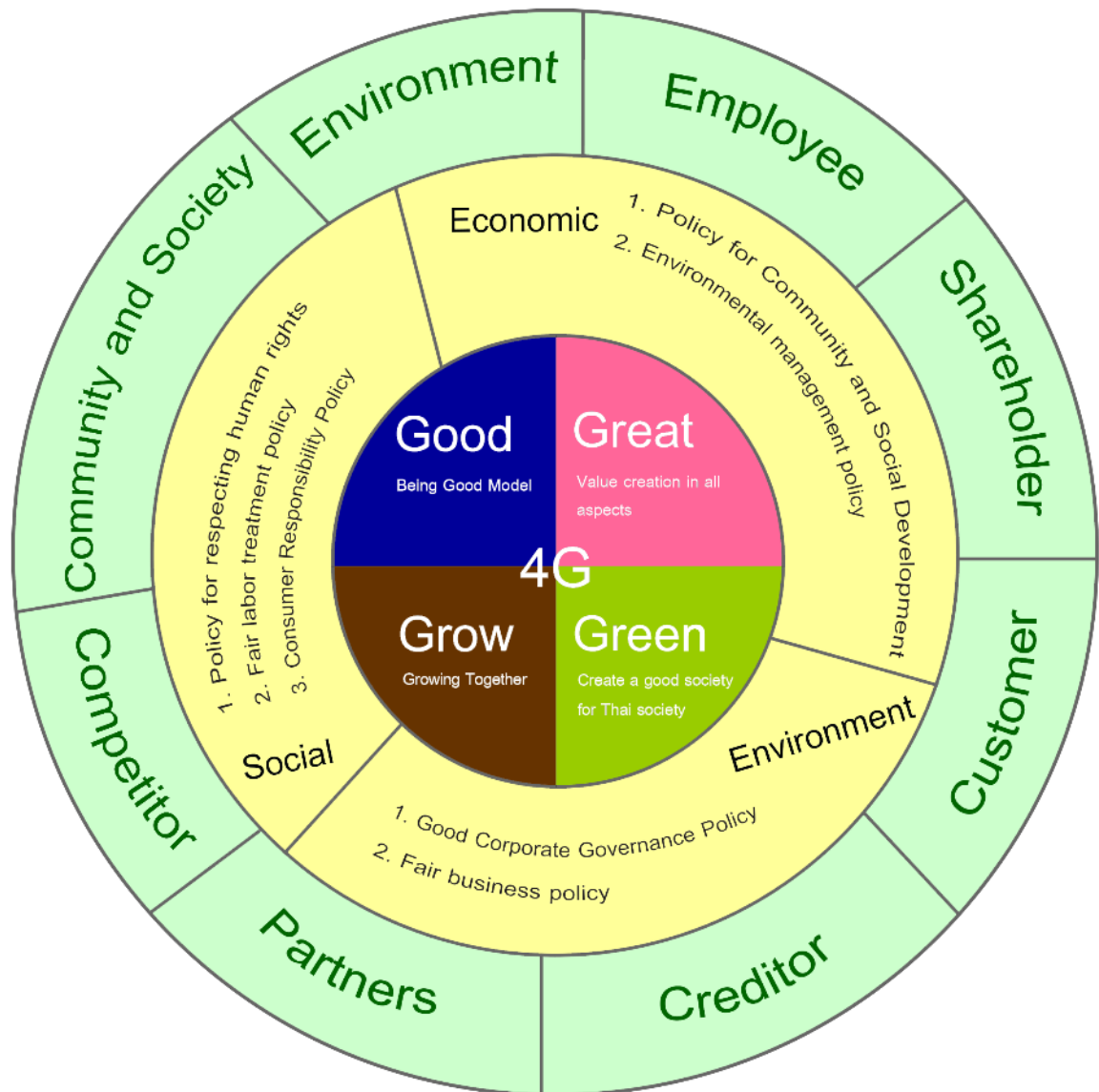
### Community and Social Development

"Supporting communities and societies to strengthen both society and culture focusing on community participation along with publicizing procedure extended to create additional value that will benefit company and society to be a good immunity leading to self-reliance in the long run is truly a good quality of society. "



# Environmental management

“CSS encourages the use of natural resources on a sustainable basis. It emphasizes the importance of pollution prevention using internationally-standard assessment tools.”



## Economic Dimension

CSS aims to promote business to comply with corporate governance standards as defined in the policy. It also recognizes good ethics and is committed to comply with international standards as well as focusing on stakeholders benefit toward sustainable economic growth based on fairness in conducting business with all parties to truly contribute.

### Business operations in accordance with good governance principles

CSS adheres to mission of being a good model under business ethics reflected image of raising quality of Corporate Governance Report (CGR) from Thai Institute of Directors. The Company has set a long-term goal to be evaluated or maintained at the "excellent" level on a regular basis. For 2018, this is first year to achieve goal successfully according to plan reflecting higher working standards receiving an assessment score of 90%, meaning an excellent level as one of 142 companies with 5 stars quality levels (657 listed companies total) and has an average score of listed companies with a score of 81%.



Company is firmly committed to practice towards stakeholders by raising quality of Annual General Meeting of Shareholders for 2018, which reflects confidence in management, company has received a quality rating of 5 stars with an average score of 100% full means excellent level, from the Annual General Meeting Quality Assessment Program by Thai Investors Association in collaboration with Securities and Exchange Commission and Thai Listed Companies Association.

### Internal control system audit

Company realized of use of internal control system audits report as a tool to identify risks that may occur in the future as well as effectively results. Company has performed according to the strategic plan conducted an inspection by Riskless Solutions Company Limited. The Company according to procedures and regulations of company, details of examination of 4 quarters are as follows;

1st Quarter, Human Resource Management and Work Safety.

2nd quarter, Procurement and payment systems.

3rd quarter, Revenue system until payment received.

4th quarter Inventory management system and assessing adequacy of control system within 2018.

The overview of the audit concluded in year 2018, company has performed its work in accordance with Securities and Exchange Commission (SEC). Also internal control system that is sufficient for business to achieve the objectives of the organization.



## Risk management

Company strictly adheres to guidelines and scope of duties under supervision of Risk Management Committee given importance to every work process consistent with main business policy in 2018. Company gives importance to collecting and studying of information from all departments which will benefit consideration and decision of Board of Directors such as summary reports from internal auditors summary report from sub-committee on risk at the operational level and outside information such as news notifications or Stock Exchange of Thailand (SET) / Securities and Exchange Commission (SEC), resulting in more effective results as reflected in internal control system audit report.

In addition to risk management, company has also expanded to cover operational level by using ISO 9001: 2015 quality management system focused on risk management. It is also considered as a tool to drive good culture and ensure a truly effective risk control system.

Therefore, risk management set long-term goal to create a concrete integration of sustainability risks in order to strengthen business to grow steadily and generate sustainable returns for all stakeholders.

## Evaluation of organizational management effectiveness

The Company is committed to be good model for management excellence. Company has set up evaluation of large committee and sub-committee as a tool to measure effectiveness of management to achieve goal in 2018. The results can be summarized as follows.



### Evaluation of the President

Evaluation of President including executives at all levels of organization, company has a guideline for evaluating performance by formulating performance indicators to be consistent across the entire system by dividing evaluation into 2 major parts as follows;

- First part is performance measurement based on international principles called Balance Scorecard consists of 4 key areas: finance (business performance), customer, internal process and learning and development proceeded by Human Resource department
- Second part is performance measurement in aspect of leadership indicators by referring to assessment topics according to Stock Exchange of Thailand and apply it appropriately in accordance with the guidelines, corporate secretary department is responsible for operation.

Beyond guidelines for evaluating work performance, company has given importance to remuneration consideration by referring performance of company and comparing of industry group's information and short-term benefits including salary adjustment, annual bonus as well as other benefits and long-term benefits including provident fund, etc.

Therefore, summary of evaluation of performance of President leading to consideration by Nomination, Compensation and Corporate Governance Committee for approving and submitting to Board of Directors.

For President's assessment in 2018, an overall score increased, in 2017 with a score of 86 percent, and in 2018, score increased to 88 percent, was good.



### Customer centric

Changes in consumer behavior result in more complex in services, more expectations for products and services as well. Company is committed to maintaining standards and develop quality product selection according to "One stop service" strategy that aims to provide complete product services including having a system to monitor sales and service work in all groups to meet quality criteria and needs of customers maximum satisfaction leading to sustainable value.



