

**(Unofficial Translation)**

**Annual Information Disclosure Form 56-1**

**As of October 31, 2018**

**KHON KAEN SUGAR INDUSTRY  
PUBLIC COMPANY LIMITED**

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**Information Certification****Attachment**

- Attachment 1: Details of Company's Directors, Executives, Authorized Person and Company Secretary
- Attachment 2: Details of Subsidiaries' Directors
- Attachment 3: Details of Internal Audit
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## **1. Overview of Business Operation and Policy**

### **1.1) Business Objectives**

Khon Kaen Sugar Industry Public Company Limited has the policy to operate its business ethically and responsibly towards, society, and the environment. It places emphasis on conducting transparent operations, respecting human rights standards, and safeguarding the interests of all stakeholders through the following vision, mission, and quality policy:

#### **Vision**

We are natural energy innovation for all.

#### **Mission**

1. Create income for farmers through efficient processes and high quality agricultural yields.
2. Develop manufacturing process and technology to achieve highest efficiency and effectiveness.
3. Create an environment that mutually benefits our partners of success.
4. Develop down-stream businesses to maximize the usage of raw materials, byproducts, and other resources.

#### **Quality Policy**

To produce high quality sugar, achieve efficient operation, make on-time delivery, ensure customer's satisfaction and consumer's safety.

Long term goal of the company is to be one of the leaders in sugar, by-product, and value added productions which can be shown in company's sugar policy: "production of quality sugar with high efficiency, prompt delivery, winning customers' trust, consumption safety". This policy has encouraged company's 5 sugar factories to be widely accepted as one of the highest efficiency and highest quality sugar production groups in Thailand. In addition, with the goal of being one of leading companies in by-product and value added production and with the vision on the potential growth in related – sugar businesses, such as ethanol business and power business. The company has made continuous investments in these sectors.

The company's short term goal is to be one of the leaders in the industry who excels in cost management and productivity. The goal can be achieved by applying modern technology to the corporate production and management systems. Furthermore, the company is aware that its primary risk is the amount of cane it is able to procure for crushing. The sugar factories and other integrated businesses cannot sustain without adequate cane crushed. The company, hence, aims to reduce the farmers' cane cultivation cost as well as to improve their productivity yields and

efficiency. Its objective is to help the farmers sustain their living and receive higher return on their investment as well as to remain productive farmers to our businesses.

## **1.2) Important Changes and Developments During the Past 3 Years**

In 2016, the Board of Directors No. 7/2015-2016 on September 30, 2016 has approved Initial Public Offering plan for the KSL Green Innovation Public Company Limited or previously named Khon Kaen Alcohol Co., Ltd. by offering newly share to public not more than 30% of total paid-up capital. Later on, in 2017, the Board of Directors No. 6/2016-2017 has approved the Cancellation of the listing of KSL Green Innovation Public Company Limited, a subsidiary of the Company, in the Stock Exchange of Thailand and the merger agreement between the Company's new subsidiary that will be set up and own 99.99% shares of KSL Green Innovation Public Company Limited and Bangchak Corporation Public Company Limited's subsidiaries. Now the new company from amalgamation process has been established in October 2017 under the name, BBGI Company Limited with total paid-up capital of 2,532 million Baht, this company is the holding company which invests in bio-based products business.

In 2018, BBGI Co., Ltd. had transformed into the public company and had a plan to be listed on the Stock Exchange of Thailand (SET). Details are shown on the Company's news which posted on SET's website on 28 February 2018.

## **1.3) Company Overview**

Khon Kaen Sugar Industry Public Company Limited and its subsidiaries, under KSL, are Thailand 4<sup>th</sup> largest sugar producer group. The company has 5 sugar factories in the group, located in three different regions, as follows:

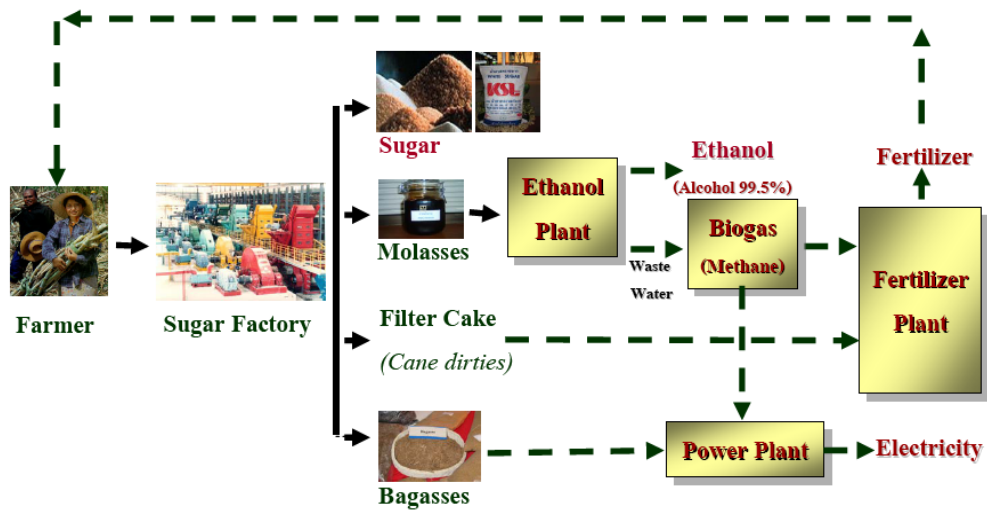
1. Northeastern Region: Khon Kaen Sugar Industry Public Company Limited; Nampong branch in Khon Kaen province and Wangsapung branch in Loei province.
2. Western Region: New Krung Thai Sugar Factory Co., Ltd and Tamaka Sugar Industry Co., Ltd. in Kanchanaburi province
3. Eastern Region: New Kwang Soon Lee Sugar Factory Co., Ltd in Chonburi province

The core products which the company produces are sugar which can be categorized to be 4 types: (a) raw sugar (b) high pol sugar (c) white sugar and (d) refined sugar. The company also has other products related to sugar production process, such as molasses, bagasses and filter cake. According to these kinds of products, the company has a plan to invest in value added projects, as followings: (shown on Figure 1.1)

- (1) Ethanol plant: Ethanol is mixed with gasoline, and the mixture is used as fuel for vehicles. Raw materials used in the Group's ethanol production include molasses and sugarcane juice (Presently, it manages by BBGI Co., Ltd.)

- (2) The biogas plant uses waste water from ethanol production process as a raw material. Biogas produced through fermentation is used as a supplementary fuel for the corporate power plant. (Presently, it manages by BBGI Co., Ltd.)
- (3) The organic fertilizer plant uses waste from the sugar production process (filter cake) and waste water from biogas and ethanol production as raw materials.
- (4) The power plant uses waste from the sugar production process (bagasses) and biogas from the biogas plant as fuel sources for producing electricity and steam sold to plants in the Group and Grid.

**Figure 1.1 : The Relationship between KSL's Existing Sugar Production and KSL's Value Added Project**



As of October 31, 2018, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries have the investment in subsidiaries and affiliates as follows:

<b>Business Unit/Company Name</b>	<b>Paid - Up Capital (THB Million)</b>	<b>Proportion Of Investment</b>	<b>Nature of Business</b>
<i><b>Sugar Business</b></i>			
Tamaka Sugar Industry Co., Ltd.	600.00	90.21%	Produce and distribute sugar
New Krung Thai Sugar Factory Co., Ltd.	1,000.00	95.78%	Produce and distribute sugar
New Kwang Soon Lee Sugar Factory Co., Ltd	500.00	98.61%	Produce and distribute sugar
Savannakhet Sugar Corporation	684.76	98.49%	Sugar cane plantation and Sugar Factory in Laos
Koh Kong Plantation Co., Ltd*	936.98	80.00%	Sugar cane plantation in Cambodia
Koh Kong Sugar Industry Co., Ltd	1,167.66	80.00%	Sugar Factory in Cambodia
<i><b>Supporting Business</b></i>			
Thai Sugar Terminal Public Company Limited** and 5 subsidiaries	191.66	23.82%	Terminal, Warehouses, Real estate, produce and distribute wheat flour and palm oil
KSL Export Trading Co., Ltd.	20.00	79.55%	Sugar and Related products Exporting Activities
KSL Agro and Trading Co., Ltd.	300.00	100.00%	Trading domestic sugar and operating agricultural businesses
Wynn In Trading Co., Ltd	487.497	100.00%	International trading and consulting
<i><b>Energy and Chemical Business</b></i>			
BBGI Public Company Limited ***	2,532.00	40.00%	The holding company which invests in bio-based products business.
Khon Kaen Sugar Power Plant Co., Ltd	800.00	100.00%	Power Plant (SPP)

KSL Material Supply Co., Ltd.	840.00	100.00%	Material Sourcing for sugarcane plantation
<i><b>Other Business</b></i>			
KSL Real Estate Co., Ltd	840.00	91.02%	Real Estate Development and Training Center
WSP Logistics Co., Ltd	0.25	100%	Provide transportation service

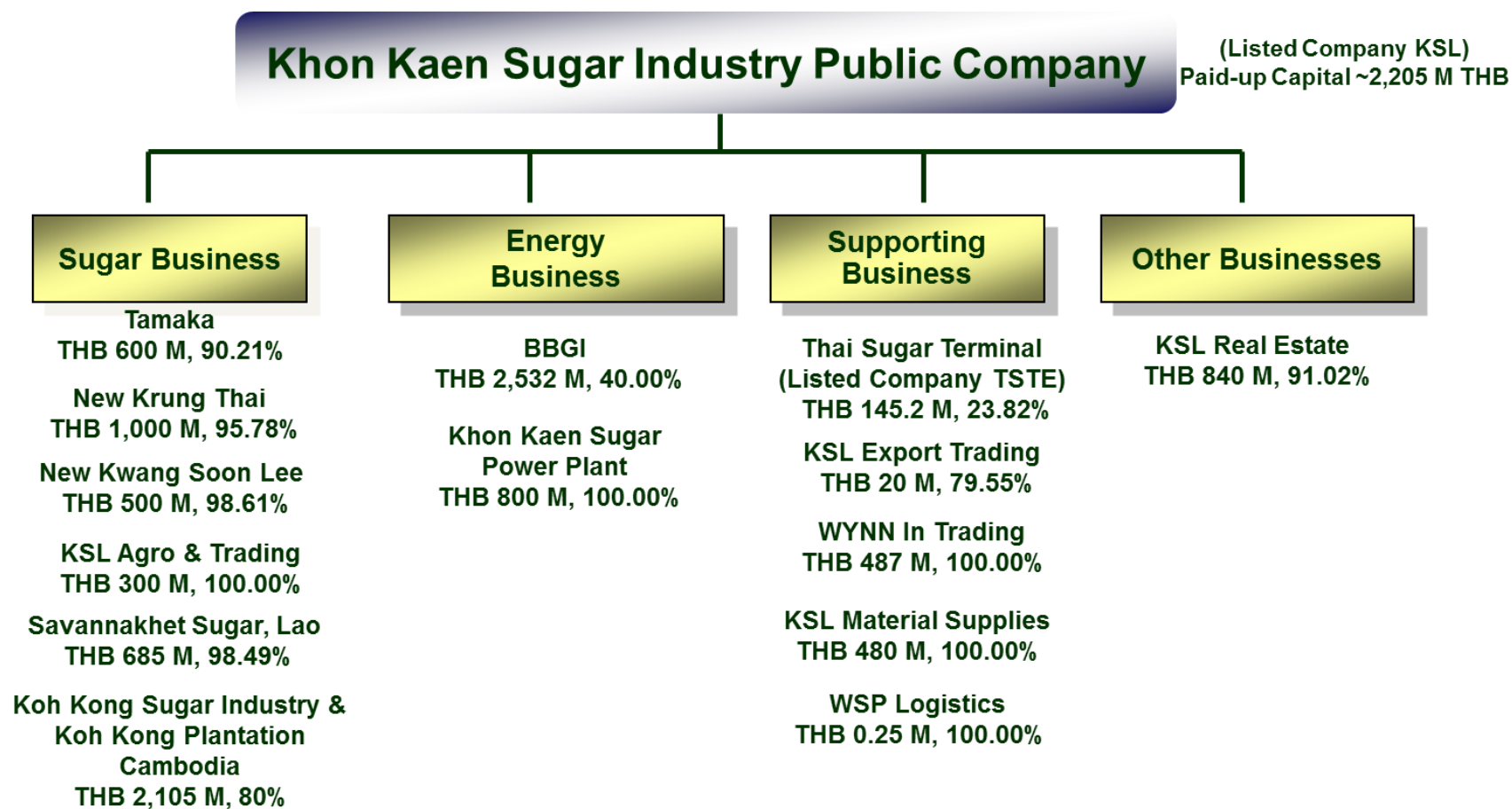
**Note:** Proportion of investment shown above includes both direct and indirect shareholdings

\* Indirect holding by Wynn in Trading Co., Ltd.

\*\* Associated company: Thai Terminal Pcl. and 5 subsidiaries: TS oil industry Co., Ltd., TSG asset Co., Ltd., TS transport and logistics Co., Ltd., TS warehouse, TS flour mill Pcl

\*\*\* Associated company: BBGI Pcl. and 3 subsidiaries 1 associated company: Bangchak bio ethanol Co., Ltd., Bangchak bio fuel Co., Ltd., KSL Green Innovation PCL, (Associated company)-Ubon bio ethanol Co., Ltd., (with 3 subsidiaries)

Business structure of KSL Group on October 31, 2018 shown on the following chart:





The details of Khon Kaen Sugar Industry Public Company Limited, subsidiaries and affiliates are as follows:

### **Sugar Business**

#### **Khon Kaen Sugar Industry Public Company Limited**

The nature of business is to produce and distribute sugar and other by-products. The first branch is located in Nampong district, Khon Kaen province. In 2014, improvements were made to increase its maximum crushing capacity to 35,000 ton cane per day. The second branch is located in Wangsapung district, Loei province with the maximum crushing capacity of 18,000 ton cane per day. Both branches have the capability to produce raw sugar, high pol sugar, white sugar and refined sugar.

