

**Corporate Governance Policy**

**By**

**Lam Soon (Thailand) Public Company Limited**

## Lam Soon (Thailand) Public Company Limited

Lam Soon (Thailand) Public Company Limited (LST) recognises the importance of Good Corporate Governance in promoting transparency in LST's operations, fair and equitable treatment to all stakeholders as well as an efficient management system aiming at sustainable growth. LST therefore draws up this corporate governance policy to be used as the principle in its business operations.

The corporate governance policy shall cover all topics in line with the Principles of Good Corporate Governance Practices of the Stock Exchange of Thailand (SET) namely, 1) Rights of Shareholders, 2) Equitable Treatment of Shareholders, 3) Role of Stakeholders, 4) Disclosure and Transparency, 5) Board Responsibilities.

The Board has assigned the Audit Committee to develop an action plan and measures for monitoring to ensure implementation, assessment of compliance, and recommending improvement on the policy as appropriate.

### 1. Rights of Shareholders

- LST shall hold an Annual General Meeting of Shareholders within 4 months of the end of LST's fiscal year. The meeting will consider the Annual Report of the Board of Directors presenting the operational performance of the past year, statements of financial position, statements of comprehensive income, dividend distribution and legal reserve appropriation, election of directors to fill the vacancy caused by expiration of service term, director's remuneration, appointment of auditor and auditor's remuneration.
- For Annual General Meeting of Shareholders (AGM), LST shall separate the agendas between the appointment of directors and the director's remuneration. The Company provides the ballot to shareholders to use for proposing candidates and voting directors as an individual.
- LST shall hold an extraordinary general meeting of shareholders as the Board of Directors thinks fit. Shareholders holding shares amounting to not less than one-fifth of the total shares issued, or shareholders numbering not less than 25 persons holding shares amounting to not less than one-tenth of the total shares issued, shall be entitled to direct the board of directors to convene a shareholder meeting. The name of such persons and the reasons for calling such meeting shall be clearly stated in such request. The board of directors shall proceed to call a shareholder meeting to be held within one month of the date of receipt of such request from the said shareholders.
- LST shall disclose the Board resolutions regarding the determination of AGM date and the meeting agendas with the reasonable details through the SET online system and the Company's website no later than the next working day after the Board having resolution.
- In calling a shareholder meeting, LST shall prepare a written notice calling the meeting that states the place, date, time, agenda of the meeting and the matters to be proposed to the meeting with reasonable detail by indicating clearly whether it is the matter proposed for information, for approval or for consideration, as the case may be, including the opinions of the board of directors in the said matters, and the said notice shall be delivered to the shareholders and the Registrar for their information at least 21 days prior to the date of the meeting.
- At a shareholder meeting, in order to constitute a quorum, there shall be shareholders and proxies (if any) amounting to not less than 25 persons and holding shares amounting to not less than one-third of the total number of shares issued. The Chairman of the board of directors shall be the chairman of the meeting and conducting the meeting according to the sequence in the agenda stated in the meeting notice, and it is our policy not to add items to the agenda without advance notice to shareholders.
- In a regular agenda the ballot shall be used in the event any shareholder would like to cast a negative vote or abstain from voting. The ballot shall always be used in important agenda such as election of directors, approving connected transactions, acquisition or disposal of assets, amendment of memorandum of association and articles of association.

## CORPORATE GOVERNANCE POLICY

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- LST shall ensure that shareholders have the opportunity to propose the agenda for AGM as it deems material and beneficial including to propose candidate for selection as Director in advance, and to submit questions which are related to the Company prior the meeting date, the procedures of which are published on the Company's website.
- Adequate time shall be allocated for the meeting and equal opportunities provided for shareholders to express their opinions and ask questions.
- The Company's policy to facilitate and encourage shareholders to attend and participate at the shareholders' meetings has been established and posted on its website.
- LST shall post meeting documents and meeting notices in both Thai and English languages on its website at least 30 days prior to the meeting date so that the shareholders can study the information for the meeting in advance.
- LST shall ensure that shareholders have the opportunity to ask questions and shall record important issues raised by the shareholders and explanation of the board as well as recording clearly the number of affirmative votes, negative votes, and abstained votes, in the meeting minutes, once having votes in any respective agenda. Two shareholders are invited to act as witness in the counting of votes, and VDO has been recorded during the meeting until the meeting finishes.
- LST shall disclose the resolutions together with voting result through the SET online system within the next day after the meeting date.
- LST shall post a draft minutes of the shareholder meeting on LST's website within 14 days of the completion of the meeting. The shareholders may inspect the correctness and may make objection if necessary without having to wait until the next meeting to do so.

