

# Corporate Social Responsibility (CSR)

The Company recognizes the importance of being involved in the caring of society and the environment for good quality and organized many activities to promote and encourage sustainable social and environmental development. The Company's social and environmental policies are as follows:

- Operate its business with the concern of the impact on society and the environment.
- Aim to take action to reduce and prevent pollution.
- Strictly comply with applicable laws, regulations and procedures.
- Continuously Develop and improve the performance standards to be in line with environmental requirements.

Treatment to stakeholders

Stakeholders	Requirement/expectation	Business operation of the Company
Shareholders	<ul style="list-style-type: none"> <li>• Receive stable return both short-term and long-term;</li> <li>• Receive sufficient information supporting making decision;</li> <li>• Ability to exercise rights as stipulated by law;</li> <li>• Being equally facilitated among other shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct business with spirit, well organized and planned by taking into account the return and risks, conduct business of alternative energy which covering production and distribution of biodiesel oil including solar power plant and wind power plant operations. The Company also expands its business to develop and produce batteries and charging stations.</li> <li>• Disseminate information completely, sufficiently, timely with transparency through different channels such as publishing hard copies, Company's website, as well as publicize of Company news through public press occasionally.</li> <li>• Comply with applicable laws, especially concerning exercise of rights of shareholders</li> <li>• Facilitate shareholders equally and properly to enable convenience during the meeting and provide visiting trip to the Company. In 2017, the Company added one more channel to enable shareholders to watch live meeting of the Annual General Meeting of Shareholders via the mobile application of the Company (please see the application manual at <a href="http://www.energyabsolute.co.th/agm_manual.php">http://www.energyabsolute.co.th/agm_manual.php</a> in order that shareholders shall be able to vote through proxy with more effectiveness.</li> </ul>

Stakeholders	Requirement/expectation	Business operation of the Company
Customers	<ul style="list-style-type: none"> <li>Product quality is in accordance with standards, at reasonable price and excellent service;</li> <li>The production process is available for examination to assure the confidence;</li> <li>Open for suggestions, opinions in order to be a guideline for improvement on product and service quality;</li> <li>Determine terms of trading with fairness and justice and supports long term business relationship</li> </ul>	<ul style="list-style-type: none"> <li>The Company implements strict quality control procedures on products and services as well focusing on constant improvement</li> <li>In regard to business of power generation, the Company processing its operations in order to control quality and safety of the production and distribution system; concentrated on maintenance of equipment and tools to ensure its good condition</li> <li>Sales and Marketing Department closely conducts survey on customers' satisfactory as well as managing sales plan and delivery schedule to customers.</li> <li>Research and development on production process are continuously conducted.</li> <li>Determine terms of trading with fairness and flexibility as considered necessary to allow mutual benefit among parties.</li> </ul>
Trading partners	<ul style="list-style-type: none"> <li>Determine trading terms clearly, fairly and appropriately;</li> <li>The procurement procedure is fair, transparent, without conflict of interest or transfer of interest;</li> <li>No violation on intellectual property or disclosure of the trade secrets which may cause damages to trading partners.</li> </ul>	<ul style="list-style-type: none"> <li>Adhere to fair treatment to trading partners; determine procurement terms clearly with all trading partners.</li> <li>Open an auction in case of procurement of equipment and tools or investment where the value is high, in order to receive terms and conditions that meet requirement of the Company, when is acceptable by the trading partners.</li> <li>Comply with agreement pertaining to contract and business ethics strictly.</li> <li>Implement internal control system and ethic of business conduct to prevent any person from disclosing or using information of the Company for other benefit than business operation of the Company.</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>Strictly comply with the conditions and terms stated in the contract;</li> <li>Implement reporting, controlling, managing system and risk management which is appropriate and in line with acceptable standards</li> </ul>	<ul style="list-style-type: none"> <li>The Company sets up Investment Plan Department and Finance Department to coordinate with creditors from financial institution and other accounts payable in order to support business operation of the Company to be consistent with working plan and terms and conditions stated in the related contracts.</li> <li>The Company has the Risk Management Committee whose duties are to supervise, control, and monitor to ensure the appropriate measures of risks of the Company.</li> <li>Provide meeting with creditors and related teams on regular basis to follow the progress and coordinate joint plans, discuss closely maintaining good relationship.</li> </ul>