#### **Tamaka Sugar Industry Co., Ltd**

The nature of business is to produce and distribute sugar and other by-products. The factory is located in Tamaka district, Kanchanaburi province with the maximum crushing capacity of 22,000 ton cane per day and capable to produce raw sugar, white sugar and refined sugar.

#### **New Krung Thai Sugar Factory Co.,Ltd**

The company produces and distributes sugar and other by-products. The factory, which was originally located in Tamaka district, Kanchanaburi province, was relocated to Bo Ploy district, Kanchanaburi province. The production capacity was expanded to the maximum crushing capacity of 36,000 tons of cane per day. Construction has already completed, the factory is capable of producing raw sugar, white sugar, and refined sugar.

#### **New Kwang Soon Lee Sugar Factory Co.,Ltd**

The enterprise produces and distributes sugar and other by-products. The factory located in Panusnikom district, Chonburi province, has the maximum crushing capacity of 4,000 tons of cane per day. The cane crushing capacity decreased due to the fact that some of the machines had been moved to Laos and Cambodia. The factory is capable of producing raw sugar, high pol sugar, white sugar, and refined sugar.

#### **Savannakhet Sugar Corporation**

The company received sugarcane plantation concession that covers approximately 10,000 hectares (62,500 rai) from the Lao government. Sugarcane cultivation is undertaken by the

company itself. The sugar factory in Savannakhet has the maximum crushing capacity of 3,000 tons of cane per day. Its output includes raw sugar and other byproducts.

*Koh Kong Plantation and Koh Kong Sugar Industry*

The company received sugarcane plantation concession that covers approximately 19,100 hectares (119,375 rai) from the Cambodian government. Sugarcane cultivation is undertaken by the company itself. The sugar factory in Koh Kong has the maximum crushing capacity of 6,000 tons of cane per day. Its output includes raw sugar and other byproducts.

**Energy and Chemical Business**

*BBGI Public Company Limited*

Established in October 2017, it was consequence of merger between bio-based product business of Khon Kaen Sugar Industry Public Company Limited and Bangchak Corporation Public Company Limited. This company invests in following subsidiaries;

- KSL Green Innovation Public Company Limited: Producing and distributing molasses-based ethanol with 350,000 liters/day, in which BBGI Company Limited holds 99.99% shares.
- Bangchak Bio Ethanol (Chachoengsao) Company Limited: Producing and distributing cassava-based ethanol with 150,000 liters/day, in which BBGI Company Limited holds 85% shares. Ubon Bio Ethanol Company Limited: Producing and distributing cassava-based ethanol with 400,000 liters/day, in which BBGI Company Limited holds 21.28% shares.
- Bangchak Bio Fuel Company Limited: Producing and distributing bio-diesel with 810,000 liters/day, in which BBGI Company Limited holds 70% shares.

As a result, this company will be a shareholder of the group companies which are considered Thailand's largest manufacturer and distributor of bio-fuel with the total production capacity of 1,710,000 liters/ day which consists of 900,000 liters/day of ethanol and 810,000 liters/day of bio-diesel. This company will operate as a flagship company for bio-based product business in the future.

*Khon Kaen Sugar Power Plant Co.,Ltd.*

Established late in 2003, the company operates renewable power plants that can produce electricity and steam by using bagasses as raw material. The power produced at the plants can supply the factories within the group and any additional power generated are then sold to EGAT

and PEA (Grid). Currently, the company operates 3 power plants all locating nearby its sugar factories. The first branch is closed to Khon Kaen Sugar Factory in Nampong district of Khon Kaen province. The second branch is closed to New Krung Thai Factory in Kanchanaburi province (part of the Boploy Renewable Energy Project). The third branch is located next to Khon Kaen Sugar Factory in Wangsapung district of Loei province (The Loei Project). Currently, the total capacity of all three branches can produce up to 195 MW of electricity.

*KSL Material Supply Co., Ltd*

KSL Material Supply Co., Ltd. now operate business relating to sourcing and selling raw materials and materials related to agriculture such as organic fertilizers and related services.

**Supporting Business**

*KSL Export Trading Co., Ltd*

Established in 1992, the company performs as a licensed exporting company, according to Cane and Sugar Act 1984, which provides services of exporting activities to the sugar companies in KSL Group and also other sugar factories.

*Thai Sugar Terminal Public Company Limited (TSTE)*

The company is a listed company in the Stock Exchange of Thailand. Its businesses involve warehouse leasing, loading and discharging sea freight, port operations, and freight forwarding. The terminal and warehouse are located in Prapadang, Samutprakarn, on the Chopraya River. Customers are primarily sugar companies in the KSL Group, other sugar factories owned by strategic partners, and general customers. In addition, Thai Sugar Terminal Public Company Limited (TSTE) is the mother company of 5 subsidiaries, which mainly deal with real estate trading and leasing, wheat flour production, plastic sack manufacturing, and palm oil refinery plant operations. (For details, refer to listed company profiles section: Thai Sugar Terminal Public Company Limited (TSTE) and TS Flour Mill Public Company Limited (TMILL)).

*KSL Agro and Trading Co., Ltd.*

Established in 2006, the company trade sugar and related products for domestic customers. It also grow sugar cane on the company's land.

*Wynn In Trading Co., Ltd*

The nature of business is international trading and international investment consulting. Khon Kaen Sugar Industry Public Company holds 100.00% share of Wynn In Trading Co., Ltd.

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**Other Businesses****KSL Real Estate Co., Ltd.**

The company is involved in the business of property rental and resort ownership in Kanchanaburi, near the River Kwai, under the name of “River Kwai Park and Resort” This company provides the accommodation and facilities for holiday vacation and training center for employees of the KSL group and other general customers. Additionally, the company has acquired a commercial rental property, The Liberty Square Building that is located in the heart of Silom Road that is one of the busiest business area of Bangkok with approximately 19,151 sqm of rental space consisting of 22 floors and 6 levels of underground parking.

**WSP Logistics Co., Ltd.**

The nature of business is transporting sugar and other products.

Regarding the policy to regulate and monitor the operation of subsidiaries and affiliates, Khon Kaen Sugar Industry has categorized its subsidiaries and affiliates which have the similar nature of business to be a group together under the same team of management. Four sugar companies are under the same board of executive directors. For supporting business, energy and chemical business and other business, Khon Kaen Sugar Industry will assign its own representatives to join as a position of company directors for policy making or as a position of top management for operation directing, which will make consistency in policies from parent company, subsidiaries and affiliates.

## **2. Description of Each Business Operation**

### **2.1) Revenue Structure**

Company	% of Shareholding in 2018	2018 Revenue (Million THB)	%	2017 Revenue (Million THB)	%	2016 Revenue (Million THB)	%
1. Khon Kaen Sugar Industry Public Company	Mother Company	9,819	38%	8,416	33%	9,864	37%
2. Tamaka Sugar Industry Co., Ltd	90.21%	2,888	11%	3,006	12%	2,499	9%
3. New Krung Thai Sugar Factory Co., Ltd	95.78%	4,274	17%	3,631	14%	3,285	12%
4. New Kwang Soon Lee Sugar Factory	98.61%	562	2%	664	3%	534	2%
5. KSL Export Trading Co., Ltd	79.55%	17	0%	13	0%	15	0%
6. KSL Green Innovation PCL*	40.00%	0	0%	2,148	8%	2,144	8%
7. Khon Kaen Sugar Power Plant Co., Ltd	100.00%	3,643	14%	2,386	9%	2,525	10%
8. KSL Material Supplies Co., Ltd	100.00%	382	1%	362	1%	29	0%
9. KSL Real Estate Co., Ltd	91.02%	193	1%	188	1%	175	1%
10. KSL Agro and Trading Co., Ltd.	100.00%	3,420	13%	3,806	15%	4,169	16%
11. Koh Kong Plantation Co., Ltd**	80.00%	45	0%	77	0%	153	1%
12. Koh Kong Sugar Co., Ltd	80.00%	366	1%	264	1%	673	3%
13. Savannakhet Sugar Corporation	98.49%	199	1%	419	2%	241	1%
14. Wynn In Trading Co., Ltd	100.00%	0	0%	0	0%	0	0%
15. WSP Logistics Co., Ltd.	100.00%	0	0%	0	0%	0	0%
<b>Total</b>		25,809	100%	25,379	100%	26,307	100%
<b>Minus Interrelated items</b>		-7,996		-9,756		-9,396	
<b>Total Revenues</b>		17,813		15,623		16,911	

\*As of October 2017, the Company holds shares indirectly in KSL Green Innovation PCL via Associated company named BBGI PCL. KSL holds 40% of total shares.

\*\* Indirect shareholding through Wynn In Trading Co., Ltd.

(Explanation of change in revenue and earnings stated in Part 3 Financial Position and Operating Performance)

## 2.2) Description of each products

### **Sugar: Product Characteristic**

The company is a group of sugar manufacturers whose quality management system is certified by SQF 2000, ISO 9001: 2000, and Hazardous Analysis and Critical Control Point (HACCP) accreditations. Sugar produced by the KSL group can be divided into four categories according to their types and levels of purity as follows:

**Raw sugar** – Raw sugar has a color index higher than 1,500 ICUMSA. It is dark brown, and has a high dirt index and a low purity index. Transfer is done in bulk without the use of sacks. This type of sugar cannot be consumed until it is refined or purified, turning into white sugar or refined sugar.

**High pol sugar** - High pol sugar has a color index between 1,000 - 1,500 ICUMSA. It can be consumed without any further process needed. Generally, the sugar is put in sacks before being transported. It is priced lower than white sugar and refined sugar.

**White sugar** - White sugar has a color index between 46 – 200 ICUMSA with a degree of polarization not lower than 99.50. It is widely consumed among households and used as a raw material in food industries where moderate purity is required.

**Refined sugar** – Refined sugar has a color index that does not exceed 45 ICUMSA. It is especially high in purity. The sugar is used in certain industries where highly pure sugar is needed, such as pharmaceutical industry, carbonated beverage industry, and energy drink industry.

After sugar manufacturing there is a residue called “molasses” that its sugar content is so low that any further sugar extracting is uneconomical. Molasses is a valuable by-product obtained from sugar production. It contains 20% water, 30% sucrose, 32% invert sugar, 12% non-sugar organic substance, and 6% ash. From one ton of sugarcane, the corporate sugar factories have capacity to manufacture between 45-50 kilograms of molasses. An amount of molasses produced in a year depends on a quantity of sugarcane crushed in the year. Molasses can be widely used in such biochemistry industries as alcohol and distilling industry, yeast industry, monosodium glutamate industry, animal food industry (where molasses is mixed with cassavas and bagasse), vinegar industry, and soy sauce and seasoning sauce brewing industry.

Other residues from sugar manufacturing process that are also useful include bagasse and filter cake. Bagasse is the fibrous material remaining after the last extraction of juice from sugarcane. Now the company uses burned bagasse as a source of energy for electricity and steam generation used in sugar manufacturing process. Part of the electricity generated is sold to the Grid. Filter cake is a residue from vacuum filtration. It can be used as a raw material for general-purpose fertilizer. In the past, the company gives away filter cake to sugarcane farmers to promote sugarcane plantation in nearby areas.

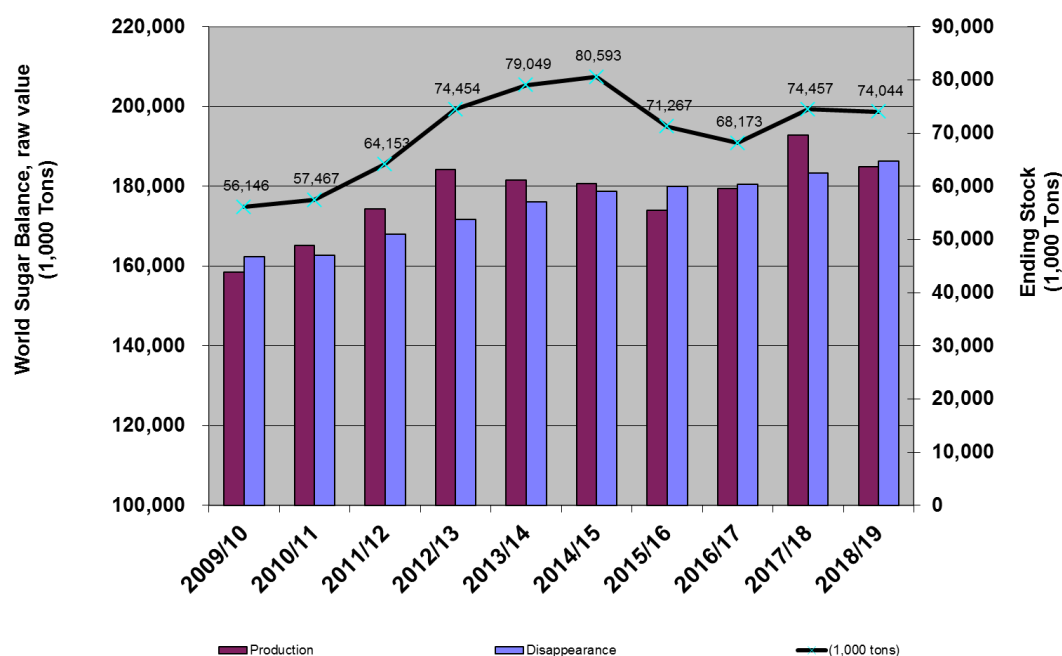
After the company's subsidiary has continuously operated alcohol and chemical production, wastewater from the factory can be mixed with filter cake and bio-decomposed to produce organic fertilizer that is suitable for sugarcane plantation. This completes the corporate value-added product ranges.