### 2. Equitable Treatment of Shareholders

- Regardless of their gender, age, skin color, race, nationality, religion, belief, political preference, or any physical handicap, the Company values all shareholders' investments in it by protecting their fundamental rights equally and fairly, including applies the one share one vote principle to ensure the investment confidence.
- LST shall provide a proxy form in which a shareholder can give comments on his votes enclosed in the meeting notices stating clearly the required documents and procedure for appointment of proxy and for attending the meeting. A shareholder who cannot attend the meeting in person but would like to exercise his voting right may appoint another person as proxy to attend and vote at the meeting. He may also appoint an independent director as his proxy.
- The Company establishes the policy for prevention of utilising insider information, and informs the same to employees, executives, and directors (details in item 5.8.1).
- The Company has had business connected transactions with its subsidiary as normal business on fair and at arm's length basis (details in item 5.8.2).

### 3. Role of Stakeholders

LST has a policy that recognises the rights and interests of all groups of stakeholders whether they are employees, shareholders, creditors, customers, trade-counterparts, competitors, community and society. The expectations of one group of stakeholders may be different from another group. Therefore, LST shall ensure that the rights of each group will be protected according to relevant laws and handled carefully and with sensitively. Procedures are stated as the Company's policy namely Policy and Practice toward stakeholders, and published on the Company's website as follows:-

- Policy and Practice toward employees
- Policy and Practice toward shareholders
- Policy and Practice toward creditors
- Policy and Practice toward customers and consumers
- Policy and Practice toward business partners
- Policy and Practice toward competitors
- Policy and Practice toward society
- Policy and Practice toward environment

- Policy and Practice toward human-right respect
- Policy and Practice toward anti-corruption and bribery
- Policy and Practice toward the intellectual property and copyright

Furthermore, the Company has implemented various standards from the quality management system to enhance focusing on role of stakeholders such as:-

- ISO9001, a quality management system, aiming to the quality assurance and conformity which can be audited and compared with the written working procedure to ensure personnel of the organisation know their roles and responsibilities;
- TIS 18001 / OHSAS 18001, a standard for occupational health and safety management systems in working place, being a tool to control and mitigate danger and risk which could negatively affect health, life, and asset;
- FSSC 22000 being a standard developed for the certification of quality standard and food safety which can create client confidence and focus on sustainable growth and development. It covers the standard of ISO 22000 and PAS 220, which is global acceptance;
- ISO 28000 being a standard of a security management system particularly dealing with security assurance in the supply chain;
- ISO 14001, an environmental management system that exists to help organisation improve and develop the environment continuously;
- Roundtable on Sustainable Palm Oil (RSPO) being a good practice to promote the sustainable palm oil production in aspects of economic, social, communities, environment, and law conformity of various stakeholders from upstream to downstream.

#### 4. Disclosure and Transparency

The Company recognises the importance of timely disclosure of information that shareholders may use for their investment decision as well as decision in exercise their votes at the shareholder meetings. LST periodically assess the efficiency of information disclosure. The following information is regularly disclosed:

- Disclosure of the following in Thai and English and updating of the information in the Company's website.
  - Corporate Governance Policy
  - Policy and Practice toward stakeholders
  - Environment Policy
  - Code of Business Conduct
  - Nature of Business
  - Business Structure
  - Shareholder Structure
  - Structure of the Board of Directors
  - Vision/Mission
  - Articles of Association
  - Annual Report
  - Form 56-1 (Thai version)
  - Financial Statements
  - Meeting notices and meeting documents
  - Minutes of the Shareholder Meetings
  - News published by the Company
- Submit periodically accurate, complete, and timely, information to the SET and the SEC such as Financial Statements, Form 56-1, Annual Report .
- News on important changes which may have material impact on securities prices according to the regulations of the SET.
- The Board of Directors assumes the responsibility for the financial statements and financial report which are signed by the Chairman of the Board and the Managing Director as disclosed in the Annual Report and Form 56-1. The financial statements are prepared in accordance with generally accepted accounting standards with appropriate accounting policies which are conformed to consistently. Information in the notes to the financial statements shall be audited by an independent external

## CORPORATE GOVERNANCE POLICY

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auditor and reviewed by the Audit Committee to ensure that sufficient disclosure is made.