Stakeholders	Requirement/expectation	Business operation of the Company
Surrounding communities	<ul style="list-style-type: none"> <li>• Business conduction of the Company shall not cause negative impacts to communities and environment.</li> <li>• Immediately take action on any problems occurred with speedy manner.</li> <li>• Liaise for good relationship and support activities of the communities.</li> <li>• Provide opportunities for community members to become a part of team work of the Company in order to support their income.</li> <li>• Enhance the development of community in according with sustainable development and environment friendly.</li> </ul>	<ul style="list-style-type: none"> <li>• To listen to community feedback as required by the authorities before investing to build a power plant. Moreover, the community has been continuously monitored of its opinions, suggestions, and needs by assigning a team of community relations at each plant to directly follow up and coordinate and listen to the opinions.</li> <li>• Assign a team to monitor and care for the environment and plant safety to continuously maintain the environment and safety.</li> <li>• Provide knowledge and training to staff, communities, students and the general public in order to properly understand the business operation of the Company.</li> <li>• Allocate the budget to assist and support community activities in terms of education, local traditions, health and environment.</li> <li>• Build the water storage inside the solar power plant project and share to surrounding communities to use as a reservoir for water in times of need.</li> <li>• Support the hiring of full time employees and temporary staff from people in communities, based on their potential, abilities and aptitude to create the employment and development of knowledge and capability during the period of power plant construction which the Company hired thousands of employees. After the construction completion and distribution of electricity, the Company hired more people to take care the power plant, maintain the plant' properties and others. As a result, the Company hired a large number of people residing surrounding the plant for the operation of power plant.</li> <li>• Implement the Integrated Organic Agriculture Project by starting at the solar power plant, Nakhon Sawan Province as the first place, then expanding to the solar power plants in Lampang and Phitsanulok provinces to experiment the sustainable and environmentally friendly farming practices and opening the opportunity for the community, students from schools surrounding the power plants and those interested in learning in the demonstration area. The project includes growing Ubon rice, corn, sugar cane, vegetable and trees, soil quality improvement, animal husbandry and fishery, etc. as well as training and education for schools around the power plant in Nakhon Sawan. Later, it was expanded to develop the processed products, develop marketing and make direct link to consumers.</li> </ul>

Stakeholders	Requirement/expectation	Business operation of the Company
Employees	<ul style="list-style-type: none"> <li>Receive fair and appropriate compensation and welfare paid in form of money and other forms of incentives which attract the employees;</li> <li>Provide opportunity to grow, advance and develop their knowledge and skill equally and regularly;</li> <li>Provide good working environment, hygiene and safety.</li> </ul>	<ul style="list-style-type: none"> <li>Treat employees with fairness, determine compensation rate and work performance assessment which can be linked to assessment result.</li> <li>Provide sufficient welfare not lower than stipulated by law.</li> <li>Consider human rights, hygiene and safety at work.</li> <li>Provide skill training courses for employees in both internal and external courses in order to increase knowledge and skills of employees as well as to relocate the potential employees to work in the area that fit in with their skills which will enhance their opportunities.</li> <li>Provide channel for complaint in case of receiving unfair treatment where investigation procedure is undertaken prior to further actions.</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>Conduct business with morality, transparency; compete with fairness and in accordance with related law.</li> </ul>	<ul style="list-style-type: none"> <li>The Company determines ethic of business conduct in respect to treatment of the competitors with good morality and in accordance with related laws.</li> </ul>
Control unit and public sector	<ul style="list-style-type: none"> <li>Comply with related regulations, refrain from violation, negligence, incompliance with the critters and provisions which may cause severe damages</li> </ul>	<ul style="list-style-type: none"> <li>Assign person to be responsible for monitoring compliance of all related parties to be in accordance with related agencies.</li> <li>The Company has Internal Audit Unit by hiring Dharmanithi Co., Ltd., an independent external company providing internal audit, to control compliance with regulations on regular basis.</li> </ul>

The business operation of the Company and subsidiaries is adhered to the policy which requires attention and concentration to stakeholders which are shareholders, customers, trading partners, creditors, surrounding communities, employees, competitors, Control Unit and public sectors. The said persons are important to our business operation in a way that they can generate positive as well as negative impact to our operations.