The Company conducted customer satisfaction surveys annually according to 5 important standards, including products, management, selling price, ordering products and delivery of products. In 2018, company received satisfaction assessment results from customers with average of 4.29 from the full score of 5.

In addition, company has also developed use of technology to access products and services to serve customers effectively including development of online trading channels through various applications such as Facebook / Line as well as proactively reaching customers, by participating in product launch booths focusing on delivery good experience at the "TEMCA Forum & Exhibition 2018 PATTAYA" organized by Thai Electrical and Mechanical Contractors Association. With good intentions and planning made company won the popular booth.



#### Build confidence in business operations.

The Company is aware of partners' expectations for all stakeholders to deliver the work according to standard or certified from leading institutions. In 2018, company cooperated with partners, Hua Wei Technology (Thailand) Co., Ltd. and DTAC to visit and evaluate overall management with quality assessment from key elements in various risk prevention according to international standards such as management system, security policy, knowledge development / training. The results of above assessment can be concluded very satisfying as international standards.

Moreover, company realizes disclosure of financial information in accordance with international principles and ongoing events in order to demonstrate social responsibility in financially eligible terms.



## Social Dimension

The Company aims to promote international human rights principles and expand results into practices covered Board of Directors level down to operation level allowing all groups of stakeholders to participate in expressing opinions in terms of good quality of life and work creation that are beneficial to company leading to steady growth together.

### Human Resource Management

Currently, labor is a challenge for racial diversity, CSS company is also a company with 100% Thai employees and is aware of human rights-based operations respect for differences causing no violent work conflicts. Company takes care of all employees by focusing on creating a balance between life and work. In 2018, company has focused on preparing all aspect to support sustainable quality of life in accordance with human resource development policy divided into 3 main areas as follows.

Human Resource Management HRM: Human Resource Management that focuses on creating a better quality of life for employees, providing care for welfare that is suitable for modern lifestyle.

Company has a fair employment policy focusing on fair and competitive compensation management for all employees consistent with performance and principles in the form of KPI (Key Performance Indicators) according to international standards to value employees delivered to organization with emphasis on both short and long term.

#### Consideration of Short Term Remuneration:

- The Company has established the Salary structure and considered from education, knowledge and experience by comparing with other companies in the same industrial sector.
- The Company has considered of salary adjustment and bonus payment once a year which is consistent with the company's operating results. It is based on the ability to make a profit each year by Key Performance Indicators (KPI) of the Company to be used for consideration and comparing with other companies in the same industrial sector.
- The company providing welfare services to the employees; Accident Insurance, Health Insurance and arrange annual health check once a year for employee healthy. Others welfare are Allowance for cremation and employee's seminar etc.

#### Consideration of Long Term Remuneration:

- Company has a criteria for considering adjustment of staff level on a regular basis, once a year, using KPI (Key Performance Indicators) criteria to consider of performance and ability of employees by adhering to an international management approach with quality metrics Balanced Scorecard consists of four main factors: finance, business performance of company, customer, internal process and learning development determined appropriate compensation and incentives.
- The Company has established the provident fund for employees to encourage money saving by the employees. The fund saving proportion was increased so that the employee may choose the rate of 3%-15% with Company's contribution at the rate not exceeding 5% of base salary, employment period and willingness of the employee, which shall be paid back to the employee upon retirement or job quitting.

The Company has developed technology to keep up with the digital age and easy to access for field staff in order to increase opportunity to receive news quickly and easily, including receiving rights equally and promptly Whether it is the welfare of the company or news related to the basis of human rights in accordance with laws and international standards.

The Company continues to adhere to support and promote human rights with goal of enhancing labor relations management more efficiently, company gives opportunity for employees to express opinions in all aspects through welfare system committee as representative pass through management in order to receive appropriate response considered as an important process of creating good relationship. Year 2018, company received results of 87%.



Beyond full welfare under law in 2018, company mainly focuses on health care for employees, such as health checks annually including having a follow-up and continuity monitoring system with the results of abnormal checks, promoting of sports activities after work, welfare benefits for employees who died and/or death of parents and group insurance. Besides, corporate health insurance also benefits family of employees who wish to make additional health insurance for their families at a special price in order to build morale and build confidence in working with company taking into account maximum benefits.



Human Resources Development HRD: Human Resource Development that focuses on creating a better quality of life for employees. By promoting learning potential increase work skills which affects the progress of employees in the future.

Human Resources Department understands benefits of information and utilizes to businesses in developing employees such as Stock Exchange of Thailand Securities and Exchange Commission (SEC) HR Center, Institute for Safety, Occupational Health and Working Environment (Public Organization) ISO Certification Institute, etc., which makes organization consistent with current business.



Year 2018, company has not only conducted a training plan, but also focuses on safety content as required by law and also attached to ongoing training and seminars with partners.

- Internal training by inviting external speakers with knowledge and experience to transfer knowledge for employees, year 2018, company provided totally 16 in-house training, course of practice and support according to international standards, etc Internal training courses as follows;





- External training by sending employees and executives to receive training from external institutions, such as the feasibility study course of investment Information, disclosure course according to CG CODE Course Collective Action Coalition-CAC Course to build understanding of new draft financial reporting standards TFRS 16, XBRL, course new dimension of financial reporting in the mental era. Course captures important issues in auditor's report in accordance with new standards. Crane Operator Course Overhead crane type, High tower cranes and other cranes, etc. Year 2018, company provided 39 external training courses.

Key indicators of success in human resource development in 2018 are as follows:

- Successful measurement according to annual training plan of 86.11 percent.
- Measurement of employee satisfaction in training is 84.52 percent.
- Budget management, training expenses is 24.00 percent.

In quality and safety management (SQM: Safety & Quality Management) that focuses on creating a good quality of life, safety for employees by promoting safety in operating system to be an international standard.

The Company gives importance to develop of knowledge to ensure that results are quality and safety. With a working group on safety, occupational health and the environment and those assigned by different departments. Starting from every new employee will receive training on working safety from employee orientation program with content about work safety policies including necessary quality system. Subsequently, supervisor will regularly conduct training at the site. Strictly comply with guideline from taking care of workplace, safe placement maintaining outdoor environment appropriately and also has a central public relations department to create information related to work safety. Company supports and encourages employees who perform duties related to risk to receive additional knowledge by providing training on safety, occupational health and working environment both internally and externally, such as basic fire prevention and suppression courses and practice fire escape every year.



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Certify by.....



In 2018, company managed to control and prevent accidents from work by dividing into 4 areas as follows:

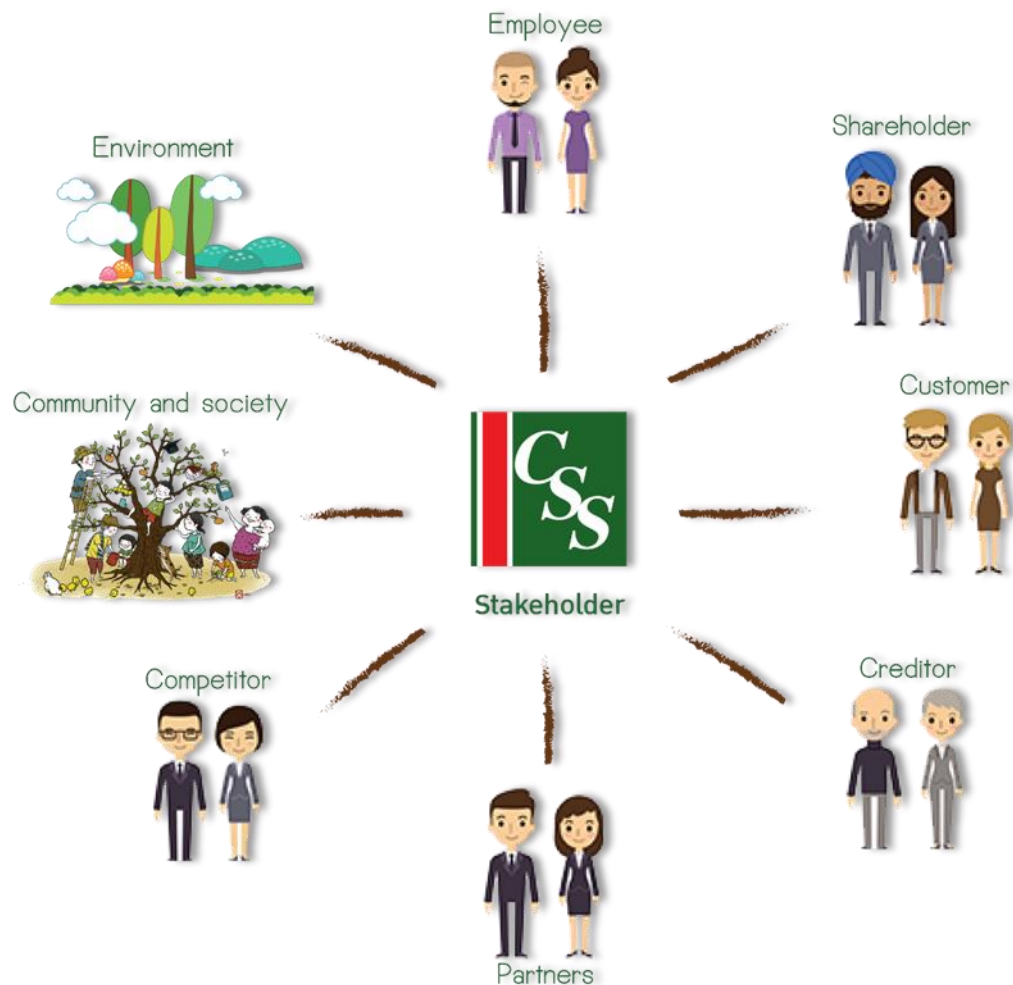
- System: company has ISO 9001: 2015 support system which is an international standard. In addition, the company has provided a process to manage security system, occupational health clearly.
- Equipment tools: company provides a plan to check equipment before use to prevent accidents.
- Company employees: require employees who use equipment must be trained to use correctly and get certificate.
- Organization
  - Company has publicized news to employees both via intranet system and attached the public relations boards at each point of safety and also at site.
  - Company supports, promotes and operates safety protection in air pollution, light and noise by checking with reliable institution.
  - Company has arranged work area to be suitable and convenient to perform work to reduce accidents from using space.
  - Company provides knowledge and understanding about safety correctly to sub-contract.

From training to educate employees and management of safety and occupational health in a concrete manner, therefore, in year 2018, company did not cause any statistics of accidents from work to work or death.



### Development of stakeholder participation towards sustainability

The Company pays attention to caring for stakeholders, covering 8 groups in the context of the organization, including employees, shareholders, customers, creditors, partners, competitors, communities, society and environment. Therefore, activities that company focuses on are opportunity for all stakeholders to express their opinions or send suggestions that are beneficial to organization management to maximum effectiveness in development of sustainability.



### Employee

#### Participatory channels

: Orientation for employees / Preparation questionnaire for the needs of training topics / Complaints and Complaints / Job Satisfaction Survey / Organizing activities to make engagement and morale with employees / Corporate meeting with management

#### Responsible agency

: Human Resource department

#### Report to

: Executive/ President

#### Expectationt

: Welfare and compensation / security and progress / Development Occupational Health and Safety / Quality of Life

#### Process

1. Employee Opinion Survey.
2. Complaints and Complaints Suggestions.
3. Corporate meeting with management.

#### Sustainable Development Plan

1. Create a fair return management system.
2. Create effective human resource management system.
3. Maintain a safe working environment.
4. Organize activities creating intimacy between corporate workers.



### Shareholder

#### Participatory channels

: Annual General Meeting / Investors with Stock Exchange of Thailand activity / Company Website Questionnaire

#### Responsible agency

: Secretary and shareholders

#### Report to

: President / Board of Directors

#### Expectationt

: Good returns / Growth of the company / Management with Good governance

#### Process

1. Annual General Meeting of Shareholders.
2. Good Corporate Governance.
3. Hearing and Feedback.

#### Sustainable Development Plan

1. Building investor confidence.
2. Make a solid and sustainable return.
3. Disclosure of accurate, transparent and verifiable information; offering variety of channels for benefit of shareholders and investors.



### Customer

#### Participatory channels

: Provide convenience to customers' needs / Customer Visit / Complaint Form and Suggestions / Creating information media to educate / Customer Satisfaction Survey

#### Responsible agency

: Sales and Product development

#### Report to

: Managing Director of Sales / President

#### Expectationt

: Satisfaction with quality products and services at fair prices / Reach to products and services along with advice / Privacy Policy

#### Process

1. Customer Satisfaction Survey.
2. Receiving Complaint and Suggestion.

#### Sustainable Development Plan

1. Deliver quality goods and services at fair prices.
2. Responding to complaints quickly.
3. Build effective customer care system.
4. The satisfaction survey was improved and upgraded service.



### Creditor

Participatory channels	: Providing channels for listening to suggestions and complaints / Conferences
Responsible agency	: Accounting and Finance
Report to	: Managing Director, Finance / Accounting / President
Expectation	: Correct financial information / Timely payment of money / Continuous communication and disclosure
Process	: 1. Adhere to Compliance / Contract. 2. Operate under the rules and laws. 3. Submit the correct financial information.

Sustainable Development Plan	: 1. Analyze results of survey to improve the work. 2. Quick response to problems. 3. Build a system to maintain the financial condition effectively.
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### Partners

Participatory channels	: Annual Meeting / Partner Visit / Get Feedback Books and e-mail
Responsible agency	: Relevant parties in sales and service
Report to	: Managing Director of related group / President
Expectation	: Business Transparency and sustainable / Fair trade
Process	: Organizing events with partners / Conferences.

Sustainable Development Plan	: 1. Fair and equitable treatment of partners. 2. Build confidence in compliance with the terms of trade agreements.
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### Competitor

Participatory channels	: Industry representatives
Responsible agency	: Related Management / Secretary and shareholders
Report to	: President
Expectation	: Business Transparency and Fairness / Competition under Ethics and Law
Process	: Provide information through reliable communication channels.

Sustainable Development Plan	: Operate in the framework of good competition.
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### Community and society

Participatory channels	: Organize community activities / Listen to complaints
Responsible agency	: Human Resources / Secretary and Shareholder
Report to	: Managing Director/ President
Expectation	: Create good relationships / Support community activity sustainably
Process	: 1. Set up community activities. 2. Hearing exchange.
Sustainable Development Plan	: 1. Promote good tradition of community 2. Participation in Corporate Social Responsibility with other institutions In order to seize the power to produce better results



### Environment

Participatory channels	: Conference / Environmental Institute website
Responsible agency	: Human Resources / Secretary and Shareholder
Report to	: Managing Director
Expectation	: Environmental Protection and Pollution Control
Process	: 1. Explore inside of organization. 2. Updates on environmental protection including under the current law. 3. Listen to suggestions and complaints.
Sustainable Development Plan	: 1. Practices under strict environmental law. 2. Planning and monitoring of pollution control in the work process.



## Environmental Dimension

The Company strongly believe that sustainable growth toward society, community and environment must manage to develop simultaneously. The Company therefore, realizes importance of supporting to develop community and society by adhering to the principle of community leading to good immunity for self-reliance in long term, which is the main goal of truly quality society concerning on utilization processes to prevent various pollution.

### Sustainable community

- Forwarding opportunities to community

The Company believes that received opportunity is starting point leads to future success. Therefore, there has a policy to support scholarships and activities for youth aiming young people to grow up to be good people with quality and able to return to develop community for sustainability.



In 2018, company sponsored scholarships and donated cloth bags, educational equipment for children to schools in community, including employees' child , such as Warn Salak Nua School (Good children with imagination) / BoonLue community, National Thai Language Day activities to encourage Thai youth to realize importance and use Thai language correctly. The Company has forwarded good opportunities to other socially disadvantaged people by giving cloth bags for personal use to disabled people and Baan Phumwet Boys Home, Pak Kret, Nonthaburi and giving wheelchairs to Thai Disability Foundation allocating, sending to disabled for further usage.



- Continuing Thai traditions day

Songkran Day 2018, company has organized activities to promote and preserve good culture of Thailand between employees and executives to show of respect with blessing of elder and gratitude to benefactors on day of celebration.



Company birthday during August every year, company has instilled every employee to realize the important day of company establishment with ceremony of worshipping the Brahma Shrine and the Grandmother's Court and make merit to encourage team spirit.



National Mother's Day in 2018, company joined as part of the work of Her Royal Highness Queen with donations to Bangsai Arts and Crafts Center in order to create opportunities for learning skills for underprivileged people and have good practices for quality living in society peacefully.