- The Executive Directors shall be responsible for communicating with investors both individual and institutional, shareholders, analysts and relevant government sectors. Information can be requested from Tel: 02-361 8959-87 or Fax: 02-361 8988-9 or by email: [company.secretary@lamsoon.co.th](mailto:company.secretary@lamsoon.co.th) or through the Company's website.

Nevertheless, in case that stakeholders require to do whistle blowing or make any complaints to the Company, the below channels has been set up as the guideline.

### Mechanism for stakeholders to do whistle blowing or make complaints

1. **LST shall provide channel for stakeholders to do whistle blowing or make complaints** : Any stakeholder wishes to communicate to the board of directors directly without passing through the management of the Company to express his opinions about the operation of the Company's business including whistle blowing or complaints such as incorrect financial report, violation of the law or ethics or deficiency of internal control system, etc. may address his communication directly to:

By post: Mr. Banchong Chittchang  
Member of the Audit Committee  
Lam Soon (Thailand) Plc.  
64 Soi Bangna-Trad 25,  
Bangna, Bangkok 10260

By email: [banchong\\_ch@yahoo.com](mailto:banchong_ch@yahoo.com)

2. **Protection of informer's identity** : A stakeholder who communicate or make complaints in item 1 will not be required to disclose his name.
3. **Action after receiving concerns or complaints** : The Audit Committee shall investigate the information and facts given by the informer in item 1 and report to the Board within 30 days of the date receiving the information.
4. **Measure of redress and damage compensation** : If the Board determines that a stakeholder has suffered damages from any violation of law by the Company, the Board shall take steps to redress the problem as soon as possible as well as finding measure to prevent recurrence of the problem. Appropriate compensation will be given to the person suffered from violation of law.

## 5. Board Responsibilities

### 5.1 Board of Directors

#### 5.1.1 Structure of the Board

According to the Articles of Association of the Company, the Board composes of not exceeding 9 Directors of which at least one-third of the total number of directors are independent directors. Independent directors shall not be less than 3 persons.

#### 5.1.2 Duties and responsibilities of the Board

1. To review and approve the vision, mission, strategy, objectives, risk, plan and budget of the Company.
2. To control and supervise the management in the implementation of the business plan to achieve the objectives and increase the wealth for the shareholders.
3. To set a Corporate Governance Policy and encourage every employee in the organisation to implement the policy, assessment of policy implementation and reviewing the policy at least once a year.
4. To set a code of business conduct to cover all levels of personnel namely, directors, executives, and employees. To encourage all persons in the Company to comply with the policy, monitoring of implementation and assessment of effectiveness of the implementation regularly.
5. To set up internal control system, internal auditing, and measures for risk management as well as regularly monitoring the same.
6. Appointment of sub-committees, assignment of roles and duties and responsibilities of each sub-committee.

7. To have clear communication regarding the roles, duties and responsibilities of the Board, Audit Committee, Remuneration Committee, Nomination Committee, Management and employees.
8. To be responsible for the disclosure of the Company's financial status in the Financial Statements of the Company and its subsidiaries, in the annual report, annual registration statement (Form 56-1) as well as disclosure of information to meet the requirement of law and relevant government authorities.
9. To set guideline for reviewing the suitability of transaction with potential conflict of interest.
10. To hold at least one board meeting every 3 months and convene a shareholder's meeting at least once a year.
11. Such other duties and responsibilities stipulated by law and resolutions passed at shareholder meeting.