## **Sugar: Market and Competition**

### International Market and Industry Overview

The world sugar market: In 2017/2018 approximately 192.8 million tons of raw sugar was produced worldwide, representing an increase of 13.2 million tons or 7.4% from the 2016/2017. The world's total consumption demand rose to 183.3 million tons, a 2.7 million tons increase or about 1.5% growth compared to 2016/2017. However, the ending stock increases from 68.2 million tons in 2016/2017 to 74.5 million tons in 2017/2018. The stock represented 41% of the total demand, or an equivalent of 4.9 months sugar consumption. Estimated production over the world is over supplied. In the beginning of 2018, a world sugar price decreased to 12-13 cents/lbs. from 17-18 cents/lbs. in 2017.

Chart 2.1: World Sugar Balance (1000 Tons, centrifugal sugar, raw value, OCT/SEP)



Note: 2018/2019 is forecasted number

Source: F.O. Licht, updated 20-12-2018

In a mid of 2018, the estimated sugar cane production in 2017/2018 will be back to normal because Thailand and India would gain more production. As a result, the price went down from 14-15 cent/lbs. at the beginning of year to 10-13 cent/lbs. at the end of year. According to F.O. Licht's forecast on December 20, 2018, the 2018/2019 output will decrease 4.1%, from 192.8 million tons to 185 million tons. Consumption will increase by 1.6% from 183.3 million tons to 186.3 million tons. Consequently, the world sugar supply will be deficit, with ending stock for the year 2018/2019 decreasing from 74.5 million tons to 74 million tons. Sugar stock per consumption 40 % compared to normal level at 45%.

Last 2-3 years, the sugar price is volatile because of climate change, flooding, drought, or severe cold which impact on the availability of sugar in the market. Also, the quantity of world sugar stock, production and consumption of ethanol, sugar hedging, government policy of producer and consumer countries are all consequently affected on the sugar price.

Chart 2.2: World Sugar Price (NYBOT#11) during Last 10 Years





Furthermore, export channels of Thai sugar manufacturers are divided into:

1. Thai sugar manufacturers sell their sugar through major traders such as Wilmar, Cofco, Alvean, Sucden, etc. The traders then sell the sugar to other overseas buyers. Risk of failure to collect payments and complications in export management are minimized. Thai sugar manufacturers' only responsibility is to transport their sugar to ports of exports, such as FOB ports of Bangkok and Lamchabang.
2. Thai sugar manufacturers export their products to neighboring countries, such as Laos and Cambodia, through borders. A small amount of sugar is sold to vendors at borders.
3. Thai sugar manufacturers sell to manufacturers who use sugar in production of their exports. When domestic sugar prices are higher than those in international markets, the export manufacturers who use sugar as a production material lose their competitiveness in the world market. To promote investment in the food industry and competitiveness, the government allows those who manufacture exports to buy sugar at the world' market prices conditionally.

#### Domestic Marketing and Industry Overview

In 2018, Thailand encountered a situation of changes of sugar cane and sugar industry system, thereby resulting in there having been no quota system and no fixing of local sugar selling prices, which led to the free market system. Eventually, the sugar price in the country would be floating and fluctuating according to the world sugar price. And coupled with the Thai sugar premium system, the overall picture of the sale of sugar in the country as well as the exportation of sugar for sale were directed by the marketing mechanism and the production capability of each seller. The details of the proportion of sale of sugar of the group of companies were as shown in Table 2.3. Nevertheless, the significance of Thailand's Sugar Cane and Sugar Act in regard to benefits sharing with the sugar cane farmers remained the same

### Competition Situation and Competitors

In 2018, there are 54 operating sugar factories (exclude non-operating and new license sugar factories which is not yet constructed) in Thailand with sugarcane crushing capacity of 135 million tons per year and sugar manufacturing capacity of 14.7 million tons per year (depending on yearly sugarcane amounts in the crushing process and sugarcane quality). The crushing process lasts about 4 - 5 months each year due to small amounts of sugarcanes entering the process. It begins in November till the beginning of April. The numbers of sugar factories are under government control. Licenses from Office of the Cane and Sugar Board and Department of Industrial Works, Ministry of Industry, are required for sugar factories in increasing capacity, moving factories, or operating new sugar factories.

In 2018, all 54 sugar factories are opened for operation. Most of these factories are part of the six major groups of sugar manufacturers and only a handful of small manufacturers operate independently. The KSL Group is the 4<sup>th</sup> largest sugar producer in Thailand, with 8 % market share. It has 5 factories located in three regions: Northeast (2 factories), Western (2 factories), and Eastern (1 factory). Table 2.3 shows sales of different types of sugar in the past 3 years as well as ratios of sales in export markets to domestic markets.

Table 2.3: Sales of Different Types of Sugar and Ratio of Domestic Sugar to Total Sugar Sales in the Past 3 Years

Sale Volume & Price	2018			2017			2016		
	Volume Unit	Avg. Price THB / unit	Value M THB	Volume Unit	Avg. Price THB / unit	Value M THB	Volume Unit	Avg. Price THB / unit	Value M THB
Sugar	1,091,228	12,526	13,668	687,046	17,362	11,928	875,841	14,939	13,084
Domestic	199,876	17,553	3,508	199,091	19,526	3,887	219,304	19,532	4,284
Export	891,352	11,398	10,160	487,955	16,479	8,041	656,537	13,405	8,801
% Domestic Sale/Total Sale	18%			29%			25%		

### **Sugar: Product and Service Provision**

#### Raw Material Provision Policy

Providing raw materials for manufacturing is a vital process for sugar producers. As the total capacity of the Thai sugar industry exceeds domestic sugarcane produce, all the sugar factories need to ensure that the maximum amount of cane is provided for their production in order to reduce their fixed cost per unit. The main solution employed by most sugar manufacturers is providing financial support to farmers, which is known as the “Geaw” system. Agreements of the sugar producers’ advance purchase of sugarcanes from the supported farmers are made, allowing the farmers to apply for loans from the sugar manufacturers. The loans are used for sugarcane cultivation. Harvested sugarcanes, then, are delivered to the factories and the sugarcane costs are deducted from the loans.

The company's strategy is giving long-term benefits as incentives to the sugarcane farmers providing their crops to the corporate factories. This promotes both the growth of the farmers' incomes and the company. The main policy "Prosperity of farmers is prosperity of the factory", especially employed in the northeast, emphasizes creating and promoting a sustainable way to make a living for sugarcane farmers, as well as eliminating middlemen known as "Quota Heads". This effort allows the company to learn about problems experienced by the farmers and provide them suitable assistance. Also, the company provides the farmers equipment, knowledge and production support, such as providing loans for purchasing trucks; giving them filter cakes for making fertilizers free of charge; and providing experts in sugarcane cultivation, and prevention and elimination of crop pests. The support enhances good relationships between the farmers and the company, as well as systematic growth.

#### Production policy

The company focuses on maximizing the volume of white sugar and refined white sugar manufactured, as the two products have the highest selling prices with the highest profit. It also focuses on the improvement of production efficiency. Production efficiency that is higher than the average of the industry will help reduce unit cost. As a result, the company will be more competitive.

#### Marketing policy

The company emphasizes direct sale to industries with product quality and on-time delivery promises. Most customers are in business of beverage and confectionary industries.

The company, moreover, emphasizes the sale of its sugar products to food product re-exporters, as it allows the sale of C quota sugar which yields better profit than regular exports while requires lower transport cost.

#### Environmental effects

The sugar manufacturing process causes wastewater and dust from ash in the steamer's burning process. The company is well aware of such effects and has employed appropriate measures to prevent environmental problems, in compliance with standards issued by Ministry of Industry.

#### **Sugar: Works Not Submitted**

- None –

### Electricity and Steam: Product Characteristic

The project has been undertaken by Khon Kaen Sugar Power Plant Co., Ltd who sells electricity and steam to factories within the group as well as selling any excess electricity produced to Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority (PEA). Currently, the group operates 3 power plants. The first power plant is located near to Khon Kaen Sugar Factory in Nampong district of Khon Kaen province. It can produce up to 65 Megawatt (MW), 20 Megawatt (MW) of which is sold to EGAT. The second power plant is located near to New Krungthai Sugar Factory in BoPloy, Kanchanaburi. It can produce up to 90 MW, 30 MW of which is sold to EGAT. The third power plant is located near to Khon Kaen Sugar Factory in Wangsapung, Loei province. It has the capacity to produce 40 Megawatt (MW).

### Electricity and Steam Market and Competition

The electricity and steam generated is first sold to the KSL Group's plants so that it can be used to produce sugar and ethanol. The excess electricity produced is then sold to Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority (PEA) through long-term contract and therefore has limited number of competitor and reliable customer. A 100% of electricity and steam produce is sold domestically.

Table 2.7 Sales Volume and Average Selling Price of Electricity in the Past 3 Years

	2018	2017	2016
Sale Volume (MW-hour)	346,894	268,893	275,456
Avg. selling price (THB/MW-hour)	2,940	2,795	2,935

### Electricity and Steam: Product and Service Provision

#### Raw material provision policy

Raw material procurement is crucial in operating the electricity generating business. The corporate power plant is mainly fueled by bagasse. Each year, the Group crushed sugarcane fluctuates. A limited amount of crushed sugarcane may affect the fuel amount available for the power plant's electricity generating. Thus, Khon Kaen Sugar Power Plant has prepared purchasing biomass fuel sources, such as bagasse from nearby plants.

#### Production policy

##### (1) Cost Management

Khon Kaen Sugar Power Plant committed to minimize its production cost. Costs of electricity generating and steam energy production include fuel and depreciation. Fuel efficiency is, hence, crucial. The company also ensures economy of scale to reduce its unit cost.

## (2) Improving and Developing Production Effectiveness

The quality of fuel is effectively controlled, as the company uses its own bagasse. Fuel efficiency is ensured by controlling moisture in bagasse using such methods as bagasse dryer system and setting up roofs to protect the material from the rain.

## Marketing policy

The long-term agreement between the company and EGAT allows the electricity produced to be priced based on natural gas prices and exchange rates. The sale unit price increases at the time when EGAT's demand for electricity is high. Electricity sold to the companies in the KSL Group is priced at the same rate as that sold to EGAT.

## Environmental effects

Extensive Environmental Impact Assessment (EIA) has been carried out. The facilities in Khon Kaen province has been registered with CDM Executive Board as a CDM project (under the Kyoto Protocol) which help carbon reduction.

## **Electricity & Steam: Works Not Submitted**

- None -

### **3. RISK FACTORS**

Significant risk factors in the operation of the sugar business of the company, which may effect on the return on investment by the shareholders, can be summarized as follows.

#### **Risks from Raw Material Supply – Sugarcane**

Khon Kaen Sugar Industry Public Company Limited produces sugar which use sugarcane as raw material. The company has also invested in other related projects, which use by products and wastes generated from the sugar manufacturing process, to create added value. Therefore, the quantity of sugarcane available for crushing is the most important factor affecting the operations of the company.

There are two main reasons that cause fluctuations in the quantity of sugarcane, viz. (1) changes in the acreage under sugarcane plantation which may depend on the price agreed for the cane and whether it is worthwhile for the farmers to grow sugarcane compared to other agricultural crops as well as the promotional policies of the Government and (2) changes in the yield of sugarcane (ton(s) of cane per rai) which may occur due to climate change conditions, such as drought and flood, caused by global warming.

When the quantity of sugarcane crushed reduces, the effect on the company is that the quantity of sugar produced goes down, the unit cost, especially the fixed cost per unit, goes up, the profit per unit reduces and the company's overall profit is reduced. In addition, in those years when the sugarcane crushed is low, there is increased competition among sugar factories to purchase the sugar cane locating in the neighborhood area.

To reduce above risk, the company offers assistance to sugarcane farmers, such as loans for planting sugarcane crop, support in procuring inputs for farming, providing irrigation systems, introducing technology to increase yields and efficiency in cultivation, and reducing the influence of middle men in sugarcane sales and purchase deals. All the assistance is provided for the farmers in an attempt to help them improve their lives.

#### **Risks from Fluctuation of World Sugar Price**

While considering sugar trade in the world markets, it can be said that sugar has high price fluctuations when compared with other agricultural products. The world sugar prices depend on several factors, such as demand and supply of countries that are producers, consumers, exporters and importers. Traders' speculations are in relation to climatic conditions facilitating cultivation in each of the respective countries. Government policies on promoting, interfering, exporting and importing sugar, particularly in developed countries also determine pricing in the industry. At present, sugar prices are also interrelated to oil prices. Both sugarcane and molasses can be used

to produce a type of alcohol called ethanol. Ethanol can be blended with gasoline to produce fuel. All the above factors cause high fluctuations in the world sugar prices.

Generally, sugar companies in Thailand are bound to meet the domestic demand first. The balance sugar can be exported. Every year, the Office of the Cane and Sugar Board estimates the quantity of domestic demand for sugar, called Quota A, and allocates this Quota to all the sugar factories based on their respective sugar production. The ratio of domestic sales to exports of all sugar factories is therefore quite similar, usually in the range of 20:80 to 30:70 depending on the sugarcane available for crushing all over the country. The sales of the sugar industry fluctuate according to world sugar prices in the 70 – 80% range. However, regarding on the cost of production, the cane price is the major cost, calculated by the formula based on the revenue sharing system 70:30. This means that when the sugar price has decreased 100 THB, the farmer should get the 70% impact in term of lower sugar cane price and the sugar factory should get 30% impact.