Annual merit-making ceremony for 2018, company joined tradition of Buddhism to make merit Kathin ceremony On Sunday, November 11, 2018 to raise funds to build a Buddhist temple at Khao Phra Temple, Tao Pun Sub-district, Photharam District, Ratchaburi Province Besides company staff, there are many people who have faith that considered as a source of learning for Dhamma discipline and center in organizing various important ceremonies in Buddhism.





## Sustainable environment

- Sustainable environmental management

Besides safety knowledge, company gives commitment to develop quality work systems, also aware of the responsibility towards society in solving global warming problems caused either directly or indirectly.

The Company is concerned about quality of work life of employees as well, therefore, company has set up a plan for monitoring environmental quality in accordance with various international standards annually, for example, announcement of Ministerial Regulation on standard of management and security, occupational health and working environment concerning heat and light and noise, 2006/ principles of Ministry of Interior announcement about work safety regarding environmental conditions (chemicals), including NIOSH OSHA standards, etc.

The Company has hired V Care Environment Service Company Limited to continuously monitor environmental quality check with scope of air quality monitoring, light intensity levels, heat level including volume levels in all areas within company such as office building and/or warehouse buildings. The results of inspection in 2018 indicate that air quality is normal according to the law.

- Improving non-smoking areas and smoking areas, company is aware of risks that may occur in the future both in terms of property hazards or causing annoyance to others by smoke which is a violation of law under Public Health Act BE 2535. Therefore, in 2018, company realized importance and created new space for smokers far away from the building.







## Internal Control and Risk Management

### Board of Director Opinion about Internal Control

Company has concerned about internal control by assigning Audit Committee to monitor and evaluate regularly. Company has concentrated to adequate and appropriate of internal control system for operational efficiency consists of resource usage, property maintenance and deter instance of errors or fraud. Board of Directors Meeting No.4/2018, 8<sup>th</sup> November 2018, by 4 members of Audit Committee to attend the meeting, they express opinions about adequate and appropriate of internal control system refer to “evaluation of adequacy of internal control systems” of Security and Exchange Commission, Audit Committee report on internal control and make recommendation focusing on operational investigation regularly improve in efficiency and effectiveness, monitoring and reporting audit report to Board of Director regularly.

Audit Committee Meeting 4 times in 2018, Auditors and Internal Audit Office, Audit Committee has performed their duties with regard to law and scope of work assigned by Board of Director in accordance with Audit Committee Charter, e.g. Financial Report Review, Governance and Risk Management, appointment of an Auditor, supervisory Internal Auditing compiles with laws and regulations related to business operation.

Board of Director has opinions in internal control system as same as Audit Committee and be summarized as follows;

#### 1. Organization and Environment

Company promotes and supports in corporate environment of internal control adequately, Board of Director in Corporate Governance consist of all company management set goals and clearly annual plan, measurable, business process plan development and strategic planning process ready to respond situation and business fast change in according to organization structure, there have chain of command, approval authority and clear functional group to build business operation flow indicating measurement to perform and follow up outcome comparing with goals. Company is focusing on recruiting process and standard in human resource management to suit for corporate culture and provides reasonable employee compensation. Company raises Code of Conduct and expects all employee to conduct themselves in honesty, ethical manner and responsibility to stakeholders. In Anti-Corruption, it is under information preparation process due to containing important information be consistent with internal control auditor's audit plan of 2017, as well as a review of the self-assessment data preparing for CAC certification application in 2018.



## 2. Risk Management

Company has concerned about its operating policy and risk management procedure by all management level and functional area to monitor in risk assessment, impact of risk, likelihood of occurrence and risk management planning with Risk Management Committee review throughout organization conform to both internal and external risks. Company has clearly defined its scope of risk lead to business operation integrate with risk management system and strategic management process in the organization.

## 3. Control Activity

Board of Director has appointed subcommittee into 4 groups; Audit Committee, Nomination, Remuneration and Corporate Governance Committee, Risk Management Committee and Management Committee, all of them work under scope of duties and responsibilities properly and identify protective measure to avoid conflict of interest (company vs private interest), require monitoring compliance with applicable laws and regulations as promoting management under proper and appropriate internal control system.

## 4. Information and Communication Technology

Company has concerned about both inside and outside Information and Communication Technology that assume as an important tool for business operation serve as performance indicator and financial report using for management decision making base on sufficient information, accurate, trustworthy and enhance in competitiveness. Company has provided communication to staff in relevant ICT laws and regulations concerning in each responsibility and accessible data clearly. Company has concerned about importance of information and communication technology improvement aiming to contribute to business activities and management efficiency.

## 5. Tracking System

Company has risk tracking system at management and operational level by Board of Director and Management use for evaluating the performance compare with target and provides clear direction and guidance. When found in unexpected, two subcommittees have monitored and reported to Board of Director as indicator system toward exceeding preset timely management actions to mitigate when problems be taken and find solution with relevant team monthly. In part of internal audit, they define plan focusing on balancing and transparency throughout management and operational process, evaluate an adequate and comply with internal control system establishing by management to achieve its effectiveness and efficiency, then report result to Board of Director, Audit Committee, and all management level regularly.



Audit Committee has implemented an adequacy evaluation of internal control system at Security and Exchange Commission execute with an adequacy evaluation of internal control system. Summaries are as follows;

### Control Environment

#### 1. Integrity and ethics

Questions	Yes	No
<p>1.1 The committee and management specify the operational guidelines and also rolls out the operations based on the integrity and code of conduct that covers:</p> <p>1.1.1 Daily work operations and decision making.</p> <p>1.1.2 Treatments to counter parties, customers and outside parties.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Charter of Board of Directors clearly defines duties and responsibilities of Board of Directors, both in performance of duties and making decision in considering various matters. With integrity and maintaining code of business conduct toward any related parties such as shareholders, employees, business partners, debtors, creditors or competitors by defining in ethics manual Business ethics and corporate governance policy (last updated on February 23, 2017) and has communicated to executives and employees of company both orientation and communication on intranet system to follow and conduct business with integrity and maintain code of conduct in business.</p>	<p>✓</p> <p>✓</p>	
<p>1.2 The required regulations are imposed in writing for the management and staff to perform work with integrity and maintain code of conduct that covers:</p> <p>1.2.1 Code of conduct for management and staff as appropriate.</p> <p>1.2.2 Prohibitions for the management and staff to engage any activities which may cause conflict of interest to the company, including corruption that may cause damage to the organization<sup>2</sup>.</p> <p>1.2.3 Punishments are set out, as appropriate if the violation against the above requirements takes place.</p> <p>1.2.4 Communication about the required regulations and punishment is made among the management and all staff, such as, arranging an orientation for new staff, and staff have to sign for acknowledgment of such regulations and punishment, as well as disseminating code of conduct to staff and third parties.</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	



Questions	Yes	No
<p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has set up an ethics manual, business ethics, corporate governance policy and staff manuals written in order for executives and employees to comply with, while stipulating directors, executives and employees shall not take opportunity to seek personal benefits and conduct business that competes with company as well as avoiding transactions that are related to oneself that may cause conflicts of interest. In this regard, employee manual has determined penalties and communicated through intranet system and orientation.</p>		
<p>1.3 The follow-up process and evaluation of Code of Conduct is established, namely:</p> <p>1.3.1 Follow up and evaluate by internal audit or compliance unit.</p> <p>1.3.2 Self-assessment by management and staff.</p> <p>1.3.3 Assessment by independent experts from outside the organization</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has an internal audit unit responsible for assessing and monitoring compliance with rules and regulations which are part of internal control system audit process appropriately and report results to Audit Committee on a quarterly basis. Company has a process to monitor and evaluate performance of executives and employees, if not comply with guidelines that require supervisor to be informed according to command line and company has prepared a self-assessment written form which determines assessment of business code as one topic in assessment for executives and employees regarding compliance with discipline, conduct, integrity, participation and loyalty to organization is part of annual performance evaluation.</p>	<p>✓</p> <p>✓</p> <p>✓</p>	
<p>1.4 Any incompliance in the integrity and Code of Conduct is handled in timely manner when such incompliance is noted.</p> <p>1.4.1 Monitoring process is established in order to detect any violation in the appropriate time.</p> <p>1.4.2 Punitive management is established in order to handle the violation in appropriate and timely manner.</p> <p>1.4.3 Corrective counter-measures are implemented to rectify the incompliance actions against integrity and code of conduct appropriately within reasonable time.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has a process to monitor compliance which management has a duty to monitor and supervise subordinates and internal staff to follow guidelines enabling company to detect and manage within a reasonable time. However, if employee finds that people who do not work according to guidelines, supervisor will notify supervisor</p>	<p>✓</p> <p>✓</p> <p>✓</p>	



Questions	Yes	No
immediately and company has imposed penalties if violate, penalties or corrective guidelines considered based on severity of offenses committed.		