### 5.1.3 Company Secretary

The Company appointed a company secretary in accordance to section 89/15 of the Securities and Exchange Act B.E. 2551 with the following duties and responsibilities:

1. Preparing and keeping the following documents:
  - a register of directors;
  - a notice calling director and shareholders meetings;
  - a minute of meeting of the board of directors and meeting of shareholders;
  - an annual report of the Company.
2. Follow-up to ensure implementation of the resolutions of the board and shareholder meetings.
3. Keeping a report on interest filed by a director or an executive and submit a copy of report to the Chairman and the Chairman of audit committee within 7 business days from the date on which the Company has received such report.
4. To advise directors with regard to the law and relevant regulation as well as to supervise and oversee to ensure that the Company, board of directors, and the management comply to all the laws and regulations.
5. To ensure the disclosure of information according to the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission and other relevant laws.
6. To liaise with relevant regulatory bodies.
7. To do other things assigned by the Board and/or performing any other acts as specified in the notification of the Capital Market Supervisory Board.

### 5.1.4 Procedure for director nomination

The Nomination Committee shall have the duty to recommend names of suitable candidates for the Board and Shareholder Meeting to elect as directors according to the Company's Articles of Association. The Nomination Committee shall undertake the task of identifying, evaluating, selecting and proposing new nominees to the Board.

The Board shall consider that the candidates possess experience suitable for the post of directorship, to assist the board to act prudently as well as capability to make rational business decisions, strategic thinking, leadership, and expertise in the profession, honesty and suitable personal qualification.

### 5.1.5 The Chairman of the Board

The Chairman of the Board may be an independent director or non-executive director. The Chairman must be a different person from the managing director so that the two roles are clearly separated.

### 5.1.6 Qualification of Independent Directors

The Board has set the qualification of the Independent Directors as follow:

- (a) holding shares not exceeding 1 percent of the total number of voting rights of any Relevant Entity, including the shares held by related persons of the independent director;
- (b) neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of any Relevant Entity unless the foregoing status has ended not less than 2 years prior to the date of application filing with the Office;
- (c) not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children of executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;

(d) not having a business relationship with any Relevant Entity, in the manner which may interfere with his independent judgment, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with any Relevant Entity unless the foregoing relationship has ended not less than 2 years prior to the date of application filing with the Office.

The term 'business relationship' includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the applicant or his counterparty being subject to indebtedness payable to the other party in the value of three percent (3%) or more of the net tangible assets of the applicant or 20 million Baht or more, whichever is lower.

The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

(e) neither being nor having been an auditor of any Relevant Entity, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of any Relevant Entity unless the foregoing relationship has ended not less than 2 years from the date of application filing with the Office;

(f) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding 2 million Baht from any Relevant Entity, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than 2 years from the date of application filing with the Office;

(g) not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;

(h) not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

The Board has set the criterion for the amount of shareholding allowed to an independent director to be the same as that laid out by the Securities and Exchange Commission (SEC).

In this paragraph 5.1.6 a "Relevant Entity" means the Company, its parent company, subsidiary, affiliate, joint venture or juristic person who may have conflicts of interest.

### **5.1.7 Director's Term of Office**

According to the Article 13 of the Articles of Association of the Company, the terms of one-third of the Directors are due to expire by rotation at every Annual General Meeting of Shareholders.

### **5.1.8 Directors concurrently being directors of other companies**

To ensure that directors have sufficient time to perform his duties fully, the Company has set the number of companies allowed for Chairman, directors to be directors of other listed companies as follows:

- Chairman: only 1 company
- Director: not more than 5 companies.

The Company does not set limit for being directors in other non-listed companies because most of Executive Directors are directors of subsidiaries, associates, joint venture, or related companies.

### **5.1.9 Executives holding directorship in other companies**

Executives may hold directorship or executive positions in subsidiary, affiliates, joint venture or other related companies in the same group. In case of holding positions in companies other than those in the same group, prior approval must be obtained from the Managing Director.

## 5.2 Sub-committees

### 5.2.1 Audit Committee

The Audit Committee shall comprise at least 3 independent directors with at least 1 committee member possessing knowledge in finance and accounting. The Chairman of the audit committee can be the same person as the Chairman of the Board. The term of office shall be 3 years to comply with the office term as directors.