The company operates its business by creating business value to be consistent with the vision, mission of the Company which focus on developing environmentally friendly alternative energy and create the sustainability of the Company and its subsidiaries, it also focuses on product development, laying foundation of employees, promoting the community development.

- Biodiesel oil production plant, the beginning of CSR in Process**

The Company steps to energy business through development of its own technology as to produce biodiesel oil extracted from crude palm oil, a natural raw material. The product is distributed to customers from the country's large oil refinery plants, or to mixed with diesel oil to reduce demand of imported oil, while increase consumption of environment-friendly energy. This is how we start our first move to business with consideration placed on environment as a priority.

The Company has focused on the biodiesel production process that is environmentally friendly. In 2017, the Company has been certified by the following standards:

- The Company still maintains the standard of Roundtable on Sustainable Palm Oil: RSP, ISO 9001: 2008 (Quality Management Systems) and Kosher from the Certification Body throughout 2017. In 2017, the Company has been also certified by Environmental Management System) ISO 14001: 2015 and Occupational Health and Safety Management System) OHSAS 18001 : 2007 from URS Thailand (United Registrar of Systems (Thailand) Ltd.) in the first quarter of 2017 as Certificate Number : 79935/A/0001/UK/EN (ISO 14001 : 2015) and Certificate Number : 75535/B/0001/UK/EN (OHSAS 18001 : 2007) which is the Certification Body of international standards. The Company aims to develop and improve the management on environment, occupational health and safety to be in compliance with rules and regulations, to have good working environment and provide working safety to employees, additionally, this also demonstrates the Company's commitment to be responsible in society and internal and external environment to create the good image of corporate; and
- the Company has been certified of Green Industry (Level 3): Green System (GL3) from the Ministry of Industry to ensure that the Company has the systematic environmental management. The Ministry of Industry has promoted the industrial sector to operate its business with environmental friendliness, social responsibility to happily live with society and community along with the sustainable development by focusing on 3 topics such as:
  1. Development and improvement of the production process efficiency.
  2. Environmental management for continuous improvement and
  3. Social and environmental responsibility both inside and outside the organization. (throughout the supply chain)

It will be monitored, evaluated and reviewed for continuous improvement in accordance with Certificate No. 3-6471 / 2561 (for the Factory Registration No. Khor3-47 (2) -2/52 PorJor.) and 3-6472/2561 (for the Factory Registration No. Khor3-7(1)-1/44 PorJor.).
- The Company joined to “Environment Corporate Governance of Industrial Companies” with the Ministry of Industry with aim to apply the Environment Corporate Governance principles to its business operation to be in compliance and to focus on prevention and reservation of the environment with communities and local societies.
- The Company places its emphasis on safety of employees during work operation and complies with the laws related to safety strictly. The Company provides training courses related to safety on regular basis and report work result directly to the Executive Committee. The Company launched different training courses and provided safety equipment, tools for employees working in Prachinburi factory. In 2017, the Company organized the training course related working safety as follows:
  - Training Course “Safety, Occupational Health and Working Environment for Employees and New Employees, Employees who move to new workplace or Change of machinery or equipment with different risk factors and for employees in the supervisor level”.
  - Training Course “Safety Officer in the Management Level (Safety Officer Management), in the Supervisor Level (Safety Officer Supervisor)”.

- Training Course “Working Safety Committee”.
  - Training Course “Crane Operator, Signal Man, Rigger and Crane Supervisor for many Types of Cranes”.
  - Training Course “How to Use and Maintain Personal Protective Equipment (PPE) for Employees”.
  - The Drill to control and alleviate the emergency regarding hazardous chemicals, boilers and the fire drill including the annual fire escape
- The Management is determined to submit report of work performance to the Board of Directors. Furthermore, the Audit Committee and Internal Audit have formulated the audit schedule of factories and projects of the Company Group, in the annual audit schedule. The objectives of the audit, visit factories and projects is to ensure that work operations of the Company are performed in accordance with standards, regulations, rules and vision and mission of the Company.