2. The board is independent from the management and has the oversight function and develop to operate internal control.

Questions	Yes	No
<p>2.1 The roles, duties of the board of directors are separated from the management by stating the right reservations of the board of directors clearly.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has a charter of Board of Directors which defines role duties and responsibilities of Board of Directors clearly. Such roles, duties and responsibilities do not cover supervision of daily business operations, which are written on summary.</p>	✓	
<p>2.2 The Board of Directors monitor and supervise the business and operation targets to be explicit and measurable to serve as the operational guidelines for the management and staff</p> <p><u>Additional comments from Internal auditors</u></p> <p>Board of Directors Charter requires Board of Directors to set goals, guidelines, policies, plans and budgets including monitoring performance to be in line with plan and budget continuously. Board of Directors requires management to prepare written business goals and monitoring results monthly through Executive Committee meeting</p>	✓	
<p>2.3 The Board of Directors supervise the company to specify the roles and duties of the committee and management to conform with the required laws and charters that cover the significant roles of the Audit Committee, auditor, internal auditor and person in charge of the financial report.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has a Charter of Board of Directors which defines roles, duties and responsibilities of Board for benefit of shareholders and to comply with relevant laws in addition to Board of Directors Charter. Board of Directors supervise to prepare for Executive Committee Charter, Audit Committee and Risk Management Committee, which has been approved by Board of Directors quarterly. Board of Directors has a duty to consider and acknowledge opinions of Audit Committee on financial statements, consider and approve financial statements and internal audits</p>	✓	
<p>2.4 The Board of Directors has knowledge on the business of the company and has expertise that brings the benefits to the company or can request for recommendation</p>	✓	

Questions	Yes	No
<p>from the expert on such matter.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Charter of Board of Directors determines qualifications of directors which Board of Directors has knowledge such as engineering, accounting and experience in such work as specified in records.</p>		
<p>2.5 The Board of Directors consists of independent director who have knowledge and reliability and independence in performing work, such as, engage in nor business relation with the company, neither other relation that may cause the influence on exercising judgement and independent work as appropriate.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Charter of Board of Directors stipulates Board of Directors must consist of at least 3 independent directors. Company has 5 independent directors who are knowledgeable in engineering, accounting, economics, finance and investment. International trade and law, including experience related to business and has no relationship with management and holding of shares.</p>	✓	
<p>2.6 The Board of Directors supervises the development and operations on the internal control in the organization which cover creating control environment, risk assessment, control activities, information and communication and monitoring</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Board of Directors has authority to supervise by assigning Audit Committee to have authority and responsibility to review company's internal control system appropriately and effectively. Audit Committee will report results to Board of Directors quarterly.</p>	✓	

3. The management has appropriately established the reporting structure, authority of command and responsibilities, enabling the organization to achieve the objectives under the oversight of Board of Directors.

Questions	Yes	No
<p>3.1 The senior management establishes the organization structure to support the achievement of the objectives by considering the appropriateness of both business and law, and arranging efficient internal control, such as separating duties in important units in order to bring about the crosschecking and operational balance, assigning the internal audit work to be reported directly to Audit Committees, and distinctive reporting lines, etc.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Management considers appropriateness of organization structure and presents it to</p>	✓	

Questions	Yes	No
Chief Executive Officer as an approver. Company has taken into account appropriateness and regulation and also appropriate internal control system specifically segregation of duties, resulting in checks and balances, and regulation of approval authority approved by Board of Directors. In addition, company has internal auditors who evaluate internal control system which internal auditor must report directly to Audit Committee quarterly.		
<p>3.2. The senior management specifies the reporting lines by considering the appropriateness of the authorities, duties, responsibilities and communication of information</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>High-level executives require reporting on line of command in organization structure, specifying in job description document of each job position. Company has set delegation of Authority by preparing summary table of approval authority in order to determine authority and order of approval of important business transactions of company.</p>	✓	
<p>3.3. The duties and responsibilities for Board of Directors, senior management, executives and staff are clearly and appropriately defined, assigned and restricted.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has defined roles, powers and responsibilities of Board of Directors and Executive Committee in Charter and Executive Committee Charter in writing. For authority and duties of executives and employees specified in job description document including approval authority in summary table.</p>	✓	

4. The organization expresses its commitment to motivate, develop and retain the knowledgeable and capable personnel.

Questions	Yes	No.
<p>4.1 The company has appropriately imposed a policy and operations to procure, develop and retain knowledgeable and capable personnel and set out the process to regularly review the policy and operations.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company defines procedures for recruiting according to qualifications which specified in job description document for development of knowledge and competency of that employee re is a survey of training needs of each segment to compile into an annual training plan and provide training according to approved</p>	✓	



Questions	Yes	No.
plan.		
<p>4.2. The company imposes the evaluation process, motivations and rewards to the personnel who are capable of achieving their performance, and management to personnel who fail to achieve the performance goals, including communication of this process to the management and staff.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has established criteria for performance evaluation and provide an assessment every year. Evaluation results will be used as supporting information for salary adjustment and job positions which company requires supervisor to evaluate according to form specified by company and communicate results of assessment to subordinates.</p>	✓	
<p>4.3. The company has the problem-solving process or preparation for the shortage of knowledgeable and capable personnel on timely basis</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has manpower plan to prepare employees by giving each line requirement to Human Resources Department to know in accordance with schedule specified by company must notify company 1 month in advance in order to prepare for recruitment to replace. Resigned employees must transfer work that are responsible to new employees.</p>	✓	
<p>4.4. The company establishes the recruitment process to develop and retain the management and all staff, such as mentoring and training.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company requires promotion and staff improvement by providing training according to annual training plan as well as sending staff to attend seminars and training in various fields associated to continuously improve knowledge and ability.</p>	✓	
<p>4.5. The company sets out the succession plan for the important positions.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has identified succession plan for President in regulatory policy. Because company gives importance to selection of persons with knowledge and ability and have experience that is suitable for business by creating a "Succession Planning and Successor Recruitment Project" which defines guidelines for creating a succession plan, divided into 2 groups: President and senior management and level of manager and supervisor by clearly defining principles and guidelines for selection of successor</p>	✓	



5. The personnel in the organization are required to have duties and responsibility for the internal control in order to achieve the objectives of the organization.

Questions	Yes	No
<p>5.1. The Board of Directors and the management establish the compulsory communication process to all staff to have the responsibility for the internal control and to implement the corrective actions if necessary.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has established a policy to control operations such as corporate governance in writing which is communicated to all stakeholders through announcements, notices and websites so that all employees are aware of work process that follow an appropriate internal control system which, if any changes, responsible person must adjust work process accordingly. Moreover, company hired external auditors to review and consider appropriateness of operation process and conduct monitoring and follow-up on correction and report results to Audit Committee and Board of Directors for acknowledgment respectively</p>	✓	
<p>5.2. The Board of Directors and the management set out the appropriate KPI, incentives and rewards by considering the compliance to the code of conduct and short-term and long-term objectives.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has evaluated employees by adopting business ethics (Code of Conduct) is a part of consideration which specified in topic of Core Competency and Job Competency including completion of work according to KPIs as part of evaluation to allow employees to participate in success of work.</p>	✓	
<p>5.3. The Board of Directors and the management evaluate the incentives and rewards continuously by focusing on the success in performing the duties and compliance to the internal control.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has established KPIs which are specified as part of employee evaluation so that employees can participate in achievement of work. Results will be used as consideration for promotion, salary adjustment, bonus payment to motivate employees to work.</p>	✓	
<p>5.4. The Board of Directors and the management consider not creating too much load of pressure in performing the work of each personnel.</p>	✓	



Questions	Yes	No
<p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has prepared an ethical guide, business ethics which states principles of conduct and responsibility to employees by specifying to avoid any unfair action which may have an impact on stability of work duties of employees, human rights principles and respect for personal rights and determining appropriate compensation for knowledge, ability, responsibility and performance. Company has set criteria for evaluating performance based on KPIs for executives and employees to be aware of clear operational goals which company provides an annual performance evaluation and supervisors under command will communicate performance what needs to be improved to subordinates appropriately.</p>		

### Risk Assessment

6. The organization specifies the objectives clearly and adequately to identify and assess risks related to the achievement of the organizational objectives.