#### Duties and Responsibilities of the Audit Committee

1. To review the sufficiency and credibility of the financial reporting.
2. To review the adequacy and effectiveness of internal control systems and internal audit functions and the independence of internal auditing unit as well as to approve the appointment, transfer, dismissing of the head of internal auditing unit or any other unit responsible for internal auditing.
3. To review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
4. To consider and advise the appointment of an independent person to work as the external auditors including the audit fee. The Audit Committee shall hold at least one meeting with the auditor without the management's presence at the meeting.
5. To consider compliance with all connected transactions or the conflict-of-interests transactions disclosures, to ensure that the transaction is justified and for the best benefit of the Company.
6. To report the activities of the Audit Committee in the Company's annual report, which must be signed by the chairman of the Audit Committee. The following information should be included in the report:
  - (6.1) Comments on the Company's financial reporting process and the disclosure of its financial information, which must be correct, sufficient, and credible.
  - (6.2) Comments on the adequacy of the Company's internal control systems.
  - (6.3) Comments on compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
  - (6.4) Comments on whether the Company's auditor is suitable.
  - (6.5) Comments on the transaction with potential conflicts of interest.
  - (6.6) The number of audit committee meetings and meeting attendance of each member.
  - (6.7) General comments or observation from the performing of duties according to the Charter.
  - (6.8) Other statements that shareholders and general investors deem to be considered under the scope of the functions and responsibilities assigned to them by the board.
7. To take care of any other matters assigned to it by the Board of Directors, with the consent of the Audit Committee.

In 2015, the Audit Committee held 4 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Art-ong Jumsai Na Ayudhya, Ph.D.	Chairman of the Audit Committee	2014-2017	4/4
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2014-2017	4/4
(3) Mr. Banchong Chittchang	Independent Director	2014-2017	4/4

### 5.2.2 Remuneration Committee

The Remuneration Committee shall comprise a majority of independent directors at 66.7% with its chairman being an independent director who shall not be the same person as the chairman of the board. The term of office shall be 3 years to comply with the office term as directors.

#### Duties and Responsibilities of the Remuneration Committee

1. To set the criteria and procedure for determining remuneration of directors, executive directors, managing director and proposed to the Board of Directors and/or the shareholder meeting for approval.



2. Other functions related to remuneration as assigned by the Board.

In 2015, the Remuneration Committee held 3 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Chairman of the Remuneration Committee	2014-2017	3/3
(2) Mr. Banchong Chittchang	Independent Director	2014-2017	3/3
(3) Mr. Whang Shang Ying	Executive Director	2014-2017	3/3

### 5.2.3 Nomination Committee

The Nomination Committee shall comprise a majority of independent directors at 75% with its chairman being an independent director who shall not be the same person as the chairman of the board. The term of office shall be 3 years to comply with the office term as directors.

#### Duties and Responsibilities of the Nomination Committee

1. To review the current structure of the Board of Directors whether it fits the company's business strategies and provide improvement, recommendations including the director nomination to suit the corresponding structure by presenting the Director Qualifications and Skills Matrix showing competencies of the existing directors and the attributes being sought to suit the needs of the Board of Directors at that time.
2. To assess and recommend to the Board based on a due diligence investigation and interviews, technically competent persons of integrity, principle and who foster and practice highest standard of professionalism for appointment as directors.
3. To allow minority shareholders to nominate a director candidate to the Nomination Committee. A time frame for the nomination process must be in place to ensure that the Nomination Committee will have sufficient time to perform due diligence on the candidate's background before the shareholders' annual meeting.
4. To disclose the director nomination policies and procedures to shareholders with a view to ensure transparency in selection of directors. A director nomination form should be available and contain relevant appointment information including supporting reasons and willingness of the nominated candidates.
5. To consider the following guidelines in selecting director candidates:-
  - (5.1) Characteristics of individual director
    - integrity and accountability
    - informed judgment
    - prudence and maturity i.e, able to engage in constructive debates and give independent opinions
    - principled and professional
    - other characteristics as the Nomination Committee deems appropriate
  - (5.2) Competencies in the following areas to ensure the Board's overall suitability
    - accounting and finance
    - organisation and human resource management
    - risk management
    - crisis management
    - legal and Compliances
    - industry knowledge
    - international marketing
    - strategic planning
    - other competencies as the Nomination Committee deems appropriate
6. To ensure that all directors receive appropriate continuous training programmes in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements.
7. To carry out such responsibilities as may be delegated by the Board of Directors from time to time.