- **Power Plant of Renewable Energy; CSR at Full Form**

Since year 2012 onwards, the Company has paced into a developer of renewable energy starting from 4 solar power plants, capacity as stated in the contract totaling of 278 MW, following with 8 wind power projects, the capacity stated in the contract totaling of 386 MW, all which are operated by subsidiaries. The Company and its subsidiaries continue to adhere to business operation that places importance on environment social and community at its fullest effort. The summary of activities are as follows:

- **To promote the knowledge** in respect of renewable energy as group of the Company distribute the clean energy, therefore, this knowledge is passing through students, community leaders and public sectors. They are invited to visit and learn the production process of solar power plants in Nakorn Sawan and Lampang in order to understand and see more practical picture of the process of generating electricity from solar power.

The Company has developed spare plot of land within the project area by taking the idea of organic farming system to create organic farm and open into a learning center for students surrounding the area. The organic product is distributed to students for lunch and some are sales to community. The profit is return to organic farm inside the solar plant. According to the policy of utilizing material to create maximum benefit to projects of the Company Group and surrounding communities, the Company has developed spare plot of land within the project area by taking the idea of His Majesty the King on mixed farming system and to store, and manage water reserving for farm inside the solar power plant at Phisanulok. This would help farmers who do not have land and to utilize for the benefit of stakeholders.

- **Create the occupation to community:** The Company well aware that solar and wind power plants need large area, while there are a number of existing local people settling down nearby the area of solar power plant. For this reason, planning for construction and development is conducted by concentrating on benefit to the local labor, create employment directly and indirectly (through contractors) by employing local people and after commenced the operations, the solar power plant of the Company also continues occupy local people. The Company also support community to design packaging and processed agricultural products in order to increase value of product.

To create the opportunity to community by complying the ideal of Social Enterprise. The Company aim to develop community surrounding the plant in order to increase their income and to improve the community for sustainable self-reliance basing on the development which is benefit for all stakeholders and be friendly to environment and core value of operating business of the Company. During 2017, the social enterprise projects are as follows:

- **Sustainable Organic Agriculture: The Integrated Organic Farming Experimental Project:** It is an agricultural system that is cultivating many types of crops or raising many species of animals in the same area under mutual benefit to each other in the most efficient way. Based on the principle of combining plants, animals and the environment with the reduction of chemical use in order to restore the soil condition to be a complete and sustainable ecosystem. This will help to increase productivity and reduce crop costs by carrying out an experimental project to grow rice, sugarcane, corn, fruits, and rare items of herbs which are all organic and non-toxic. within the experimental areas in all three solar power plants located in 3 provinces which are Nakhon Sawan, Lampang and Phitsanulok. This project promotes the creation of organic farming standards by starting with the pilot sites in two plants located in Nakhon Sawan and Phitsanulok provinces, the experimental farm in Nakhon Sawan plant has received the standard of organic production from the Department of Agriculture (Organic Thailand) while the experimental farm in Phitsanulok Province has been certified of the organic farming standard from the Northern Organic Standard Organization with the intention that the pilot organic farms will motivate communities around the power plant to turn to do organic farming which is good for farmers, consumers and environment. Additionally, it also builds thw confidence for farmers and consumers that the products certified by the Organic Standard Organization are free from chemicals, safe for consume and actually care for environment.
- **Creation of sustainable alternative career for farmers / communities surrounding the area of power plants:** It will focus on increasing the revenue, maximizing results and sustainably developing by analyzing, selecting suitable plants growing in that area, summarizing knowledge, planting process, how to take care and protect to achieve targeted quality yield and to make an easy-understanding manual for organic farming provided to farmers who are interested in. They can really practice with understanding and knowing cautious, protective and special careful points to reduce the damage to products. Additionally, it also promote and develop agriculture by using modern agricultural technology innovations combining with traditional agriculture to increase productivity, increase the amount of products, increase product quality. Farm environment which is linked to each other including the management of agricultural products after harvest for maintaining the quality as long as possible and to prevent damage from seasonal variations as well as reduce the amount of investment. This project is still in the criteria to expand the impact and actual practice, the experiment was conducted on the areas inside two solar power plants located at Nakhon Sawan and Phitsanulok, which experimented to create a good farming system with effectiveness under the farming under solar panels at Phitsanulok plant in accordance with the appropriateness of each area. Besides, there is a data management which links all data to the center and farming areas by taking into account quality, criteria and good approach in food production (GMP) and promotes the

production code of conduct to sell safe products to consumers. It also helps to plan and test the transportation management of the enterprise to the market starting from the transport of organic vegetables without chemicals from Nakhon Sawan Province and Phitsanulok as well as directly linking the marketing to consumers and selling to the factory and major entrepreneurs.