During the past 3-4 years, the world sugar price was very volatile. It can be seen from the average future price around 32 cents/lb and it decreased to 25, 20, and 15 cent/lb. Sugar price has fallen to its lowest at 10-12 cent/lb in the mid of year 2018. With severe price fluctuations, because the world sugar production has been increased and the domestic sugar floating price is the same direction as the world sugar price. If the company was not able to establish a selling price that was higher than the price level for setting cane prices, the corporate operating results would have been severely affected. To prevent the risk posed by sugar price volatility in the world market, the company entered into a sugar futures contract with a financial institution. The risk hedging procedure would allow the company to minimize the dependency of its profitability on the risk posed by sugar price volatility. However, this could affect profit and loss account recording, and there was a risk that the amount hedged through the sugar futures contract could exceed the actual volume of sugar exported. This oversold condition could result in a loss.

However, at present the Company reduced its reliance of main revenue on sugar alone, whereby the Company had expanded its business of ethanol by joining hands with potential allies that had energy expertise, and it also could successfully and efficiently build on and extend its operations to energy business, resulting in the overall operations having made some profits, despite facing sugar price fluctuation and severe reduction of sugar price.

### **Risks from Government Policy**

The sugarcane and sugar industry in Thailand is under the supervision and control of the Office of the Cane and Sugar Board under the Cane and Sugar Act 1984. The Board regulates the amount of sugar produced by a quota system (Quota A for domestic sales, Quota B and C for sugar exports), controls the domestic price, regulates on the ratio of distribution of revenue from the sugar business between the farmers and sugar factories, with the revenues sharing in the ratio of 70:30, controls on the entry of new players in the sugar business etc. It is evident that the rules

and regulations enacted by the Cane and Sugar Board have an impact on the production costs and the operations of the company. For example, the revenues sharing system 70:30 ratio determines the sugar cane price which the sugar factories must pay to the farmers. In case, changes in the domestic sugar prices or changes in regulation of entire sugar industry, it will have a definite impact on the operations of the company. The policy to promote the planting of oil palm trees or price guarantees for cassava have negative impact on the company since the area under sugar cane plantation will reduce and farmers will switch to growing alternative crops with better returns.

In May 2016, the Brazilian Government filed a petition to the World Trade Organization (WTO) accusing the Thai Government of having imposed subsidies to the Thai Sugar Cane and Sugar Industry to an extent that it affected the sugar industry of Brazil. Throughout 2017, the Thai Government urgently negotiated and clarified with the Brazilian Government of Thailand's rectification measures, such as, restructuring of sugar cane and sugar industry, floating of sugar selling price to be in with market mechanisms, abrogation of granulated sugar quota and reservation of granulated sugar according to designated quantity to meet the consumption demands within the country, etc. Later, in April 2018, the Brazilian Government slowed down its consideration on measures against Thailand, by asking the Thai Government to hold a clarification meeting of the progress of the situation regularly until the Thai Government would have completed the restructuring of sugar cane and sugar industry and the amendment of the Sugar Cane and Sugar Act, including related regulations and laws.

However, regulation and procedure of sugar industry reformation plan is in a process. The Company continues updating this risk in order to set the relating work plan.

#### **Risks from Bad Debts from Credit System Provided to Farmers (Advanced Credit)**

In the operation of a sugar factory, the factories provide loans or other kinds of financial support to sugarcane farmers as working capital to plant sugarcane crop, or what is called "advanced credit", thereby reserving the sugarcane for crushing. After the sugarcane crop is ready for harvesting and the sugar factories are ready to start crushing the cane, the farmers harvest the cane and send it to the sugar factories and receive payment for the value of the cane supplied after the loans and other financial support given is deducted. The risks that are generated from such credit can come from reduced volume of sugarcane in any year due to drought conditions, losses from crop disease and pestilence, farmers refusing to send the cane to the sugar factories etc. Such liabilities, arising from sugarcane credit, can adversely affect the company's operations requiring higher amounts of provisioning for bad debts.

However, the Company was well aware of said risks and therefore developed the sugar cane subsidies system to be more efficient, by using GPS in inspecting and surveying sugar cane plantation areas to reduce the problem of claiming of right of ownership of certain farmers, and it was also used for sugar cane supply planning. The Company also developed a program for use



in a tablet to monitor sugar cane and debts of each farmer efficiently, as well as the development of database of farmers in regard to the growing ability, the creation of debts, the security data, the ability to pay debts, which would help analyze suitable credit extent in line with the ability to pay debts and the value of property placed as security. This readily reduced the farmers' bad debts to be at a rather low level.

### **Risks from Exchange Rate**

The volatility of exchange rate poses a significant risk to the company's operation. The company exports about 70-80% of its total sugar sales. The company also imports tools and machinery, and conduct operations in neighboring country. The company tries to reduce its exchange rate risks by making currency forward contracts. The company has natural hedging mechanism.

Under the 70:30 revenue sharing scheme, it links the sugar price (revenue) and cane price (cost) together, thus making both prices move in the same direction and exposing both to the same exchange rate fluctuation. Moreover, the company closely monitors exchange rate fluctuation to be able to react to changes in a timely manner.

### **Risks of unapproved the proposed agenda by the Shareholders' meeting**

The Chinthammit and its company hold more than 60% of total paid up share capital of the company. Therefore, the Chinthammit Group and its company can control all the proceedings of the shareholders meetings except for special agendas which, by law or by the articles of association of the company, require 75% vote in shareholders' meetings. Therefore, the risk that the Shareholders' meeting might disagree with the proposed agenda would relieve.

However, for the equitable treatment of shareholders and transparency and power balancing, the company has appointed the board of directors which consists of 7 independent directors who are qualified as required by law and 4 Audit Committee members who have duty and act as required by law and Charter of Audit Committee. Thus, power balancing for operation in the company is reasonable. In addition, the company also has also set up an independent internal control team which reports directly to the audit committee.

### **Risks from Investment Project in Laos and Cambodia**

The investment projects of sugar business in both countries were initiated by the Company, whereby the Company had obtained concession areas from the governments for sugar cane plantation and it was also licensed to construct sugar factories. The Company then managed its key risks in this issue as follows:

1. The quantity of sugar cane was insufficient to the production owing to climate change, natural disasters, outbreak of pests, including deteriorated soil conditions at the concession areas, thereby causing a fluctuation of sugar cane supply in each year, and thus resulting in production per area to have been insufficient to cover the break-even point.
2. Management problems, such as, lack of sugar cane growing technology in large areas, lack of infrastructure, namely road, transport system, including plantation labour shortage and capable personnel, etc., and it would take longer than expected to solve these problems and to improve the development in this regard.
3. Control from governments, especially investment projects in Cambodia where the Company faced problems of concession areas, unclear concession areas and areas of plantation of local farmers, policy on taxes, including ambiguity of local rules and regulations which had been revised and changed and which may cause disputes with the communities. Nevertheless, the said issues were given much importance by the Company and the Company was prepared to manage or rectify such problems suitably.

In 2018, projects abroad still suffered a loss and the Company readily slowed down its operations in Cambodia, while the operations in Laos the Company managed the risks by 1) budget control, 2) providing loans to farmers, partners, in order to expand the plantation areas, and 3) continuous development of deteriorated soil conditions.

### **Risks from Selection and Maintaining Personnel in Organization for Sustainable Growth**

The business operations of the group of companies must rely on personnel mainly, and there must be sufficient and quality personnel, especially at executive level, whereby the executives must be of a number that meets the demand of the business, so as to support and implement the Company's strategies to a success. Hence, the Company found it necessary to upgrade the process of selection, maintaining, and development of potential of its staff to cope with the changed circumstances, by reducing personnel risks by imposing various measures emphasizing on individual development planning, career planning, succession planning, and leadership development program.

Besides, the Company also attached importance to human resources, by arranging training courses, whereby attendants would learn from actual performance for the development of personnel at both executive and operation levels, so that they would regularly learn new things and that it be in the same direction. Reviews were made on the providing of remuneration from working which was related to accomplishment and ability of the staff at attractive level and of international standards according to the market condition in order to create a work security for the staff, which would help reduce risks on losing its personnel and at the same time motivating and maintaining quality personnel sufficient to the need of its business continuously.

## **4. Operating Assets**

### **4.1) Core Operating Assets of the company and its subsidiaries**

As of 31 October 2018, the company and its subsidiaries have core operating assets, as follows:

Items	Area (estimated number)	Ownership	Net Book Value (THB Million)	Encumbrance
1. Land & Land Development (Rai)				
Land for factory location				
- Khon Kaen Sugar Industry	1,661.83	Owner	1,011.84	
- Tamaka Sugar Industry	239.13	Owner	610.47	
- New Krung Thai Sugar Factory	1,547.74	Owner	569.65	
- New Kwang Soon Lee Sugar	249.04	Owner	103.00	
- KSL Agro & Trading Co., Ltd.	90.86	Owner	59.56	
- Khon Kaen Sugar Power Plant Co., Ltd.	420.15	Owner	178.40	
- KSL Material Supplies Co., Ltd.	673.45	Owner	219.98	
Cane Plantation Area	10,330.11	Owner	951.76	
Office Lands	-	Owner	-	
Other Lands	98,851.30	Owner	684.14	
Total			4,388.80	
2. Factory Building and Construction		Owner	4,765.85	
3. Machinery and Equipment		Owner	12,987.07	
4. Motor Vehicle and Labors saving device		Owner	596.11	
5. Furniture and Office Equipment		Owner	40.20	
6. Assets in Construction		Owner	3,385.05	
Total			26,163.08	

## 4.2) Intangible Assets

### Trademarks

Key trademarks of Khon Kaen Sugar Industry Public Company and subsidiaries are registered at The Department of Intellectual Property, as followings:



### **PRIVILEGES OF BENEFITS FROM PROMOTED INVESTMENT**

A domestic subsidiary received 3 investment promotion certificates from the Board of Investment of Thailand (BOI) under the Investment Promotion Act B.E. 2520. The benefits includes the exemption from income tax for profit for the year derived from operations of promoted businesses for the period of 8 years, commencing from the date of first receiving operation revenue of promoted businesses. The details are as follows:

<u>Certificate No.</u>	<u>Sections</u>	<u>Date</u>	<u>Promoted activity types</u>	<u>Commenced date</u>	<u>Expire date</u>
	<u>Privilege</u>			<u>of revenues generated</u>	
1432(2)/2552	25, 26, 28, 31(1), 31(2), 31(3), 31(4), 34, 35(1), 35(2) and 35(3)	June 24, 2009	- Production of electricity, power steams and water for manufacture	November 30, 2010	November 29, 2018
1349(2)/2556	25, 26, 28, 31(1), 31(2), 31(3), 31(4), 34, 35(1), 35(2) and 35(3)	Mach 15, 2013	- Production of electricity, power steams and water for manufacture	January 21, 2014	January 20, 2022
61-0170-1-00-1-0	25, 26, 28, 31(1), 31(2), 31(3), 31(4) and 34	February 12, 2018	- Production of electricity, power steams and water for manufacture	Income not yet derived	

Furthermore, in accordance with the Promotion Certificate No. 1432(2)/2552, and 1349(2)/2556 the subsidiary receives the privilege in 50% income tax reduction of the regular rate for the period of 5 years commencing from the expiration date of income tax exemption and under all Promotion Certificates, the subsidiary is granted privilege for exemption of import duties for approved machinery and exemption from income tax on dividend on profit from promoted businesses during the period in which the Company is granted exemption from corporate income tax.

**4.3) Investment and Management Policy for subsidiaries and affiliates**

As of October 31, 2018, the company invests in both direct and indirect 13 subsidiaries and 2 affiliate, as followings:

**Subsidiaries (The Company holds the shares directly)**

- 1) Tamaka Sugar Industry Co., Ltd
- 2) New Krung Thai Sugar Factory Co., Ltd
- 3) New Kwang Soon Lee Sugar Factory co., Ltd
- 4) KSL Real Estate Co., Ltd
- 5) KSL Export Trading Co., Ltd
- 6) Khon Kaen Sugar Power Plant Co., Ltd
- 7) KSL Material Supplies Co., Ltd.
- 8) KSL Agro and Trading Co., Ltd.
- 9) Savannakhet Sugar Co., Ltd
- 10) Koh Kong Sugar Industry Co., Ltd
- 11) Wynn In Trading Co., Ltd
- 12) WSP Logistics Co., Ltd.

**Subsidiaries (The company holds the shares indirectly through Wynn In Trading Co., Ltd.)**

- 13) Koh Kong Plantation Co., Ltd.

**Affiliate**

- 1) Thai Sugar Terminal Pcl.
- 2) BBGI Pcl.

For the subsidiaries that the company holds its shares directly, the company has controlling power through holding more than 50 % of shares.

The company has the policy to invest in the business related to sugar business, sweetener business or other business that gives the benefit and reasonable return to core

business. The criteria for the investment will be based on competitive advantage, reasonable return, the amount of money to invest. In addition, considering the proportionate of investment will be depended on many factors, such as, how significant the expertise of business is. If the business needs special experiences significantly and the company has no or less experience, the company will let other strategic partners holding the share in higher proportion. However; if the company has the investment in high proportion, the company will assign its own representatives to participate in a position of company directors or a position of top management. In addition all of company investment must be approved by the board of director and there should not be the conflict of interest with the parent company in the future.

The company also have Non-financial KPIs such as Market share, Customer satisfaction

KSL has been certified ISO9001:2000, therefore the company have to survey Customer satisfaction both domestic and international survey which cover areas of Quality, Services and others to assess and improve satisfaction. The company have target to get score at least 94 out of 100. The result in the last 3 years as follows:

<b>Satisfaction Survey</b>	<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2018</b>
Domestic	96.51	98.26	96.46
International	95.21	96.71	95.78

For Market share in Sugar production in Thailand

	<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2018</b>
Production	774,046 Metric Ton	713,259 Metric Ton	1.182 Million Metric Ton
% Market Share	8%	8%	8%

## **5. Legal Dispute**

As of 31 October 2018, the Company had no dispute which might have a potential negative impact in excess of 5% of the shareholders' equity per its consolidated financial statements.