## CORPORATE GOVERNANCE POLICY

In 2015, the Nomination Committee held 1 meeting, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Datuk Simon Shim Kong Yip	Chairman of the Nomination Committee	2014-2017	1/1
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2014-2017	1/1
(3) Mr. Banchong Chittchang	Independent Director	2014-2017	1/1
(4) Mr. Whang Shang Ying	Executive Director	2014-2017	1/1

### 5.3 Board of Directors' Meetings

The Company shall meet at least once in every quarter provided always that the Chairman of the Board may call special meetings as he deems necessary. The meeting schedule shall be set in advance annually and inform to each director in November every year.

The Company Secretary shall set agenda required to comply with the law and related regulations. Other agenda shall be jointly set by the Chairman and the Managing Director. Each Director may also propose agenda items for the meeting by sending the agenda items through the Company Secretary 14 days prior to the meeting date. The Company Secretary shall collect all the proposed agenda items for the Chairman consideration before include them in the meeting agenda.

The Company shall send to all directors meeting document with the meeting notice, clearly stating the matter as for information, for approval or for consideration as the case may be, at least 7 days prior to the meeting date to enable each director to have time to study the information before the meeting. During the meeting, the Chairman will allocate sufficient time for the management to present detail information and answer additional questions from the directors, and allow sufficient time for the directors to the matters.

In 2015, the Board of Directors held 4 regular meetings and 1 extra meeting. The attendance of each member is as follows:

Name	Period of Directorship	Attendance / Total Meetings		
		Regular	Extra	Total
(1) Mr. Whang Tar Liang <i>(resigned on 1 April 2015)</i>	2013-2015	1/1	-	1/1
Lackana Leelayouthayotin, Ph.D. <i>(replaced Mr. Whang Tar Liang on 1 April 2015)</i>	2015-2016	3/3	1/1	4/4
(2) Ms. Anchalee Suebchantasiri	2015-2018	4/4	1/1	5/5
(3) Art-ong Jumsai Na Ayudhya, Ph.D.	2014-2017	4/4	1/1	5/5
(4) Assoc. Prof. Preecha Jarungidanan, Ph.D.	2015-2018	4/4	1/1	5/5
(5) Mr. Banchong Chittchang	2014-2017	4/4	1/1	5/5
(6) Datuk Simon Shim Kong Yip	2014-2017	1/4	1/1	2/5
(7) Mr. Whang Shang Ying	2015-2018	4/4	1/1	5/5
(8) Ms. Piyathida Sukchan	2013-2016	4/4	1/1	5/5
(9) Mr. Ampol Simarojana	2013-2016	4/4	1/1	5/5

The minutes of the meeting shall be in writing stating the date, time of meeting commencement and termination, names of directors attending the meeting and directors absent from the meeting, summary of topics and issues as well as observation of the directors, resolutions and opinion of dissenting directors, name of persons recording the minutes and certifying the minutes. After being confirmed the minutes shall be kept by the Company Secretary and will be ready for examination by related parties.

Non-executive directors may hold meetings among themselves without the management present at the meeting in order to discuss management issues of interest. The result of the meeting shall be reported to the managing director. In 2015, there were 2 meetings of non-executive Directors which were not attended by Executive Directors.

## 5.4 Board Self Assessment

The Company shall have the board assess themselves using the assessment form of the SET's Corporate Governance Center. The assessment will be done once each year in February. Each director shall hand in the completed assessment form to the Company Secretary to compile and report to the Board so that improvement can be considered.

## 5.5 Remuneration of Directors and Executives

### 1) Remuneration of Directors

The Remuneration Committee shall consider the criteria and principle and the form of remuneration for directors and make its recommendation to the Board. The Remuneration of directors shall be approved by the shareholder meeting. Comparison shall be made to other companies in the same industry, of the same experience, commitment, scopes of roles and responsibilities as well as the remuneration survey of other companies listed on the SET. The remuneration shall be set at a level sufficient to attract and retain qualified persons.