- **Soil Improvement with the cost reduction by adding no-added materials:** Focusing on cost reduction and adding value from things nearby, such as the Organic Grass and Microbial Composting Project at Lampang, Organic Compost from Water Hyacinth and goats were used in agricultural plots in Nakhon Sawan Province and distributed training to the communities around the power plants at Lopburi
- **Linkages and integrated enterprise management:** The project focused on business planning for community enterprises by applying demand-supply and supply-side economics to link the market to crop planning for farmers and prevent the price risk from exceeding production of any product, marketing and sales arrangements that directly link farmers to consumers, the market planning and preparation including the demands of consumers about organic products with free of chemicals to support the productivity of farmers at present and in the future. Additionally, the PR media is also made to promote the project's market to be more well-known, the organic market project is also implemented in local area by collecting namelist of member, supports, customers in local area and Bangkok to support the productivity in market expansion phase. The exhibitions are also planned to make PR via booths such as Organic & Natural Expo 2017 in Thailand at Queen Sirikit National Convention Center, organized by the Department of Trade, Ministry of Commerce, and using online media for promote the importance of farm development and quality products to increase the confidence of consumers and increase new customer base as well as to expand its result to make people in communities having sustainable career in the long-term.
- **Product development / processing:** To increase the productivity of the community including value added to products and shelf life, to increase income and profit for farmers, model enterprise from organic farming products without chemicals, for example, canned sugar cane juice mixed with pandan juice, garden vegetables for cooking from the project area of Nakhon Sawan plant and aromatic rice, berry rice, Pathum jasmine rice packed in vacuum bag as well as mixed salad vegetables from the project area of Phitsanulok plant, later develop its result by food processing procedure with food technology to make the product innovative and creative with diversity, added value and extend shelf life.



- Based on the success of the development of the power plant project along with community development, the environment and the opportunity for the community to participate, the company's power plant projects have been expanded along with the prosperity and development of the living of communities and local people. Such model will be applied to all power plants of the Company for sustainable growth.
- **Promoting the reduction of greenhouse gas:** The Company has been approved of the registration of the Thailand Voluntary Emission Reduction (T-VER) Program with the Thailand Greenhouse Gas Management Organization or TGO. The project was developed to promote and support all sectors to voluntarily engage in greenhouse gas reduction in Thailand and it can reduce the amount of greenhouse gas emissions which is called Carbon Credit which under this T-VER, it is called "TVERs" to sell in the domestic voluntary carbon market. TGO also defined rules and procedures for the development of the project, method of reducing greenhouse gases (Methodology), registration and certification of greenhouse gas, it must be a project that contributes to reducing / absorbing greenhouse gases in Thailand in order to reduce the amount of greenhouse gas emissions that cause global warming, increase greenhouse gas storage, have more revenue from the sale and purchase, the Company has applied for the above-mentioned projects through its subsidiaries for following projects:

1. Project Name: Solar Farm at Nakhonsawan, Thailand of its subsidiaries – EA Solar Nakhonsawan Co., Ltd., the TGO Sub-committee approved this project to certify the reduction of greenhouse gas for December 2015 to November 2016 at 106,148 tCO<sub>2</sub>e.
2. Project Name: Solar Farm at Lampang, Thailand of its subsidiaries – EA Solar Lampang Co., Ltd., the TGO Sub-committee approved this project to certify the reduction of greenhouse gas for December 2015 to November 2016 at 111,104 tCO<sub>2</sub>e
3. Project Name: Solar Farm at Phitsanulok, Thailand of its subsidiaries – EA Solar Phitsanulok Co., Ltd., the TGO Sub-committee approved this project to certify the reduction of greenhouse gas for April 2016 to September 2016 at 63,178 tCO<sub>2</sub>e

In 2017, the Company continues to collect the amount of greenhouse gas emissions of all three projects, the TGO sub-committee approved to certify the Company's greenhouse gas reduction. The Company has also expanded its business to electric charging stations for electric vehicles under the trademark of "EA Anywhere", the purpose is to apply clean energy to the automotive industry and reduce carbon dioxide emissions as well as promote the use of energy which is eco-friendly.