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## **6. General Information and Other Information**

### **6.1) General Information**

Company Name : Khon Kaen Sugar Industry Public Company Limited

Type of business : Manufacturer of Sugar & Sugar-related products

Registered & Head Office : 503 KSL TOWER 9<sup>th</sup> Floor, Sriyudhya Road, Rajathevi,  
Bangkok, 10400 Thailand

Company Registration Number : 0107547000214

Registration Phone number

Tel. : +662-642-6230

Fax : +662-642-6228

Website : <http://www.kslgroup.com>



## 6.2) Risk Hedging Procedure Against Sugar Price Volatility in the World Market

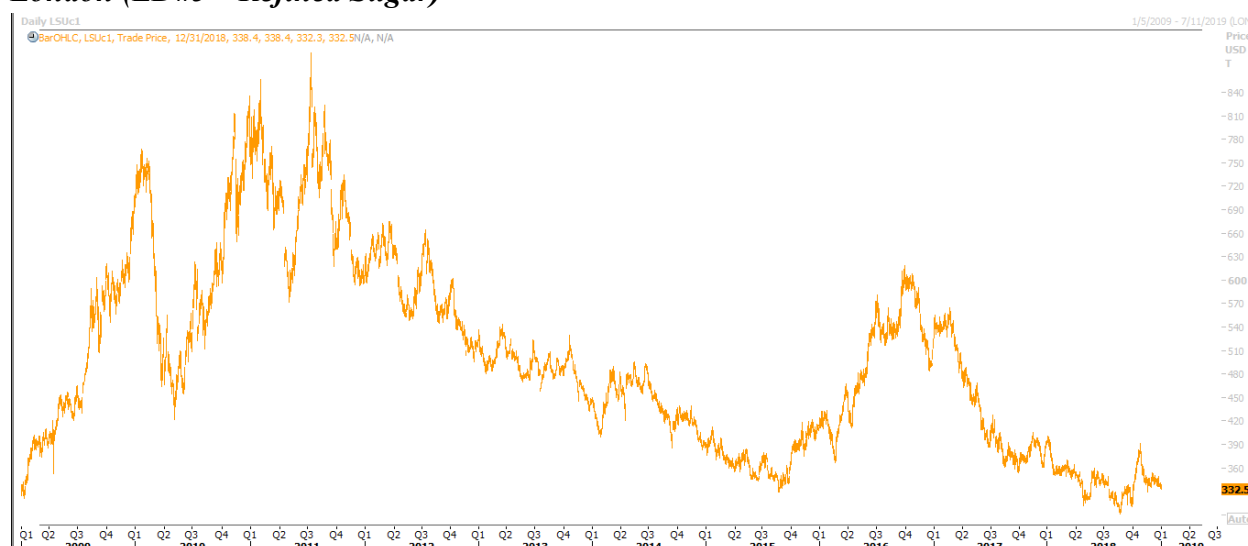
Thailand has the capability to produce sugar more than domestic consumptions, some of remaining sugar were exported. Ratios of domestic consumption to exportation vary each year by year --approximately from 20:80 to 40:60--depending on yearly amounts of sugar cane crushed. Then, Thailand becomes the second largest sugar exporter after Brazil. Revenue of sugar producers in Thailand is partially based on the world market sugar prices and fixed domestic sugar prices, regulated by government.

In terms of world sugar price, the policies supporting and protecting benefits of farmers, and food security policies regulate importing countries to issue measures for regulating and restricting sugar importation. These policies, issued by international government sectors, affect sugar demand in the world market. Factors related to climate uncertainty such as flooding, droughts, or severe cold in countries where sugar is produced and consumed, limited number of exporting countries, and any other events affecting the world market sugar supply also affect the world sugar prices. Furthermore, in the past 2 – 3 years, significant increase in investment by foreign funds has heightened fluctuation of sugar prices in the world market; prices are much higher or lower than fundamental factors. Sugar prices are especially volatile in years when consumption demand is close to or greater than the amount of sugar produced. Chart 6.1: World Sugar Prices in the Past 10 Years demonstrates volatility of sugar prices.

*Chart 6.1: World Sugar Prices in the Past 10 Years*

### *New York (NYBOT#11 – Raw Sugar)*



**London (LD#5 – Refined Sugar)**

Due to the fact that revenue of sugar producers in Thailand is partially based on the world sugar prices, which fluctuate significantly, the company's operating results will be affected when sugar prices in the world market drop drastically. To prevent the risk posed by sugar price volatility in the world market, the risk hedging procedure has been established with the use of risk management mechanisms and tools in the forms of futures contracts. Prices are based on those at futures markets in New York (NYBOT#11 – Raw Sugar) and London (LD#5 – Refined Sugar). Details are as follows:

**Case 1: Normal business transactions in trading export sugar (without risk hedging)**

A buyer and seller agree on a sugar price based on the market price. Once reaching an agreement, the changed world market price does not affect the agreed price and accounting recorded value. The seller records the price as agreed with the buyer, for instance:

**In case of sugar price increase in futures market**

Day 1: Sugar futures price is at 600 USD / ton :

The buyer and seller agree on a transaction of sugar at the market price of 600 USD + premium 100 USD

Day 2: Sugar futures price increases to 800 USD / ton :

The seller delivers the sugar. The buyer pays 600 USD + 100 USD premium = 700 USD  
Accounting Record: The company income generated from sugar sale is 700 USD.

Note: Premiums of sugar are based on types of sugar, delivery sites, delivery time, delivery terms, etc.

*In case of sugar price decrease in futures market*

Day 1: Sugar futures price is at 600 USD / ton :

The buyer and seller agree on a transaction of sugar at the market price of 600 USD + premium 100 USD.

Day 2: Sugar futures price decreases to 400 USD / ton :

The seller delivers the sugar. The buyer pays  $600 \text{ USD} + 100 \text{ USD premium} = 700 \text{ USD}$ .

Accounting Record: The company's income generated from sugar sale is 700 USD.

It can be seen that prices that buyers receive depend on the time that buyers and sellers agree to make transactions. This becomes problematic when the world sugar prices are high. Sellers are interested in selling, while buyers are not willing to buy due to high prices. When the world sugar prices are low, buyers are willing to buy. Sellers, however, consider the prices too low and are not so willing to sell. Sellers and buyers are unable to agree on prices. This method would only work if sugar prices in the world market were not volatile. High volatility of sugar price causes the sellers and/or buyers losing the opportunities to trade at their own satisfied prices.

**Case 2: Adopting risk hedging procedure for sugar price in form of sugar future contracts**

During a period when the world sugar prices are highly volatile, to prevent losing opportunities to sell at satisfied prices, sugar producers adopt risk hedging procedure in form of "sugar futures contracts" which their price are based on world sugar price. With this futures contracts, contracts are not settled by sugar delivery, but by cash settlement which paying the difference between the sugar price fixed on the day the contracts are made and the sugar price on the day the contracts are settled (unwinded). The risk hedging procedure may be carried out directly at sugar futures market through a broker or alternatively, through a financial institution as a counterparty. Examples are as follows:

*In case of sugar price decrease in futures market*

Day 1: Sugar futures price is at 600 USD / ton :

The seller is satisfied with the price at this level, but no interest from any buyer. Buyers expect the price to decrease. The seller entered into a contract with a financial institution fixing the sugar futures price at 600 USD.

Day 2: Sugar futures price decreases to 400 USD / ton :

A buyer is interested in buying. The seller sells sugar at the agreed market price of 400 USD + 100 USD premium = 500 USD. At the same time, the seller closes or unwinds the futures contract by buying back the contract at the market price of 400 USD/ton (sold at 600 USD while bought back at 400 USD), resulting in 200 USD gain.

From this example, the seller's actual income from the sugar sale is 500 USD + 200 USD gain from entering into the sugar futures contract = 700 USD. The amount equals the guaranteed price of 600 USD + 100 USD premium = 700 USD.

Accounting Record: The company generates income from sugar sale at 500 USD (which is lower than the guaranteed price of 700 USD). The 200 USD gain from entering into the sugar futures contract is recorded as other income.

*In case of sugar price increase in futures market*

Day 1: Sugar futures price is at 600 USD/ton :

The seller is satisfied with the price at this level, but receives no interest from any buyer. Buyers expect the price to decrease. The seller enters into a contract with a financial institution fixing the sugar futures price at 600 USD.

Day 2: Sugar futures price increases to 800 USD/ton :

A buyer needs sugar for use, resulting in buying at a high price. The seller sells sugar at the agreed market price of 800 USD + 100 USD premium = 900 USD. At the same time, the seller closes or unwinds the futures contract by buying back the contract at the market price of 800 USD/ton, resulting in 200 USD loss (sold at 600 USD while bought back at 800 USD).

In this example, the seller's actual income from the sugar sale is 900 USD + -200 USD loss from entering into the sugar futures contract = 700 USD. The amount equals the guaranteed price of 600 USD + 100 USD premium = 700 USD.

Accounting Record: The company generates income from sugar sale at 900 USD (which is higher than the guaranteed price of 700 USD). The -200 USD from entering into the sugar futures contract is recorded as a loss.

In all the cases, the company has the net income of 700 USD (excluding a commission paid to the financial institution). Methods of producing accounting records are, however, different. For the regular transaction, (no risk management involved), the company records 700 USD as income from sale. The concerns with this type of transaction is that at the time there may not be

any buyer willing to buy, or the seller may not be willing to sell. Adopting a risk hedging tool of sugar futures contracts, if the market is in a downturn, the company will record income from the sugar sale at 500 USD, and 200 USD gain from entering into the sugar futures contract will be recorded as other income. However, during an upturn in the market, the company will record 900 USD as income from sale and -200 USD loss from entering into the sugar futures contract.

In conclusion, entering into sugar futures contracts enable (1) buyers and sellers to trade at prices considered satisfactory by both parties without the need to wait for prices to reach the levels that buyers and sellers can agree on; and (2) the net revenue will be equal to fixed prices. If the market is experiencing a down turn, actual income from sugar sales will be low, but will be offset by gain from entering into sugar futures contracts. During an upturn, however, actual income from sugar sale will be high, while there is loss from entering into sugar futures contracts.

### **Important Concerns**

1. The times of recording actual sales may be different from those of recording gain/loss from entering into sugar futures contracts. Accounting policies of some companies, for example, record income from actual sales when sugar is delivered to customers. Gain/loss from entering into sugar futures contracts is recorded upon contract closure or unwinded. It is possible that companies will realize gain/loss from entering into sugar futures contracts before recording sales, resulting in a discrepancy between the two records produced at different periods. This outcome will be experienced significantly by companies that report their operating results in quarterly basis.
2. Adopting a risk hedging procedure for sugar price volatility in form of sugar futures contracts can insure the company against the sugar price risk on existing sugar volume and also sugar volume estimated to be produced in the future. Amounts hedged under sugar future contracts vary according to sugar production estimated to be produced in the future. However, amounts of sugar produced depend on quantities of cane crushed largely affected by climate, vast cultivation areas, and a lot of farmers. As a result, inaccuracy of estimation of sugar cane crops may be rather high.

When estimation of sugar cane crops is too high, sugar futures contracts have been made according to the estimates and later the actual outputs do not match up with the estimates, the contracts become oversold. If the sugar future price is in an upturn, there will be actual loss from sugar futures contracts made. This is due to the fact that there is no actual sale at a high price to offset. In contrast, when the sugar market price is experiencing a downturn, there will be actual gain from sugar futures contracts.

## **7. Shareholder Structure**

### **7.1) Securities**

As of October 31, 2018, the Company's registered capital is THB 2,205,121,824 and the paid up capital is THB 2,205,116,309.50. It is comprised of 4,410,243,648 ordinary shares and 4,410,232,619 paid up shares, at par value of THB 0.50.

### **7.2) Debentures**

Non-subordinated and Unsecured Debentures

Name	Tenor	Expiry Date	Total Value (million THB)
KSL192A	2 years	24-Feb-19	1,000
KSL198A	5 years	5-Aug-19	1,000
KSL199A	5 years	18-Sep-19	1,000
KSL202A	3 years	24-Feb-20	1,000
KSL203A	5 years	13-Mar-20	2,000
KSL206A	3 years	20-Jun-20	500
KSL215A	3 years	3-May-21	1,350
KSL27DA	10 years	7-Dec-27	2,000
KSL28DA	10 years	3-May-28	650
<b>Total Long Term Debentures</b>			<b>10,500</b>

### 7.3) Shareholders

On October 31, 2018, the top 10 major shareholders of the Company are as follows:

as of 31 October 2018			
Rank	Name	No. of Shares	% of total
1	KSL Sugar Holding Co., Ltd.	1,452,000,000	32.923
2	Thai NVDR Co., Ltd.	131,573,797	2.983
3	Mr. Chanachai Chutimavoraphand	115,355,499	2.616
4	Mr. Chamroon Chinthammit	105,138,031	2.384
5	Ms. Duangdao Chinthammit	99,799,954	2.263
6	Ms. Duangkae Chinthammit	99,683,643	2.260
7	Mr. Kamondanai Chinthammit	98,632,448	2.236
8	Mr. Somchai Chinthammit	96,475,726	2.188
9	CREDIT SUISSE AG, SINGAPORE BRANCH	94,634,336	2.146
10	Mr. Piripon Chinthammit	92,647,024	2.101
	Total for top ten major shareholders	2,385,940,458	54.100
11	Other shareholders	2,024,292,161	45.900
	<b>Total paid-up registered capital</b>	<b>4,410,232,619</b>	<b>100.000</b>

Note: A major shareholder of KSL Sugar Holding Co., Ltd. is the Chinthammit family which holds 33 % of shares. However, proportion of shareholding does not indicate that members of the Chinthammit family are voting in the same way.