Remuneration of Directors and Sub-Committee (Baht)	No. of Persons	2014	2015
Directors fees	10	3,740,400	3,949,200
Audit Committee fees	3	1,202,400	1,202,400
Remuneration Committee fees	3	126,000	126,000
Nomination Committee fees	4	84,000	84,000

Besides monetary remuneration, overseas directors attending the meeting shall be reimbursed for air-tickets and accommodation. The Company also takes out insurance against director liability for directors and executives. It is to cover the risk of directors and executives in performing duties for the Company. However, protection will not be provided in the case of wilful misconduct or gross negligence or any act in bad faith.

### 2) Remuneration of Executives

The remuneration of Executives shall be in accordance with guidelines and policy set by the Remuneration Committee from time to time. The remuneration shall be commensurate to job scope competence and the performance of the Company. The Remuneration Committee shall recommend the appropriateness of remuneration to the Board for review and approval.

In 2015 Executive Directors, Managing Director and Executives jointly defined key performance indicators (KPIs) for assessment criteria used by the Remuneration Committee in assessing the performance of Executive Directors, Managing Director and Executives.

Executives	2014		2015	
	Remuneration (Baht)	No. of Persons	Remuneration (Baht)	No. of Persons
Executives	105,313,338	9	104,637,873	12

Apart from salary and bonus, other forms of remuneration include provident fund, retirement fund, Company's cars and the related expenses, medical expense, and accidental insurance.

Furthermore, some directors concurrently holding positions as directors and executives of subsidiary companies will receive remuneration from some subsidiary companies as set by each such subsidiary company.

Remuneration received from subsidiary Companies	2014		2015	
	No. of Persons	Baht	No. of Persons	Baht
As directors of subsidiaries	4	2,270,400	5	2,270,400
As executives of subsidiaries	3	6,837,000	4	6,865,200

## 5.6 Board and Management Training

The Company arranges orientation for new directors, which includes factory tour arranged by the management to observe production processes as well as introduction to the nature of business of the Company and its subsidiaries. The following documents would be provided to the new directors:

1. Listed Company Director Handbook containing topics such as roles and responsibilities, things directors should not do as they are prohibited by relevant law, roles and responsibilities of sub-committees.
2. Corporate Governance Policy and Code of Business Conduct of the Company.
3. Memorandum and Articles of Association of the Company.
4. The latest annual report and Form 56-1 annual submission.

Furthermore, the Company has the policy to encourage directors to receive training or joining programme to enhance knowledge regarding roles and duties as company directors and sub-committee members. Particularly, DCP programme conducted by Thai Institute of Directors to promote knowledge of company directors and understanding of rules and regulations relating to listed company directorship.

## 5.7 Code of Business Conduct

The Company recognises that following code of conduct on the part of executives and employees is necessary for the sustainability and achievement of the Company in the long term.

The Company believes that the code of business conduct is a basic foundation for promoting and upgrading good corporate governance. LST has updated its code of business conduct as a codification of good behavior patterns which have been approved by the Board of Directors and announced to all directors, executives and employees. The Company has subsequently monitored the compliance to the code strictly and regularly.

## 5.8 Conflict of Interests

### 5.8.1 Prevention of use of inside information

To prevent directors and executives from using inside information for personal gains and disclose it to outside parties, LST sets the following rules:

- Executives shall report their holding of LST's shares and report change of holding to the Securities and Exchange Commission (SEC) according to section 59 of the Securities and Exchange Act B.E. 2535 within 3 days of the transaction date and handing copy thereof to the Company Secretary as well as report shareholding to the Board every quarter. Future change of law (if any) shall also enforceable.
 

“Executives” means directors, manager or top 4 management officers from managing director downward. This shall include executive level accounting or finance officer of manager level or equivalence who have the duty to prepare and file report of shareholding both in his own name, spouse and minor child to the SEC.
- Directors, executives, managers and employees who have access to inside information shall be prohibited from disclosing such information to outside parties who has no duty involving the Company and shall refrain from buying and selling LST's shares in the period of 1 month prior to disclosure of company financial statements to the public.

- Directors, executives, managers and employees shall be prohibited from using inside information, that may materially affect the share prices, which has not yet disclosed to the public, for personal gains and/or persuading other persons to buy or sell LST's shares. The Company shall take action against violation of the rule which shall be punishable by law.
- In case directors, executives managers and employees intentionally commit any criminal act according to law on securities and exchange, the Company shall punish the violators by any one or more penalties as follows:
  - cut wages or compensation or other benefits
  - layoff, dismiss, or discharge from the post of director, executive, manager and employee as it would be deemed intentionally causing damage to the Company's reputation. In case the violator is a director, the matter shall be submitted to the shareholder meeting to consider the penalty.
  - report the violation to the SET and/or the SEC
  - report to the police to take action according to the law
  - take other measures according to the resolution of the board or the shareholder meetings.