## Anti-corruption Policy

The Company and subsidiaries aim to conduct the business based on ethic and social responsibility to all stakeholders according to the principle of good corporate governance and code of conduct of the Company including all policies and good practice to stakeholders of the Company. The Company has a policy to determine the appropriate responsibilities, practices and operational requirements to prevent corruption with all business activities of the Company and to make decisions and conduct business that may be at risk of corruption, the Company has carefully considered and treated to the corruption, then has developed an “**Anti-Corruption Policy**”.<sup>1</sup> in written form as the clear guideline for conducting business which will lead to the development of sustainable organization.

- **Definition of anti-corruption policy**

**Corruption** means bribery of any kind by offering, promising to give or committing to request or receive money, property or any other benefits which are not suitable for officials of government agencies, employees of private agencies or any person with duty, whether it be directly or indirectly, to enable such person to act or to refrain from performing his duties as a result of acquisition or maintain any other benefits which in not suitable for the business manner, unless it is the case that the law, regulations, local regulations, customs or trade customs permit to do.

- **Anti-corruption policy**

Directors, executive and employees of the Company are not permitted to perform or accept corruption in any form, either directly or indirectly. It covers every business and every department involved and the compliance with the anti-Corruption policy will be consistently reviewed, as well as the guidelines and requirements for compliance with changes in business, regulations, and legal requirements will be also reviewed.

- **Duties and Responsibilities**

- 1. Board of Directors:**

Their duties and responsibilities are to set the policy and making oversight by having an effective system that supports anti-corruption to ensure that the management realizes and values the anticorruption which will be cultivated as corporate culture.

- 2. Audit Committee:**

Their duties and responsibilities are to review financial reporting and accounting systems, internal control system, internal audit system and risk management system in order to ensure the compliance with international standards with conciseness, appropriateness, update and effectiveness.

- 3. Executive Committee and Management:**

They have duties and responsibilities in setting a system and promoting and supporting the Anti-corruption policy by communicating to employees and all concerned parties, reviewing the suitability of system and measures to be consistent with the change of business, regulations, and legal requirements.

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<sup>1</sup> Approved by the meeting of the Board of Directors No. 1/2557 on 28 February 2014

#### 4. Internal auditors:

They have duties and responsibilities to examine and review the operations to ensure the compliance with the policy, practice, operational authority, regulations and laws, regulatory requirements to ensure that there is appropriate and adequate control of potential corruption risks and to report to the Audit Committee.

- **Practical guidelines**

1. Directors, executives and employees of all levels must abide by the anti-corruption policy and the Company's Code of Conduct by not involving in corruption, neither directly nor indirectly.
2. The Company's employees will not neglect or ignore upon seeing the corruption actions involving the Company and must notify the supervisor or the person in charge including the cooperation in the investigation of facts. If there is any questions or inquiries, employees can consult with their supervisor or the person responsible for monitoring the compliance with the Company's Code of Ethics via various channels defined.
3. The Company will provide fairness and protection for employees who refuse or report corruption related to the company by protecting the complainant or those who cooperate to report the corruption in accordance with the Whistleblower Policy<sup>2</sup> defined by the Company.
4. Any employee conducting corruption is an offense against the Company's Code of Conduct and must be disciplined according to the rules set out and may be punished by law if the action is a legal offense.
5. The Company recognizes the importance of disseminating knowledge and understanding to others to perform duties related to the company or maybe the impact on the company to deal with this anti-corruption policy.
6. The company is committed to creating and maintaining corporate culture which adheres and denies the corruption for the transactions with both government and private sectors.