Questions	Yes	No
<p>6.1. The company can comply with the generally- accepted accounting standards as appropriate to the business at that time, and also prove that the items in financial report actually and completely exist, and reflect the obligation of the company correctly with appropriate value and complete and correct information disclosure.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has prepared financial report for each year ended December 31 and quarterly financial statements in accordance with financial reporting standards and opinion of certified public accountant.</p>	✓	
<p>6.2. The company specifies the significance of financial transactions by considering the important factors, such as users of the financial report, size of transactions, and trend of the business.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Executives cooperate in operation and support information for auditors closely to ensure that financial statements are accurate according to accounting standards, any suggestions to improve of financial statements will consider important issues together with company's certified public accountant.</p>	✓	
<p>6.3. The financial report of the company truly reflects the operating activity of the company.</p>	✓	



Questions	Yes	No
<p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company prepares financial reports by complying with generally accepted accounting principles which audited by a certified accountant approved by Securities and Exchange Commission which financial report is written with facts to comply with financial reporting standards.</p>		
<p>6.4. The Board of Directors or Risk Management Committee approves and communicates the risk management policies to the management and all staff to be aware of and comply with such policies as part of the organization culture</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has established a written risk management policy as part of corporate governance policy which Committee determines and proposes policy for Board of Directors to consider and approve that is part of corporate governance policy communicated through intranet system and on company website. In addition, company has a risk management working group to cooperate with Risk Management Committee to take concrete action and encourage employees to be aware of risks that may affect organization.</p>	✓	

7. The organization identifies and analyses all organization-wide risk types that may affect the achievement of objectives.

Questions	Yes	No
<p>7.1. The organization identifies all risks that may affect the business operations in organization level, business units, departments and various functions.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has considered risk factors that may affect business operation by considering business risks (Trader and telecommunications business) financial and or matters as disclosed in annual report and Company has a meeting of Risk Management Committee to review risk once a year.</p>	✓	
<p>7.2. The company analyzed all risk that may arise from both internal and external factors which include strategic risks, operations, reporting, compliance to rules and information system.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has a risk management committee to assess potential risks by considering both internal and external risk factors that may affect company from experience of Risk Management Committee. Company has risk analysis divided into 3 areas, namely</p>	✓	



Questions	Yes	No
business risks, financial risk and/or other risks as disclosed in annual report. However, beyond analyzed risk, such as information technology risks, company is in process of collecting information to present to Risk Management Committee to consider level of risk and solution		
<p>7.3. The management in all levels take part in risk management.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Risk management policy requires all employees to be aware of risks that may affect organization and support risk management to be successful in all activities. Company has established Risk Management Committee which consists of executives of each line of work and directors of associated company as Risk Management Committee and every year Risk Management Committee will have a meeting to review.</p>	✓	
<p>7.4. The company assesses the significance of risks by considering both the feasibility of occurrence and impacts.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has various risk factors analyzed by considering potential risk. and potential impact and put such risks in company risk registration.</p>	✓	
<p>7.5. The company has counter measures and action plan to manage risks by risk acceptance, reduction, avoidance or sharing.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has established a risk management system which includes risk management measures to avoid transferring or controlling risks that reduce the risk of occurrence. Company will consider cause, cost or resource required to compare results that will be worthwhile.</p>	✓	



8. For the risk assessment of the achievement of the organization's objectives, the organization has considered the possibility of fraud for such achievement.

Question	Yes	No
<p>8.1. The company has assessed the feasibility of fraud that may occur by including various forms of frauds, such as preparing the false financial report, operations causing the loss of assets, corruption, management override of internal controls, change of information in key reports, the improper acquisition or use of assets, etc.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company operates every step according to internal control system to ensure complied with regulations, procedures and work procedures specified, also arrange for internal auditors and auditors to monitor compliance with accounting policies and standards. Company has assessed possibility of fraud and Risk Management Committee held a meeting yearly. And company is working in process of creating anti-corruption policies.</p>	✓	
<p>8.2. The company has reviewed the target carefully by considering the feasibility of the specified targets, including the reasonableness of the incentives or returns to the employees that they will not cause the staff to have inappropriate behavior, such as, not setting too high sales targets when compared to the reality, as it may cause the staff to make false sales figures, etc.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Top management of each department considers suitability of indicators to align with business plan and present to Executive Committee for acknowledgment In order to consider appropriateness and approval, indicators will be used to evaluate performance for consideration of compensation and promotion.</p>	✓	
<p>8.3. The Audit Committee considers and inquires the management about the fraud and corruption opportunities and counter-measures that shall prevent from or tackle with the fraud and corruption.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Audit Committee has considered possibility of fraud from internal audit results and raise a question to management when is suspicious there may be fraud related transactions or impact on financial status and performance result.</p>	✓	
<p>8.4. The Company communicates to all staff to understand and comply with the policies and regulation as specified.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has ethical communication, business ethics for employees to acknowledge through orientation which informs policy regarding company's interest.</p>	✓	



9. The organization can identify and assess the change that may impact to the internal control system.

Question	Yes	No
<p>9.1. The Company assesses the external factors of change that may impact to the business operation, internal control and financial report and also impose the appropriate measures to respond to the change.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has assessed the risks that may affect whole operation objectives both caused by internal and external factors by analyzing risks that may affect or possibility and assess impact including determining measures to prevent and correct and assign staff to manage that risk. However, changes from external factors that may affect business operations, company has a meeting with relevant executives to set policies and guidelines to support changes appropriately especially meeting of the Board of Directors toward strategy which is a meeting to monitor progress of investment projects probability that may cause project to fail as targeted and solutions.</p>	✓	
<p>9.2. The Company assesses the change of business operation that may impact to the operation, internal control and financial report and impose the appropriate measures to respond to the change.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has evaluated business model transformation by considering strengths, weaknesses, problems and obstacles of each business. In the event that company will create new business, must be presented to Executive Committee for approval Also, establishment of a corporate strategy committee meeting to monitor progress of investment projects including the possibility that may cause the project to fail as targeted.</p>	✓	
<p>9.3. The Company assesses the change of leader that may impact to the business operation, internal control and financial report, and also impose the adequate measures to respond to the change.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has evaluated the changes of corporate leaders and consider various impacts that may occur to company and has a policy of succession plan for the President as defined in the supervision policy so that business operations can continue.</p>	✓	

## Control Activities

10. The organization establishes the controlling measures that help to reduce risks of not achieving objectives at the acceptable levels.

Question	Yes	No
<p>10.1. The Company's control measure is suitable for the risks, and nature of the organization, such as environment, complexity of work, nature of work, and scope of operation, including other characteristics.</p> <p><b>Additional comments from Internal auditors</b></p> <p>Company has control measures defined as policy, rule and various operational procedures covering various risks in the internal work process and constantly monitoring results of the improvement.</p>	✓	
<p>10.2. The Company establishes the written control measures which covers the processes appropriately, such as, policies and procedures related to financial transactions, procurement and general administration, as well as the scopes of authority and approval of each management level. Each authority level is clearly stated in order to prevent from the corruption, such as, the credit limits and approval authority of each management level, procedures for approval of investment projects, process of procurement and vendor selection, recording of detailed purchasing decisions, and the process of disbursement of cash, materials or tools, etc. The following processes are as follows:</p> <p>10.2.1. Collecting information of major shareholders, directors, executives and related persons as well as the related parties for the purpose of monitoring and auditing transactions or items that may have a conflict of interest. The information is always up-to-dated.</p> <p>10.2.2. In case that the Company approves the long-term transactions or agreements, such as, purchase agreement, loans, guarantee, the company has ensured that transactions and agreements are complied with the conditions for the whole period of the validity of the transactions and agreements, for example, follow up process for loan repayment, and review of the appropriateness of the agreement, etc.</p> <p><b>Additional comments from Internal auditors</b></p> <p>Company has prepared a written operation manual which covers various work processes such as procurement, accounting, finance, human resources, etc. including the clear approval authority for each type of transaction such as marketing transactions, investment related to business operations, general administration,</p>	<p>✓</p> <p>✓</p>	