### 5.8.2 Approval of transaction containing conflict of interest

In the event that directors, executives, or other persons enter into related party transaction or transaction containing potential conflict of interest and transaction regarding acquisition or disposal of material assets as defined by the Announcements of the SEC and the SET which are in force on the date of such transaction. The following rules shall be strictly followed:

- (1) Person with interest or potential conflict of interest shall refrain from approving the transaction.
- (2) The price or compensation for such transaction shall be under normal business terms and conditions with the benefit of the Company as the main consideration.
- (3) The Audit Committee shall review and give opinion prior to the transaction. If the Audit Committee has no expertise in the matter, the Company shall arrange to have independent expert to give opinion to the Audit Committee which will be used in its scrutiny of the matter before submitting to the Board and the shareholder meeting for approval.

However, in order to facilitate normal business transaction, the Board has approved in principle to allow the management to do the transaction between the Company and its subsidiaries if the transaction fall into the following categories:

1. Being a transaction with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person.
2. Being reasonable advance payments occurring in the normal course of business operation and with reimbursement on an actual basis.

The management shall report transaction with value over 500,000 Baht to the quarterly Board meetings.

- (4) The Company shall disclose the transaction according to the rule and procedure set out by the SEC and the SET.

### 5.8.3 To disclose information on the interest of directors, executives, and related persons

In order for the Board to make decision based on the common interest of the Company and to have directors, executives who have transaction with interest involving the company business to comply with the announcement of the Capital Market Supervisory Board no. Tor Jor. 2/2552 re: Reporting of interest of directors, executives and related persons, LST set the following rules:

- Directors, Executives and related persons who have transaction with interest in relation to management of the Company or its subsidiary with the value of 5 million Baht or more, or 0.05% of the Net Tangible Assets (NTA) of the Company or its subsidiary, whichever amount is higher, shall file a report to the Company Secretary, according to the report form, within 7 business days from the date of transaction. Every time there is a change of the transaction, such change must be reported within 7 business days from the date of change.

- The Company Secretary shall submit a copy of the report on interest under paragraph 1 to the Chairman of the Board and Chairman of the Audit Committee within 7 business days from the date of receipt of such report.
- Directors and Executives who have interest in the agenda item under consideration of the meeting shall not participate in making decision and shall leave the meeting room. The Company will not send document related to the said agenda to such interested persons.
- The Company shall disclose such interest in the annual report and Form 56-1.

## **5.9 Controlling System and Internal Audit**

In order to have an independent internal auditing which can be fully functioning the Audit Committee arranged for the Company to hire an outside firm which is an audit firm in the list approved by the SEC to do the auditing, to ensure that the operations, financial activities of the Company have complied with the guidelines effectively, including compliance with the law and regulations (Compliance Controls).

In 2016 the Audit Committee approved the Company to renew the contract with Dr. Virach & Associates Office to be the Company internal auditors. The internal auditor shall report directly to the Audit Committee every quarter. The contract has a 2-year term of service with the following expiration on 31 December 2017.

## **5.10 Risk Management**

The Company set a policy that risk management is part of the management to achieve objective, target, and strategic plans of the Company. Every executive and employee in the Company is the owner of the risk and has the duty to assess the risk in every unit and work process, assessing the efficiency and existing control measure and propose plan and method to reduce risk.

## **5.11 Succession Plan**

The Company has prepared for succession plan by recruiting management trainees to develop knowledge and ability for being company future executives.

In addition, the Company assigned the following persons to take charge and act in behalf in case the Managing Director is unable to function, namely,

1. Ms. Jirasuda Sumpaotong act and make decision regarding the finance and accounting of the Company and its subsidiaries;
2. Mr. Suwat Praekulthan act and make decision regarding the factories of the Company and its subsidiaries;
3. Ms. Piyathida Sukchan act and make decision in other matters of the Company and its subsidiaries.