- **Action Requirements**

1. This Anti-Corruption Policy covers the process of Human Resource management from nomination or recruitment, promoting, training, employee performance appraisal and compensation. All level of supervisors must communicate with employees for their responsible business activities and effectively supervise the operations.
2. Any action in accordance with the anti-corruption policy must use the guidelines set out in the Code of Conduct Manual, Corporate Governance Handbook, policies and guidelines to various stakeholders including related regulations and working manual and other practices that the Company will set up later.
3. In order to clarity in dealing with the high risk of corruption, directors, executives, and employees in all levels must be careful with followings:
  - Gift, reception and expense to give - receive or receiving of gifts must be practiced in accordance with the Code of Conduct.
  - Donations for charity or sponsorship, giving or receiving of donations or sponsorship must be transparent and legal with the confidence that such donations or sponsorships are not used as an excuse for bribery.

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<sup>2</sup> Approved by the meeting of the Board of Directors No. 6/2557 on 14 November 2014

- For the business relationship and procurement with government sector, do not give or accept bribes to conduct any type of business, company operation, the contact with public sector must be transparent, honest, and compliant with applicable laws.

### **Operation against corruption (Anti-corruption Policy)**

To promote anti-corruption operations, the Company has established a whistle-blowing policy and other related requirements to be a guideline for consideration and practice as follows:

- The Board of Directors has approved a whistle-blowing policy to file a complaint both inside and outside the organization. The details are as follows

### **Complaints Policy**

To promote internal stakeholders and outside the organization to engage in the corporate governance process, the Company sets policies in case of any group of stakeholders who are suspected of or suspected of violating or not complying with the laws, regulations, or business ethics to report the clues or complaint. The details of the evidence can be sent to the Chairman of the Audit Committee.

#### **Conditions and Consideration of Complaints:**

1. Details of complaint Must be truthful, clear, and informative enough to investigate the facts in order to proceed.
2. The complainant can choose to not disclose his / her self to protect the complainant.
3. Information received by the Chairman of the Audit Committee is confidential and will be disclosed as necessary by taking into account the safety of the complainant.
4. After the complaint was screened and investigated, the Board of Directors will be reported of its result for further consideration and setting appropriate measures.
5. The complainant will be protected whether he/she be the Company's employee and outsider.

#### **Procedure<sup>3</sup>**

1. Notify the complainant who has disclosed the name, contact address about the progress / results of consideration upon the complaint
  2. The Company reserves its right to not disclose the details of the investigation or disciplinary action affecting personal information and confidentiality
- The Company has supported the complaints channels, from which the complainant can send a letter to the Chairman of the Board, the complaints can also directly submit to the Company's website, via email to the Chairman of the Audit Committee. In 2017, the Company has not received any complaint related the corruption.

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3 Approved in the meeting of the Board of Directors No.1/2560 23 February 2017

# Internal Control and Risk Management

The Board of Directors has appointed the Audit Committee that consists of three independent directors and are not employee of the Company. The Audit Committee is responsible for reviewing the reliability of financial reports. The effectiveness of the internal control system, compliance with relevant laws and regulations include transactions that may cause conflict of interest of the shareholders, directors and executives.

The Board of Directors, the Audit Committee and the management has paid attention to the internal control by assessing the effectiveness and adequacy of internal controls in accordance with COSO International Standards (The Committee of Sponsoring Organization of the Trade way Commission), the Good Corporate Governance in accordance with the guidelines of the Stock Exchange of Thailand and ongoing risk management to the Company Good Corporate Governance has sufficient internal controls, suitable for business operations. There is an acceptable level of risk management having a reliable and accurate accounting and financial reporting system as well as legal compliance, rules and regulations related to the business of the Company.

The Audit Committee has adequately assessed the internal control system by Dharmniti Co., Ltd. in accordance with the evaluation form of the Office of the Securities and Exchange Commission (SEC) sets and reports to the Board of Directors at least once a year. Followings are the evaluation topics:

## Control Environment

1. The organization demonstrates its commitment to the values of integrity and ethics.
2. The Board of Directors is independent from the management and perform oversight duty and develop the implementation of internal control.
3. The Management has set up chain of command, determining the power of command and responsibility for the organization to achieve its objectives under the supervision (oversight) of the Board.
4. The organization shows commitment to motivate, develop and maintain knowledgeable and capable personnel.
5. The organization requires personnel to have duties and responsibilities for internal control to achieve the objectives of the organization.