The registered capital and paid up capital of KSL Sugar Holding Company Limited consists of 100 million shares at par value of THB 10 per share or THB 1,000 million.

On October 31, 2018, the top 10 major shareholders of KSL Sugar Holding Co., Ltd. are as follows:

as of 31 October 2018			
Rank	Name	No. of Share	%
1	Ms.Nareerat Chinthammit	12,105,268	12.11
2	Ms.Duangdao Chinthammit	7,847,944	7.85
3	Ms.Duangkae Chinthammit	7,764,650	7.76
4	Mr.Chanachai Chutimavoraphand	6,971,788	6.97
5	Mr.Chamroon Chinthammit	5,370,580	5.37
6	Mr.Somchai Chinthammit	5,169,890	5.17
7	Mr.Sarun Chinthammit	4,246,828	4.25
8	Mr.Kamondanai Chinthammit	2,906,000	2.91
9	Mr.Piripon Chinthammit	2,906,000	2.91
10	Ms. Yaovanuth Dejvitak	2,900,000	2.90
	Ms. Yaovaluck Chutimavoraphand	2,900,000	2.90
	Total for top ten major shareholders	61,088,948	61.09
11	Other shareholders	38,911,052	38.91
	Total Registered Paid Up Capital	100,000,000	100.00

Note: The 10<sup>th</sup> major shareholders are Ms. Yaovanuth Dejvitak and Ms. Yaovaluck Chutimavoraphand who both hold equal number of shares.

#### 7.4) Dividend Payment Policy

The company pays dividends at a rate of not less than 50 % of its net income after tax and legal reserves of separate financial statement if there is no necessity for the use of the money, and if the dividend payment does not have an adverse effect on corporate operations significantly. Factors that are considered include corporate operation results, financial position, liquidity, and business expansion plans. The dividend payment requires approval from corporate shareholders and/or the Board of Directors. Dividend payment of the subsidiaries and associates to Khon Kaen Sugar Industry Public Company Limited depends on their cash flow, liquidity, suitability, and necessity for the use of the money. No minimum rate is specified.

#### 7.5) Dividend Payment Record

Year	2013	2014	2015	2016	2017
Cash (THB per share)	0.35	0.0811111111	0.0555555556	0.10	0.05
Dividend stock (THB per share)	-	0.10	0.05	-	-
Percentage of dividend to net Profit	35	37	51.90	30.92	11.19



## 8. Management Structure



## 8.1 Board of Directors

As of October 31, 2018, the Company's Board of Directors comprises the following 21 members:

1.	Mr. Manu Leopairote	Chairman and Independent Director
2.	Mr. Chamroon Chinthammit	Director
3.	Mr. Pornsin Thaemsirichai	Director
4.	Mr. Sukhum Tokaranyaset	Director
5.	Mr. Thawatchai Rojanachotikul	Director
6.	Ms. Intira Sukhanindr	Director
7.	Ms. Duangdao Chinthammit	Director
8.	Mr. Chalush Chinthammit	Director
9.	Mr. Somchai Chinthammit	Director
10.	Ms. Duangkae Chinthammit	Director
11.	Mr. Chanachai Chutimavoraphand	Director
12.	Mr. Chatri Chinthammit	Director
13.	Mr. Somchat Chinthammit	Director
14.	Mr. Tachpong Pakornsiriwongse	Director
15.	Mr. Trakarn Chunharojrit	Director
16.	Pol. Gen. Boonpen Bumpenboon	Independent Director
17.	Mr. Sitti Leelakasamelek	Independent Director
18.	Mr. Karun Kittisataporn	Independent Director
19.	Mr. Warapatr Todhanakasem	Independent Director
20.	Ms. Nongluck Phinainitisart	Independent Director
21.	Ms. Anchalee Pipatanasern	Independent Director

The twenty-one members of the Board of Directors have no forbidden qualification as follows:

1. Never dishonestly committed a criminal offence against property.
2. Never entered into any transaction which may cause conflict of interest against the Company during the year

Chairman is responsible for leading the Board and has the following duties.

- (1) Oversee, monitor, and ensure that the Board efficiently carries out its duties to achieve the Company's main objectives.
- (2) Ensure that all Directors contribute to the Company's corporate culture and good corporate governance.
- (3) Set the Board meeting agenda by discussing with the Chief Executive Officer and set up procedures to ensure that important matters are included in the agenda.
- (4) Allocate sufficient time for management to propose topics and for Directors to

debate important matters thoroughly and encourage Directors to exercise good discretion and pay attention to relevant issues brought to the meeting including corporate governance issues.

(5) Promote good relationship between the Board and management.

#### Board of Directors' Meetings

The Company sets the Board of Directors meeting dates and notifies the directors of those date in advance. The Board of Directors shall hold at least 6 meetings per year. For the flow of the Company's operations, there are monthly executive meetings where the Board entitles the meeting to make decisions. In every Board meeting, the Board of Directors is informed about matters that have been approved by the Company's executive meeting to ensure that the Board is able to supervise, control, and monitor the work of managements on a regular basis.

In 2018, the Board held 6 meetings, and 1 non-executive directors meeting (without the management). The non-executive directors independently express their opinion regarding management. In 6 meetings in 2018, there are 3 meetings which all directors attended (21 directors); 1 meeting which 20 directors attended; 1 meeting which 17 directors attended; and 1 meeting which 16 directors attended. In summary, 13 directors attended all meetings (6 meetings) (100%), 6 directors attended 5 meetings (83%), and 2 directors attended 4 meetings (67%). Prior to each meeting, all members received the agenda and supporting documents seven days prior to the date of the meeting to allow adequate time for their preparation.

For the Board meetings, the Board of Directors, the Chairman, the Chief Executive Officer and President, and Company Secretary consider agendas together. This is to ensure that the agendas cover important matters. Each director may propose agendas independently.

During the Board meeting, the Chairman allocates adequate meeting time for managements' presentations and comprehensive directors' discussions. The chairman encourages careful consideration in the meeting. Directors pay attention to each issue presented in the meeting, including issues concerning governance of the Company. Top executives from different departments attend the Board meeting to present details on the issues that they are responsible for in order to facilitate the Board's decision-making. The Board also has a chance to know more about the top executives, as well as has access to important additional information through the top executives. Directors may request more information about issues in the meeting from the Company Secretary.

Minutes of the Board of Directors' meetings include such important matters as dates, times, names of directors who are present and absent, summaries of proposals, summaries of discussions and remarks, resolutions, opinions from directors who disagree. The minutes is saved and kept in paper and pdf file which is easy to retrieve. They cannot be changed. Numbers of the Board meetings and attendance are disclosed. The Board sets a meeting at least every 3 months per year, and the executive committee has monthly

meetings concerning the Company's operating results. Information from the executive committee meetings is presented to the corporate Board of Directors.

The Attendance of Directors in 2018															
No.	Name	Board of Directors		Executive Board		Audit Committee		Nomination & Remuneration Committee		Risk Management Committee		Corporate Governance Committee		AGM	
		(6 Meetings)		(12 Meetings)		(5 Meetings)		(5 Meetings)		(4 Meetings)		(3 Meetings)		(1 Meeting)	
		Attend	%	Attend	%	Attend	%	Attend	%	Attend	%	Attend	%	Attend	%
1	Mr. Manu Leoparote	6/6	100											1/1	100
2	Mr. Chamroon Chinhammit	6/6	100	12/12	100									1/1	100
3	Mr. Pornsin Thaemsirichai	5/6	83	11/12	92									1/1	100
4	Mr. Sukhum Tokaranyaset	4/6	67	9/12	75									1/1	100
5	Mr. Thawatchai Rojanachotikul	5/6	83	12/12	100									1/1	100
6	Ms. Intira Sukhanindr	6/6	100	12/12	100									1/1	100
7	Ms. Duangdao Chinhammit	6/6	100	12/12	100			5/5	100					1/1	100
8	Mr. Chalush Chinhammit	5/6	83	11/12	92					4/4	100			1/1	100
9	Mr. Somchai Chinhammit	6/6	100	12/12	100									1/1	100
10	Ms. Duangkae Chinhammit	6/6	100	12/12	100									1/1	100
11	Mr. Chanachai Chutinavoraphand	6/6	100	10/12	83									1/1	100
12	Mr. Chatri Chinhammit	6/6	100											1/1	100
13	Mr. Somchat Chinhammit	5/6	83									3/3	100	1/1	100
14	Mr. Tachpong Pakornsiriwongse	6/6	100	11/12	92									1/1	100
15	Mr. Trakarn Chunharojrit	6/6	100	10/12	83									1/1	100
16	Pol. Gen. Boonpen Bumpenboon	5/6	83					5/5	100			3/3	100	1/1	100
17	Mr. Sitti Leelakasamelurk	4/6	67			5/5	100			4/4	100			1/1	100
18	Mr. Karun Kittisataporn	5/6	83					5/5	100	4/4	100			1/1	100
19	Mr. Warapatr Todhanakasem	6/6	100			4/5	80					2/3	67	1/1	100
20	Ms. Nongluck Phinainitsart	6/6	100			5/5	100	5/5	100	4/4	100			1/1	100
21	Ms. Anchalee Pipatanasern	6/6	100			5/5	100					3/3	100	1/1	100

**Remarks:**

1. Independent director: 7 directors: No. 1, 16 – 21
2. Audit Committee: 4 directors: No. 17, 19 – 21
3. Nomination and Remuneration Committee: 4 directors: No. 7, 16, 18, 20
4. Risk Management Committee: 4 directors: No. 8, 17, 18, 20
5. Corporate Governance Committee: 4 directors: No. 13, 16, 19, 21
6. Annual General Meeting of Shareholders year 2017, No. 1/2018 on 20 February 2018

## 8.2 The Executives

As of 31 October 2018, the corporate top executives include:

1. Mr. Chamroon Chinthammit CEO and President
2. Mr. Pornsin Thaemsirichai Senior Vice President – Innovation Office
3. Mr. Sukhum Tokaranyaset Senior Vice President – Accounting & Finance
4. Mr. Thawatchai Rojanachotikul Senior Vice President – Administration
5. Ms. Intira Sukhanindr Senior Vice President – Business Development
6. Ms. Duangdao Chinthammit Vice President – Human Resources
7. Mr. Chalush Chinthammit Vice President – Office of President
8. Mr. Theera Sanguandeeikul Vice President – Sugar Production
9. Mr. Dhajjai Subhapholsiri Company Secretary/ Vice President – Office of  
Company Secretary and Legal
10. Mr. Piripon Chinthammit Vice President – Cane supply
11. Mr. Dhanapat Na Chiangmai Vice President – Administration
12. Mr. Sommanus Potisat Vice President – Office of President
13. Ms. Yanee Anusamornkul (Acting) Vice President – Accounting & Finance

Remark: Person 1-5 are executives of the Company according to the definition of SEC.

### Scope of Duties and Responsibilities of CEO and President:

1. Decide on important matters related to the Company. Determine the corporate missions, objectives, guidelines, and policies. Supervise the overall work. Be responsible for the Board of Directors.
2. Have the power to employ, appoint, and transfer personnel as necessary and appropriate to be the management or staff members for corporate operations. Define appropriate functions, responsibilities, and remunerations of employees. Have the power to dismiss, lay-off, and discharge employees as appropriate.
3. Have the power to determine business terms and conditions, such as credit limits, payment terms, trade agreements, and trade term changes.
4. Have the power to act and appear as a corporate representative to outsiders regarding affairs related and advantages to the Company.
5. Approve the appointment of advisors needed in the corporate operations.
6. Deal with affairs concerning the Company's general operations.

The duties and responsibilities of CEO and President shall comply with legislation and the Company's regulations. The approval of CEO and President does not apply to approval of transactions that would allow CEO and related persons to have interest or cause conflict of interests affecting the Company and its subsidiaries.

***A summary of approved financial amounts of transactions according to the Company's authorization manual***

No.	Approved Financial Amounts for Important Transactions	BOD	EXC	PSD
1	Approval of Annual Budget	More than THB 500 Million	Not over THB 500 Million	Not over THB 100 Million
2	Approval of Changing/ Increasing of Annual Budget or Investment Budget	More than THB 100 Million	More than THB 100 Million	Not over THB 100 Million

Remark:

(1) The power to approve the financial amounts mentioned is governed by legislation and regulations of the Company, the Stock Exchange of Thailand and Securities, and Exchange Commission.

(2) BOD means Board of Director, EXC means Executive Board, PSD means CEO and President.

### **8.3 Company Secretary**

The Board of Directors appoints Company Secretary whose duties includes giving advice to the directors as to the compliance with laws and regulations regarding their responsibilities, arranging Board of director meeting, shareholder meeting, and meeting reports and all other works required by law. The Company supports the Company Secretary to gain more knowledge and training in law and company secretary duties.

Currently, the Company Secretary is Mr. Dhajjai Subhapholsiri who graduated with law degrees and has experience in legal practice for a long period. He also attended a number of courses on duties of Company Secretary and other relating courses. Description is in Details of Directors, Executives, Controlling Persons and Company Secretary.

### **8.4 Directors' and Executives' remuneration**

#### **8.4.1 Directors' Remuneration**

The Board of Directors determines clear policies and guidelines for payment of directors' remunerations. For transparency, the remunerations are proposed to the shareholders' meeting annually for approval. They are adequate and motivational so that the Company is able to keep highly qualified directors. Directors serving in committees receive appropriate remunerations based on their duties and responsibilities for those committees. Remunerations are divided into 3 parts:

- 1) Regular remunerations are paid monthly to directors.
- 2) Meeting remunerations for Sub-Committee are paid for directors who attend a meeting.
- 3) Directors' Bonus is a special remuneration paid once a year in accordance with the corporate annual operating results.