Question	Yes	No
<p>personnel management, etc. In addition, company has prepared manual about connected transaction procedure. which has been approved by the Chief Executive Officer and every year the Company has prepared a report on the availability of Interests of directors and executives Submit to the Company's directors and executives to fill in and sign the information.</p>		
<p>10.3. The Company imposes the variety of appropriate internal control process, such as, manual and automated control process, preventive and monitoring control actions.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has designed an internal control system by organizing regulations and work manuals as guidelines for employees that is suitable for work such as in debtor management. Company has a credit committee to consider appropriateness of credit term, credit limit of each debtor, transfer of risk by creating a policy for trade accounts receivable. In case customer does not pay using information to follow unpaid one.</p>	✓	
<p>10.4. The Company establishes the internal control process at all levels of the organization, for example, the Group's, business unit, division, department, or work process.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company determines internal control at all levels of organization, such as preparation of authority and duties, responsibilities of Board of Directors Executive Committee Organization structure has been created by separating important duties from each other in order to prevent corruption. In addition, company has established employee regulations, manuals, rules and procedures for each process that are important to each department. Supervisors of each line are responsible for controlling employees to comply with the internal control system.</p>	✓	
<p>10.5. The Company segregates the following 3 responsibilities as for mutual authentication,</p> <p>(1) To approve;</p> <p>(2) To record accounting items and IT data and;</p> <p>(3) To take care of and maintain assets.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company recognizes importance of segregation of duties and responsibilities in various tasks, which company has clearly defined according to summary table, authority, approval and regulations. Accounting department assigned to monitor and revise company's tangible asset and record.</p>	✓	





11. The organization selects and develops the common control activities by technology systems to support the achievement of the objectives.

Questions	Yes	No
<p>11.1. The Company should impose the relation between the use of information technology, operational processes and IT control system.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has established guidelines on use of computers and information technology in ethics manual. business ethics such as avoiding access to illegal internet information or violating good morals and prohibition of unauthorized access to computer data that has specific protective measures. Company has established an IT Security Policy which specifies requirements for using information technology consisting of computer system, usage regulations, using electronic mail, internet use of space for sharing files, using standard programs and specific programs and penalties.</p>	✓	
<p>11.2. The Company should determine the control of infrastructure for the technology system as appropriate.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has established an operation manual for information technology department, determining the basic structure and security policy of information technology system and use of information systems as a guideline for system management and allow employees to use information technology systems appropriately by preparation of an emergency recovery plan manual for maintenance of the organization's information security database and reduce damage to information technology system, also damage from not being able to use information technology system as well.</p>	✓	
<p>11.3. The Company should impose the security control for the IT system as appropriate.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has prepared an operation manual for information technology department to determine basic structure and security policy of information technology system and the use of information systems as a guideline for system management and allow employees to use information technology systems appropriately, also, preparation of an emergency recovery plan manual for maintenance information security database and damage from not being able to use system.</p>	✓	



Questions	Yes	No
<p>11.4. The Company should impose the process for the acquisition, development and maintenance of technology systems as appropriate.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company's technology operation manual covers development process, maintenance of to be workable by assigning Information Technology Department responsible for receiving notification of requirements for improvement or problems and maintain under good condition.</p>	✓	

12. The organization arranges the control activities through the policies which are included the expectation and the procedures so that the policies can be put into practice.

Questions	Yes	No
<p>12.1. The Company sets out the policy to monitor the transactions of major shareholders, directors, executives or related parties, and it is necessary to go through the approval process as required, such as the company regulations, criteria of the Stock Exchange of Thailand, criteria of the office, etc., to prevent from taking advantage for the personal interest.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has established a policy and set guidelines for making inter-company transactions by preparing a working manual for making connected transactions including preparation of a close relative table of management of company and related companies and secretary will do report to committee to acknowledge.</p>	✓	
<p>12.2 The Company has a policy to approve the transactions which are made by the parties who have no vested interest in the transactions.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has a policy toward conflict of interest which is part of corporate governance policy by requiring any related party with the item to consider must inform company of their relationship and interest in such transactions and no attend on that issue and also having no authority to approve transaction If shown conflict of interest, company has established a policy and set guidelines for making related party transactions of the Company. By preparing a work manual to notify any related parties about relationship or connected transactions that may cause conflicts of interest. Company will get approved by Board of Directors meeting not counting the votes of stakeholders from making related transactions.</p>	✓	



Questions	Yes	No
<p>12.3. The Company has a policy that the approval of transactions is made on the maximum company benefits basis and considered as the same practice as arms' length rules.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has established policies and guidelines for making related transactions which sets the same practice criteria as general customers to be fair and reasonable and maximize benefits for company considered through Audit Committee meeting.</p>	✓	
<p>12.4. The Company establishes the monitoring process for the operations of the subsidiaries or affiliates, and also imposes the guidelines for the appointed directors or executives (if the Company does not have an investment in subsidiaries or affiliates c, it is not required to answer this issue).</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Directors of company hold positions as directors in subsidiaries to be able to monitor and supervise operations of the subsidiaries as guideline.</p>	✓	
<p>12.5. The Company imposes the duties and responsibilities in the policies and operational procedures which are implemented by the executives and staff.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has prepared a job description by assigning duties and responsibilities of each job position and set the operation manual which specifies position of person responsible for specified process and manager to supervise employees to comply with.</p>	✓	
<p>12.6. The policies and operational process have been put into practice by capable personnel in timely manner, including the corrective counter-measures for the erroneous operations.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has established clear guidelines for work practices and communication of various policies for all employees to be informed through intranet system. Company has the criteria for selection and has a job description for job description in order to determine the qualifications required.</p>	✓	
<p>12.7. The Company reviews the policies and operational process to maintain their appropriateness.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company arranges executive meeting to report performance on a quarterly basis. In the event that policy or operational process is not suitable for current operation, they will improve environment. Internal Audit Department is responsible for ensuring actual operation has implemented the policies and work processes. If found out work process is not appropriate will notify relevant executives to find ways to improve. In addition, in</p>	✓	



Questions	Yes	No
company requires that all departments must review operational regulations immediately and continue to improve to be in the same direction as quality system audit (ISO) every year to verify process.		

### Information & Communication

13. The organization retains the relevant and qualified information to support the internal control to be implemented as required.

Questions	Yes	No
<p>13.1. The Company imposes the relevant and qualified data required for operations from both internal and external sources.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has determined information used in operation process both internal and external data by considering quality, relevance of information in analyzing and deciding on operations such as requesting a new customer registration, considering the credit of the debtor, salesman must request documents as specified to be submitted to accounting department responsible for considering credit, analyzing the financial status of customers.</p>	✓	
<p>13.2. The Company considers both cost and benefits received, including volume and accuracy of information.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has established measures to manage risks to avoid, transfer or control risks that decided upon risk management strategy. Company will consider cause, cost or resource required to compare the results or benefits. For process of purchasing, company considers value and benefits in procurement with an appropriate price comparison and in terms of investment. Company has also engaged third party to prepare a financial opinion report to evaluate value invested by analyzing data to invest Industrial conditions, financial statements and various risk issues such as conditions and legal agreements which Chairman of Board will have meeting to consider suitability of investment.</p>	✓	
<p>13.3. The Company provides the sufficient information to the directors and committees for their decision making, for example, supporting details of the proposals for consideration, including the rationales, impact, and other alternatives.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has prepared the invitation letter for meeting specify meeting agenda along with supporting documents in order to provide sufficient opinions in meeting.</p>	✓	



Questions	Yes	No
<p>13.4. The directors of the Company shall receive the invitation letters or notice of the meeting and are provided the necessary and adequate information in advance at least the minimum period prescribed by law.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Notice of meeting and supporting documents are sent to Board of Directors prior to meeting at least within time required by law (at least 7 days in advance)</p>	✓	
<p>13.5. The Company includes the sufficient information in the minutes of meetings so that they can be rechecked for the proper operations of each director, for example, the record of enquiries raised by directors, comments and feedbacks from directors, arguing comments from the directors who disagree with the issues with their reasons.</p> <p><u>Additional comments from Internal auditors</u></p> <p>At each board meeting, secretary is assigned to prepare meeting report which will note details of consideration, questions and opinions of Board of Directors, and results of meeting for future reference.</p>	✓	
<p>13.6. The company has taken actions as follows:</p> <p>13.6.1. Retaining/filing important articles arranged in order of classifications.</p> <p>13.6.2. In case it is notified by the accounting auditor or internal auditors that there are any deficiencies in internal control, the Company has completely rectified the deficiency as recommended.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has stored important documents into the system such as storing accounting documents to separate files according to the types of vouchers, sorted by number.</p>	✓ ✓	

14. The organization performs the internal communication for the information which includes the objectives and responsibilities for the necessary internal control activities, in order to support the internal control to be implemented as required.