## Risk Assessment

6. The organization clearly defined objectives to capably identify and assess the risks associated with achieving corporate objectives.
7. The organization identifies and analyzes all types of risks that may affect the fulfillment of objectives throughout the organization.
8. The organization identifies risks of corruption occurrence for evaluate the risk to achieve the purposes of organization.
9. The organization identifies and evaluates variations which may affect the internal control system.

### Control Activities

10. The organization has control measures that reduce the risk of not achieving corporate objectives to be at the acceptable level.
11. The organization selects and develops general control activities with technology systems to assist in achieving the objectives.
12. The organization provides control activities through policy which defines what to be expected and how it works to practice the planned policy.

### Information & Communication

13. The organization provides relevant and quality information to encourage internal control to be implemented as prescribed.
14. The organization communicates the information inside the organization including the objectives and responsibilities for internal control that are necessary to support internal control to proceed as planned
15. The organization communicates with external organization about issues that may affect internal control.

### Monitoring Activities

16. The organization monitors and evaluates the internal control to ensure that internal controls are completely and appropriately in place.
17. The organization assesses and communicates defects of internal control in timely manner to the responsible person including top executives and the Board of Directors, as appropriate.

In addition that the Company assigned the management to submit an operational report to the Executive Board, the Audit Committee And the Internal Audit Department also scheduled the auditing of factory and projects of the Company Group in the Annual Audit Plan in order to ensure that all operations of the Company comply with the standards, rules and regulations, and in accordance with the Company's vision and mission at the Meeting of the Board of Directors No. 1/2018 held on 28 February, 2018. There were 3 members of the Audit Committee who are all independent directors attending the meeting, the Board of Directors considered the internal control system evaluation for the year 2007 according to the adequacy of internal control system issued by the Office of the Securities and Exchange Commission (SEC), consisting of 5 main components which are controlling environment, risk assessment, control measures, Information and communication system, tracking system as mentioned above. The Board of Directors agreed with the Audit Committee that the Company and its subsidiaries set up the important internal control measures related to the operation, risk management and the sufficient overseeing and monitoring of the management and The Board of Directors.

### Auditor's remarks on internal control.

The financial statements of the Company and its subsidiaries for the year ended 31 December 2017 of PricewaterhouseCoopers ABAS Co., Ltd., the Company's auditor report as no remarks and suggestions on the Company's internal accounting systems.

### Chief Internal Audit Information

The Company occupy services from outside (outsourced) internal auditing firm. At the meeting, the Audit Committee appointed the Company “Dharmniti Internal Audit Co., Ltd. to serve as the Company’s internal auditor since 2008, and Mr. Saksri Ampawan, Senior Executive Vice President supervises the Company’s internal audit.

The Audit Committee considered the qualifications of the Internal Audit Company Limited, Dharmniti Internal Audit Co.,Ltd. and Mr. Saksri Ampawan, and opined that they are suitable to perform such duties due to independence and experience in internal auditing in the same business of the Company.

Presently, to consider and approve the appointment, terminate, relocation and evaluation the performance to consider the remuneration to the head of internal audit of the Company shall be approved by the Audit Committee.

The Company’s Internal Audit Department which is directly controlled by the Audit Committee coordinated with Dharmniti Internal Audit Co.,Ltd. (via the Secretary of the Audit Committee) to review the results of the meeting with executives before report (in book form) to the Audit Committee and further present the results of internal audit to the Board of Directors to acknowledge the results of the internal audit.

For internal audit result of the year 2017,Dharmniti Internal Audit Co.,Ltd. has concluded its opinion on the effectiveness of internal control that the Company has adequate and appropriate internal control system. The internal audit has completed the work and covered all units.

### Details of the Head of Internal Audit

The Board of Directors has assigned the Audit Committee to oversee the internal audit and the Company’s operations. In this regard, the Audit Committee has appointed an external agency (outsourced), which is a juristic person for the internal audit work. Details of the juristic person appointed by the Company to perform the internal audit functions as follows:

Dharmniti Internal Audit Co.,Ltd. (formerly Dharmniti Auditing Co., Ltd.) has assigned  
Mr. Saksri Ampawan : Chairman of Executive Committee

To be the person appointed by Dharmniti Internal Audit Co.,Ltd. to perform the duty of internal audit.