The Company determined the directors' remuneration which is approved by the shareholder's meeting on February 20, 2018 as follows:

	Not exceeding the amount of THB per year	
1. Remuneration for Chairman of Board of Directors	540,000	THB
2. Remuneration for Chairman of Audit Committee	540,000	THB
3. Remuneration for 19 directors	8,550,000	THB
4. Meeting allowance for members of Sub-Committee: Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Corporate Governance Committee who attend the meeting. Chairman of sub-committee who attends the meeting THB 7,200/ meeting. Each member of sub-committee who attends the meeting THB 6,000/ meeting.		
5. Meeting allowance for Chairman of Executive Board THB 1,200/ meeting, Executive director THB 1,000 / meeting No remunerations to be paid to directors other than above-mentioned information.		

\* Noted: the directors' remuneration does not include the remuneration from subsidiary companies.

#### **8.4.2 Managing Director's Remuneration**

The Company prescribes the managing director's remuneration by taking into account qualifications, duties and responsibilities in comparison with the amount paid by other companies in the same industry offered by businesses operating in the same industry listed in SET as well as operating result and size of business so as to be an incentive for developing the Company in a continuous and sustainable manner.

#### **8.4.3 Remuneration for Top Executives**

Remuneration for Executives is in line with the Company's principles and policies, and relates to the operating result and each individual's performance. The remuneration is prescribed to motivate and sustain the qualified executives with the Company.

Remuneration in Cash

## 1. Remuneration for directors in 2018

No.	Name of Directors	Position in Board of Directors	Year 2017				Year 2018			
			Remuneration		Meeting Allowance	Total (THB)	Remuneration		Meeting Allowance	Total (THB)
			Yearly	Bonus			Yearly	Bonus		
1.	Mr. Manu Leoparote	Chairman	360,000	129,000	-	489,000	360,000	120,000	-	480,000
2.	Mr. Chamroon Chinthammit	Executive Director	300,000	107,500	14,400	421,900	300,000	100,000	14,400	414,400
3.	Mr. Pornsin Thaemsirichai	Executive Director	300,000	107,500	12,000	419,500	300,000	100,000	11,000	411,000
4.	Mr. Sukhum Tokaranyaset	Executive Director	300,000	107,500	12,000	419,500	300,000	100,000	10,000	410,000
5.	Mr. Thawatchai Rojanachotikul	Executive Director	300,000	107,500	12,000	419,500	300,000	100,000	12,000	412,000
6.	Ms. Intira Sukhanindr	Executive Director	300,000	107,500	12,000	419,500	300,000	100,000	12,000	412,000
7.	Ms. Duangdao Chinthammit	Executive Director / Nomination & Remuneration Committee	300,000	107,500	35,000	442,500	300,000	100,000	36,000	436,000
8.	Mr. Chalush Chinthammit	Executive Director / Risk Management Committee	300,000	107,500	28,000	435,500	300,000	100,000	35,000	435,000
9.	Mr. Somchai Chinthammit	Executive Director	300,000	107,500	12,000	419,500	300,000	100,000	11,000	411,000
10.	Ms. Duangkae Chinthammit	Executive Director	300,000	107,500	12,000	419,500	300,000	100,000	12,000	412,000



No.	Name of Directors	Position in Board of Directors	Year 2017				Year 2018			
			Remuneration		Meeting Allowance	Total (THB)	Remuneration		Meeting Allowance	Total (THB)
			Yearly	Bonus			Yearly	Bonus		
11.	Mr. Chanachai Chutimavoraphand	Executive Director	175,000	80,699	6,000	261,699	300,000	100,000	12,000	412,000
12.	Mr. Chatri Chinthammit	Director	300,000	107,500	-	407,500	300,000	100,000	-	400,000
13.	Mr. Somchat Chinthammit	Director/ Corporate Governance Committee	300,000	107,500	24,000	431,500	300,000	100,000	-	400,000
14.	Mr. Tachpong Pakornsiriwongse	Executive Director	300,000	107,500	12,000	419,500	300,000	100,000	11,000	411,000
15.	Mr. Trakarn Chunharojrit	Executive Director	300,000	107,500	12,000	419,500	300,000	100,000	9,000	409,000
16.	Pol. Gen. Boonpen Bumpenboon	Independent Director / Nomination & Remuneration Committee/ Corporate Governance Committee	300,000	107,500	40,800	448,300	300,000	100,000	24,000	424,000
17.	Mr. Sitti Leelakasamelek	Independent Director / Chairman of Audit Committee / Risk Management Committee	360,000	129,500	60,000	549,000	360,000	120,000	60,000	540,000

18.	Mr. Karun Kittisataporn	Independent Director/ Chairman of Nomination & Remuneration Committee/ Risk Management Committee	300,000	107,500	67,200	474,700	300,000	100,000	52,800	452,800
19.	Mr. Warapatr Todhanakasem	Independent Director/ Audit Committee/ Chairman of CG Committee	300,000	107,500	75,600	483,100	300,000	100,000	24,000	424,000
20.	Ms. Nongluck Phinainitisart	Independent Director/ Chairman of Risk Management Committee/ Audit Committee/ Nomination & Remuneration Committee	300,000	107,500	48,000	455,500	300,000	100,000	75,800	475,800
21.	Ms. Anchalee Pipatanasern	Independent Director/ Audit Committee/ CG Committee	26,666.67	27,390	-	54,056.67	300,000	100,000	30,000	430,000
	<b>Total</b>		<b>6,021,666.67</b>	<b>2,193,589</b>	<b>495,000</b>	<b>8,710,255.67</b>	<b>6,420,000</b>	<b>2,140,000</b>	<b>452,000</b>	<b>9,012,000</b>

\* Noted: the directors' remunerations do not include the remunerations from subsidiary companies.

## 2. Remuneration for executives in 2018

Remunerations for 13 executives (listed as corporate top executives) include salaries, bonuses and allowances amounted to THB 47.08 million.

### Other Remunerations

The Company's regulations prescribe other form of remuneration for top executives, such as company car, fuel and maintenance expense and employee's welfare.

## 8.5 Personnel

As of October 31, 2018, the Company's personnel information is as follows:

	Consolidated		Separated	
	2017	2018	2017	2018
Average Number of Employees (Persons)				
During Production Season	6,609	6,480	2,375	2,534
During Normal Period	5,160	4,774	1,943	1,894
Expenses related to employees (Million THB)	1,550.80	1,650.34	569.76	578.91

As of 31 October 2018, the Company had no significant labor disputes that may have a potential negative impact on its operations.

### **Director and Executive Development**

As for the Directors, the Corporate Governance Policy prescribes that the Company should encourage Directors to have continual training and knowledge development, particularly training in curriculum that is organized by external entities such as the Stock Exchange of Thailand and Institute of Thai Directors (IOD) so as to help the Directors perform their duties and govern the Company's business effectively.

Directors have participated in training courses organized by accredited institutions, such as Chairman Program, Director Accreditation Program (DAP), and Director Certification Program (DCP) provided by Thai Institute of Directors (IOD), also basic courses for the audit committee, courses offered by the Stock Exchange of Thailand, and cutting-edge management courses offered by other professional institutions. In 2018, some directors have participated in training courses, for example, Ms. Nongluck Pinainitisart attended "Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance" organized by IOD; Ms. Duangdao Chinthammit (Director) attended "TMA Discovery Day 2018: Future Knowledge Hunter, organized by TMA.

### Orientation of Newly Appointed Directors

The Board of Directors states that there shall be an orientation of new directors every time they assume office in the Company, so as to enable them to understand the business and various operations of the Company. In this respect, the Company Secretary is assigned to proceed with coordination in regard to related issues, such as, important information relating to the Company, the regulations which specifies the scope of powers and duties of the Board of Directors, including information relating to laws, rules and regulations, as well as numerous conditions. Besides, if a

newly appointed director has not yet attended a training curriculum concerning the performance of duties of a company director, the Company will arrange for said director to attend such necessary curriculum. In 2018, however, the Company had no newly appointed directors.

In the part of executives and staff, the Company has arranged for a training curriculum for them both inside and outside the Company to increase work skills, knowledge, abilities, so as to help them achieve success in works and to create a learning atmosphere that motivates a creation of new things and work development among fellow colleagues as a team, and to set up a knowledge management for transferring to the new executives and staff.

In 2018, the Company aimed to apply more digital system in its operations. Thus, the trend of development of executives and staff is now linked to on-line skills and new work systems.

### **Succession Plan**

The Board of Directors realizes that the Company growth depends on personnel who are educated, talented, and decent persons. Therefore, the Board of Directors passes the policy to the executives regarding effective development and management of personnel.

The Company selects personnel who are in the executive position appropriately to ensure that the executive team has ability and is suitable for the position in order to perform the duty effectively. To ensure readiness for the administrative status, the Company prepares its human resources to be able to take on different responsibilities assigned in order to appropriately cover for their colleagues or fulfill their new positions. Executives are given opportunities to learn about the work outside their fields. This is to enable them to fill in assignments for their colleagues who are unable to take on the responsibilities. The Board of Directors has assigned the nomination and remuneration committee to research and coordinate with accredited consulting firms and professional institutions during development and revision of succession plans.

The Company specifies the succession plan as follows:

1. Specify the important position or major position
2. Specify the latency or capability of the major position
3. Finding a successor in succession plan
4. Set a policy for individual personnel development

### **Personnel Development Policy**

The Company always sets high value for its human resources. Policies on continuous training and human resource management have been established. The aims are to help employees reach their potential, ensure effectiveness at work, and allow them to advance in their fields. All employees are required to receive training that is in line with the Company's direction and strategies. Training is well planned and always financially supported by the Company which are held in the Company and outside by other institutions. Also, the Company encourages the communication to transfer and share knowledge between employees in the organization (Knowledge Management).

In addition, the Company focuses on developing better quality of life of employees. Also, the Company focuses more on developing employees' knowledge and understanding about safety, occupational health and environment in the workplace.

The Company discloses information regarding personnel development, safety and occupational health in the Sustainability Report that partly covers injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR), fatalities rate (FR).

## **9. Corporate Governance**

### **9.1 Corporate Governance Policy**

The Board of Directors approved the first Corporate Governance Policy on 3 February 2014. Afterwards, the Board of Directors by the Meeting No. 3/2015 on 26 June 2015 approved the first revision of the CG Policy which became effective on 27 June 2015. Soon after, the Securities and Exchange Commission, Thailand (SEC) announced the new Corporate Governance Code effective from 17 August 2016 which is somewhat different from the former principles which the Company has adopted. The Corporate Governance Committee deems it appropriate to revise the said CG Policy (1<sup>st</sup> revision) to conform the new CG Code and submits a new draft to the Board. The Board of Directors in the meeting No. 7/2016-2017 on 29 September 2017 resolved the approval of the CG Policy (2<sup>nd</sup> revision) and makes it effective from 1 October 2017 onwards.

There are some principles suggested in the Corporate Governance Code for listed companies 2017 that the Company has adopted in the Corporate Governance Policy (2<sup>nd</sup> revision) (Policy) and the Charter of Board of Directors (Charter) approved by the Board as follows.

1. A good practice indicating business achievement has been adopted in the Policy, Chapter 5 (Roles and Responsibilities of the Board of Directors) that the Board should take into account ethics, social and environmental impact in addition to financial impact.

2. The Practice 3.2.3 prescribing roles and duties of Chairman has been adopted in the Policy, Chapter 5, Clause 6. (Chairman and Managing director not the same person)

3. The Practice 3.5.2 suggesting that a director should not hold position in not more than 5 listed companies has been adopted in the Charter as a qualification of director that a director has enough time to well perform his/her duties as a director of the Company and the directorship in other companies shall not hinder the performance of director's duties, provided that a director should not hold directorship in more than 5 listed companies at the same time.

4. The Practice 5.4 regarding the governance and management of information technology has been adopted in the Charter as a duty of the Board to take care of the risk management system and internal control that conform to standards and respond to the achievement of objectives and goals of the Company in the long run, including the prevention of information leakage which could be done by using information technology.

As regards other principles and practices, the Company has considered and applied by using other approaches such as disclosure of information, Board's resolution, intra-practices among internal units, etc.

The policy of Corporate Governance consists of 7 Chapters as follows: 1. Rights of shareholders, 2. Equitable treatment of shareholders, 3. Role of stakeholders, 4. Disclosure and transparency, 5. Role and Responsibilities of the Board of Directors, 6. Anti-Corruption, and 7. Reporting Information on Misconduct and Fraudulent Activities.

In addition to the CG Policy, the Company has made the Company's Business Ethics (1<sup>st</sup> revision) B.E. 2558 which are consistent with the CG Policy (1<sup>st</sup> revision). At present, the Company's Business Ethics (1<sup>st</sup> revision) is still consistent with the CG Policy (2<sup>nd</sup> revision). The Business Ethics apply to all groups of the Company's personnel, namely, directors, executives and staffs. The Company disseminates the CG Policy and the Business Ethics in the Company's website and the intranet. As to the dissemination in the intranet, the Company adds guidelines of practices for each item in the Ethics so that the personnel can understand them easily and also encourages the compliance with the Ethics as well as organizes training or activities that induces the staff to acknowledge and comply with the Ethics.

On 28<sup>th</sup> September 2018, the Board of Directors duly approved a proposal of the Corporate Governance Committee for a review of the Corporate Governance Policy (2<sup>nd</sup> Revision, 2017), and it was deemed suitable to continue using the current Policy as it had just been revised to be in line with the principle of good corporate governance for listed companies of 2017 (CG Code) of the Office of the Securities and Exchange Commission according to suitability of the business context of the Company.