Question	Yes	No
<p>14.1. The Company established the effective internal communication processes and appropriate channels to support the internal control activities.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has established communication channels for employees in various channels such as posting announcements, email, centralized database system (share drive), telephone within the intranet, etc. and organized meetings to support appropriate internal controls such as internal meetings Board of Directors Meeting Audit Committee meetings etc.</p>	✓	

Question	Yes	No
<p>14.2. The Company reports the important information to the Board of directors and committees on a regular basis, allowing them to access the necessary information to perform their operations or review items as needed, for example, designating the contact person for other required information, apart from the information received from the executives, as well as inquiries to the accounting auditor, internal auditor, and arranging a meeting with the executives as requested by committees, and organizing discussion events between the management and committees, apart from the committees' regular meetings, etc.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company assigned secretary as coordinator between Board of auditor and internal auditor.</p>	✓	
<p>14.3. The Company provides a special internal communication channel or confidential channel to safely report the fraud or corruption within the organization (Whistle-blower hotline).</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Board of Directors provide opportunities for both internal stakeholders and outside organization to report clues, complaints or suggestions (whistle blower) in actions that are suspected of not complying with laws, regulations or good corporate governance policies through independent directors or the audit committee via both email audit_com@cssthailand.com and by mail sent to the Audit Committee directly. Company has set up measures to protect complainant or those who report clues to wrongdoing which company will conceal any information and keeping the information by limiting only those responsible for conducting a complaint investigation to access such information. However, company is in process establish complaint channels, report information or clues about fraud or corruption within the company through the intranet system.</p>	✓	

15. The organization communicates with external agencies about the issues that may have an impact on internal controls.

Questions	Yes	No
<p>15.1. The Company has the effective communication process with stakeholders outside the organization and establishes the appropriate communication channels to support the internal control process, for example, providing an officer or Investor Relations Unit, and Complaint Center, etc.</p>	✓	



Questions	Yes	No
<p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has created a website to communicate with stakeholders which contains important information such as company information, financial information, annual report Stock price, news, contact and channels for receiving complaints.</p>		
<p>15.2. The Company provides a special internal communication channel or confidential channel to safely report the fraud or corruption within the organization (Whistle-blower hotline).</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has set up channels for reporting clues and receiving complaints through company website by notifying Audit Committee Board of Directors. Company has set up measures to protect who report clues to wrongdoing by limiting only those responsible for conducting a complaint investigation to access such information.</p>	✓	

#### Monitoring Activities

16. The organization monitors and evaluates the internal controls to ensure that the internal controls are completely and appropriately implemented.

Questions	Yes	No
<p>16.1. The company arranges the monitoring process for the compliance in the Code of Conduct and regulations and the prohibition of the management and employees to prevent from the conflict of interest, such as, imposing that each unit shall monitor the operation and report to the supervisors, or assigning the internal audit unit to monitor the operations and report to the Audit Committees, etc.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has a process to monitor performance of employees that do not comply with business ethics and prohibition imposed by their supervisor's monitoring.</p>	✓	
<p>16.2. The Company provides the operational inspection as required by the internal control system, by the self-assessment and/or evaluation by independent auditors.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has hired external auditors namely Risklessolutions Company Limited, to assess adequacy of internal control system in each activity according to audit plan approved by Audit Committee. Auditor will present results to the Audit Committee for acknowledgment every time through Audit Committee meeting quarterly.</p>	✓	



Questions	Yes	No
<p>16.3. The frequency of the monitoring and assessment process are performed appropriately for the company transformation.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has an annual internal audit plan which is determined by risks and nature of business operations internal auditors from outside will review internal audit plan to ensure consistency and appropriateness that may change when needed. Audit Committee has duties and responsibilities to consider and give opinions which are in accordance with the duties and responsibilities set in Audit Committee Charter. Thus, results will be presented to Audit Committee for acknowledgment every time through the Audit Committee meeting every quarter.</p>	✓	
<p>16.4. The monitoring and assessment processes for the internal control system are performed by knowledgeable and capable personnel.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Internal control system has been monitored and evaluated by experienced internal auditors, Risklessolutions Company Limited to follow up on the progress of corrections and improvements along with presenting to Audit Committee for acknowledgment through Audit Committee meeting every quarter.</p>	✓	
<p>16.5. The company imposes that the report of the internal audit shall be directed to the Audit Committee.</p> <p><u>Additional comments from Internal auditors</u></p> <p>Internal Audit Department reported directly to Audit Committee.</p>	✓	
<p>16.6. The company promotes the internal auditor to perform their duties in accordance with the International Standards for the Professional Practice of Internal Auditing, (IA).</p> <p><u>Additional comments from Internal auditors</u></p> <p>Company has hired internal auditors from outside to inspect entire work system and follow up performance as planned according to international standards, professional practice, internal audit.</p>	✓	





17. The organization evaluates and communicates the deficiencies of the internal control in a timely manner to the responsible officer, including the senior management and directors as appropriate.

Question	Yes	No
<p>17.1. The Company evaluates and communicates the deficiencies of internal control process and promptly take corrective actions in case that the performance is significantly different from the targets.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company has evaluated and reported internal control system audit results to Audit Committee in order to follow up and correct.</p>	✓	
<p>17.2. The Company has the reporting policies as follows:</p> <p>17.2.1. The management is required to report to the Board of Directors immediately in the event of serious fraud and corruption, breach against law or other unusual acts, which may significantly affect the reputation and financial position of the company.</p> <p>17.2.2. The significant deficiencies, as well as the corrective actions (although they have already been handled) shall be reported to the Board of Directors/Audit Committees for their consideration in timely manner.</p> <p>17.2.3. The significant progress of rectification should be reported to the Board of Directors/Audit Committees.</p> <p><b><u>Additional comments from Internal auditors</u></b></p> <p>Company requires Executive Committee to report results to Board of Directors, which is defined in the Executive Committee Charter by reporting to Board of Directors for acknowledgment in the event of an incident or suspected of serious corruption or other unusual actions which may affect reputation and financial status significantly. Internal Audit Department will follow up on progress quarterly improvement, and report to the Audit Committee.</p>	✓	



## Related Party Transaction

In 2018, the company has transaction with subsidiaries; this transaction is normal business operations. For procedure for the approval of the transaction, the company has conducted business according to general trade agreement, market price and conditions. In case of unusual trade nor in accordance with market terms and conditions must be submitted to the Board of Directors to approve all the transaction.

However, consideration of all the transaction shall be in attendance to Audit Committee's review to examine the appropriateness of the price rates of return. Except in case of normal transaction or usual business according to market terms and conditions, Executive Committee or Chief Executive Officer or senior management has entitled to approve the scope of the authorization given. Yet, in event that the committee does not have the expertise to consider the transaction, the company shall provide expert such as auditors or independent experts to comment on the transaction said. The Board of Directors or a person with special expertise will be applied to the decision of the Board of Directors or shareholders, as the case.

Moreover, company will reveal such transactions in the financial statements 'notes audited by the auditors. The transaction shall be done in accordance with the law, notifications, or regulations of the Securities and Exchange Commission and / or Stock Exchange of Thailand including compliance with the disclosure of transactions and the acquisition or disposal of major company's assets.

For future transaction, company has procedure for approving transaction. Company has stipulated policy to proceed according to general trade, market terms and conditions to maximize company's benefit.

The Audit Committee will give opinions on the appropriateness of the transaction and the price with fair price for the best benefit of the Company.

### Details of the transaction

(unit: Thousand Baht)

Individual / related parties	Detail	Transaction value		Remark
		31-Dec.-18	31-Dec.-17	
CSS Energy Co.,Ltd subsidiary	Buy-Sell electric wire	1,613	1,774	Based on general trade and support the company's operations to maximize benefit.

The Audit Committee Meeting No. 1/2019 held on February 25, 2019 has considered and opined that the above transactions are reasonable. The price and terms are in line with normal business practices. (Fair and arms' length)