The Corporate Governance of the Company covers:

**9.1.1 Section 1: Rights of Shareholders**

1. Shareholders may propose a meeting agenda and put forward their questions concerning the Annual General Meeting of Shareholders in advance as from 1<sup>st</sup> October until 30<sup>th</sup> November for the Annual General Meeting in February next year, by notifying such to the shareholders via the information system of the Stock Exchange of Thailand, and the criteria and steps were clearly posted on the website of the Company at [www.kslgroup.com](http://www.kslgroup.com) in the section of “Information for Investors” under the “News Room” menu.

2. Method of vote casting and counting as well as the use of voting ballots were announced before a meeting of shareholders.

3. Remuneration and criteria on providing remuneration for directors of each position, namely fixed remuneration, meeting allowances, annual remuneration, were proposed to the shareholders for consideration and approval every year.

4. The Company allowed the shareholders to cast their votes on an election of individual director, by nominating a director for voting by the shareholders one by one.

5. The Company’s website where corporate shareholders and those interested may download corporate financial information, corporate profiles, and meeting information is [www.kslgroup.com](http://www.kslgroup.com). Inquiries and requests for further information may be e-mailed to [ir@kslgroup.com](mailto:ir@kslgroup.com) and [secretary@kslgroup.com](mailto:secretary@kslgroup.com)

6. The Company facilitates and encourages its shareholders to exercise their rights and votes. There is a record date for a right to attended meeting and a record date for a right of dividend payment allowing the shareholders to choose whether they will hold the stocks for the dividends or not. Shareholders meetings are organized at convenient venues which is easily accessible by public transportation. The Company has chosen to hold annual general meetings at hotel in the middle of Bangkok, near the Company’s head office. The 2017 AGM no. 1/2018 held on 20 February 2018 at Grand Ballroom, Century Park, Bangkok. Shareholders can submit the registration form prior to the meeting day. For more convenient way, the Company uses barcode for registration. Stamps for proxy are prepared for shareholders.

7. Agenda of the 2017 Annual Shareholders’ Meeting No. 1/2018 notice covered statement of financial position, profit and loss statement, dividend payment, election of replacement directors whose terms have ended, consideration of remuneration for directors, and appoint of auditor and audit fee.

8. In 2017 Annual Shareholders' Meeting, No. 1/2018, the Company informed its shareholders about rules and procedure of attending the shareholders' meeting. Shareholders were given opportunities to directly inquire the corporate directors and committees. The meeting was recorded by video recorder. The Company does not deprive its shareholders of access to corporate information. All important information is included in distributed notices without any last-minute addition of agendas or changes in important matters. Shareholders who arrive late are always allowed to attend meetings.

9. Minutes of the AGM 2017, No. 1/ 2018 is precise and accurate. Names of all the directors physically present/absent were shown. Summaries of clarifications, questions, answers, opinions, the voting procedure, and the vote count procedure were provided. The minutes were posted on the Company's website within 14 days after the AGM date.

#### 9.1.2 Section 2: Equitable Treatments of Shareholders

1. Shareholders were allowed to nominate a person of their choice for appointment as a director in advance as from 1<sup>st</sup> October until 30<sup>th</sup> November, by notifying such to the shareholders via the information system of the Stock Exchange of Thailand, and the criteria and steps were clearly posted on the website of the Company at [www.ksigroup.com](http://www.ksigroup.com) in the section of "Information for Investors" under the "News Room" menu. After that, the Board of Directors held a meeting to proceed with the screening process. However, in the past there had been no nominations by the shareholders whatsoever.

2. The Company attached with the Notice Calling Meeting a Letter of Proxy, per Form B., which enabled the shareholders to set their own voting direction in each agenda, so as to afford convenience to the shareholders who were unable to attend the meeting themselves to authorize an independent director or other person to attend the meeting and cast votes on their behalf. The Notice Calling Meeting of both in Thai and English languages were published on the Company's website 30 days before the date of meeting to allow the shareholders to study the information beforehand. As for the Notice Calling Meeting of both in Thai and English language, the Company had assigned the Thailand Securities Depository Company Limited, the Share Registrar of the Company, to send such Notice to the shareholders at least 21 days in advance in the case of normal agenda, and at least 14 days in advance in the case of special agenda.

3. The Company prescribes the using inside information in CG Policy (Section 2: Equitable treatment of shareholders) and disseminate to employees, executives, and directors aware of limitation, prohibit to use inside information via internal communication such as email and intranet. Besides, the Company regularly notices directors and executives in writing in advance of each disclosure of financial reports to refrain from the disposal of the Company's securities as from and until the specific dates and, for transparency, informs in the Meeting of Executive Board and the Board of Directors regarding the changes of the Company's securities of each director or executive (if any) as well as informs the directors and executives of any illegal act regarding using inside information so that the directors and executives shall exercise good care in respect of the use or alleged use of any inside information before disclosure to public.



4. Regarding the use and protection of inside information, the Company has established measures to prevent the use of inside information by directors, management, and employees for abusive self-dealing (Details in Use of Inside Information Section).

5. The Company requires that a director shall not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the Company's direct and indirect competition, unless the information about their position(s) is disclosed to the shareholders' meeting before the appointment. Directors shall inform the Company immediately about their direct and indirect conflicts of interest arising in any corporate contracts done between fiscal years, or due to change in their acquisition of shares or debentures of the Company or its subsidiaries between fiscal years. The Company encourages its directors, Management and those related to the Board to disclose information about their interests as part of the Board's meeting agendas. Directors who have interests in any issues being considered are not allowed to vote on those particular issues.

6. In the past year, neither directors nor executives used insider trading. The Company is not violating connected transaction rules.

#### 9.1.3 Section 3: Role of Stakeholders

Besides protecting the benefits and rights of its shareholders, the Company realizes the significance of other stakeholders contributing to its financial stability and sustainability. These stakeholders include customers, employees, suppliers, creditors, and the surrounding community. The Company has always ensured integrity and fair treatment for each stakeholder through its established business ethics, such as:

Rights of Shareholders: The Company abides by the Corporate Governance Policy and guidelines regarding shareholders and equal treatment to shareholders and prescribes consistent Business Ethics.

Rights of Employees: The Company commits to the importance of employees at all levels without discrimination on race, religion and gender. All employees are equal and are treated equally. They are entitled to welfare without discrimination. The Company has a policy in benefit in short term and long term such as salary and bonus. The Company establishes a provident fund for employees. Besides, the Company encourages the acquisition of knowledge through internal and external trainings so as to cope the future growth.

Rights of Customers: The Company applies international quality control system, e.g., ISO 9001:2008, FSSC 22000, GMP, HACCP, HALAL, KOSHER, etc. so as to create the utmost satisfaction to the customers in terms of quality and product standard, timely delivery and international standard service and strict confidentiality keeping. Besides, the Company provides customers with channels for complaints and recommendations as deemed appropriate by the customers. By average, the Company receives approximately 40-50 complaints and recommendations per year regarding the operation of 5 sugar factories.

Rights of Suppliers: The Suppliers hereby include, apart from contracting parties in sales and service of work, joint investors in some specific business. The Company acknowledges the legal rights and

contractual rights pursuant to the joint investment by adhering to principles of honesty, equality and right to return of investment.

The Company has the Corporate Governance Policy and guidelines regarding customers in the Chapter on Roles of Stakeholders saying that it supports fair and free competition, equality in doing business and mutual benefits, transparent and fair procurement. The Company prescribes the qualifications of the customers who are entitled to offer bidding as well as announces openly and equally to the rightful bidders of the complete information and conditions regarding the procurement. The Company keeps confidential the bidding prices from the suppliers and does not disclose to other bidders. The Company shall not demand any benefit from the suppliers in exchange of executing contracts with the Company as well as prescribes in the Business Ethics of such practices. As for the service of work in the Company's sites, the Company provides safe working conditions for the contractors and emphasizes that the contractors must strictly abide by the Company's rules of safety. Upon completion of the work, the Company has a process of transparent and fair acceptance of work and shall pay the contractors in due time.

The Company through the procurement department communicates with the suppliers through various channels of important matters and provides channels for the suppliers to send their complaints or information. In 2018, sent letters to suppliers by informing them of the CG policies together with Anti-corruption policy. The central procurement unit requested all factories to extend anti-corruption policy to local suppliers so that acknowledgement of the information shall be as much as possible.

Rights of Creditors: The Company has the Corporate Governance Policy that shall abide by the agreement made with the creditors regarding the timely payment, appropriate use of financial service, providing and keeping collateral and other conditions such as correct financial reports for the use of credit analysis, debt-equity ratio. The Company has gained trust from the creditors through ethical operation and facilitates information for the understanding of the Company's business through the Annual Report and the Annual Statement (Form 56-1) and the financial status through financial reports which are made and audited in accordance with the generally accepted standard. The Company prescribes these practices in the Business Ethics consistently.

Right of Competitors: The Company supports free and fair competition and also the Business Ethics that the personnel shall not do business by destroying or restraining the competitors with unlawful ways or apply any unlawful way to obtain the competitor's information, In practice, the competitors are members in the same associations and regularly exchange information; therefore, there has been of unfair practice among them.

Rights of Community and Society: The Company attached importance to the sustainable development under the framework of the Global Reporting Initiative (GRI), as well as compliance with the laws and regulations related to environments. Further, the Company provided knowledge and training to its staff in relation to environments and it operated the business attentively by taking into account impacts to the natural resources and environments. The Company shall support and participate in charitable and community development activities to create good relationships and improve quality of life for communities surrounding our business operations. The Company collaborates with the government sector and agencies, helps developing public infrastructure, provides financial supports, and promotes social activities that bring understanding and sustainable development to the community. The Company invests in the Philanthropic Fund (3<sup>rd</sup> year) under the

concept of Thai Pat Institute to establish an investment that can creates return to use for public interest to help society in a continual manner. The Fund is managed by TISCO Securities.

Human Rights: The Company has the policy not to involve in human right violation by providing in the Corporate Governance Policy. The Company promotes and respects human rights as well as operates its business in line with the principles and intent of the United Nations Declaration on Human rights and other international agreements that Thailand is a party and shall not participate in any act that is against the human right principles.

Each site of the Company's group has express clear intent that the Company shall not use child labour and forced labour and shall make announcement through various channels to the communities.

Environment: Company has the Corporate Governance Policy and guidelines regarding environment in the Chapter on Roles of Stakeholders saying that the Company uses natural resources and energy as necessary and supports the reuse and recycling of raw materials and waste in production process. Bagasse left after cane crushing shall be made fuel for boilers in production process of sugar and electricity; Carbon dioxide derived from burning process shall be used in the carbonation process of syrup, water from ethanol production process shall be used in fermenting biogas which is further used in factories. Each factory shall emphasize on the protection of environment by not releasing waste or pollutants to the community. The factory uses modern dust collector to prevent emission. The water treatment system is developed to ensure that the used water shall be clean enough for reuse or for discharge to natural source The Company has made a prototype of the so-call Submerged Aerated Fixed Film (SAF) to treat condensate water from ethanol production process at Boploy district, Kanchanaburi province.

Intellectual Property: The Company shall respect intellectual property rights and exercise due care not to cause accusation of risk of being accused of infringing intellectual property rights. Unfamiliarity of the relevant laws is a legal risk; therefore, the Company sets more details in the Business Ethics that the personnel have to respect intellectual property rights of others by not using any work or intellectual property of others without permission. In case of doubt of infringement, a unit must consult the legal department. If it appears that there might be an infringement, a concerned party should consult the legal department. The Business Ethics define the meaning of intellectual property in a broad sense including copyright, patent, trademark, supplier information, customer information, formulae or any matter which is regarded trade secret. So far, there were in-house consultancy that could prevent several unintentional infringements.

Local administration / government agencies: The Company abides by the laws which regulate the business and other relevant laws as enforced by local administration and central government agencies and cooperates with government units to develop the locality. The group of companies coordinates with the local government agencies to ensure that the companies correctly comply with the laws and regulations, e.g., coordination with municipality, provincial industry office, natural resources and environment office, underground water office, water resource office, irrigation office, regional revenue office, welfare and labour protection office, social security office, skill labour development office, etc.

The group of companies regards as highly important the cooperation with local administration /government units that ask for support to help develop community around the operating areas of the companies, e.g. municipality, sub-district administration, hospital, district public health, school, police, etc. as shown and provided in Sustainability Report: Activities on Corporate Social Responsibilities.

The Company always realizes the importance of all groups of stakeholders as mentioned. It also values all suggestions, opinions, and comments that enable development, improvement and correction of the corporate operations. All stakeholders can contact the Company's management, the head of internal audit committee, the head of human resource department, or the chairman of audit committee to report improper incidents, complain, request for clarifications or correction, or make any suggestions via email. In the previous year, there was no wrongdoing reported to the Company. Details information regarding procedure to report wrongdoing is provided in the Company's Corporate Governance Manual, under the heading Reporting misconduct, fraud, and non-compliance to Code of Business Ethics.

#### 9.1.4 Section 4: Disclosure of Information and Transparency

The Company ensures that information is provided correctly, accurately, on time, and transparently through channels that are trustworthy and equally easy to access for the public. The followings are corporate practices:

1. Financial statement, other related information, and business operation are disclosed within prescribed period after audited and certified by the auditor.

2. Annual Statement (Form 56-1) is disclosed within 3 months after accounting period end and Annual Report (Form 56-2) is disclosed within 4 months after accounting period end through the SET channels and corporate website, [www.ksigroup.com](http://www.ksigroup.com). There are also updates related to the Company and the industry posted on the website to facilitate decision-making of those involved.

3. In the previous year, the Company's disclosure of information and transparency were approved by the Securities and Exchange Commission and the Stock Exchange of Thailand, as its practice was in accordance with disclosure requirements. Effectiveness of the corporate information disclosure procedure was evaluated by outsiders.

4. The Company disclosed additional information including duties of the Board of Directors and committees, the director and executive remuneration policy, summarized corporate governance policy, environmental and social policies, the Company's compliance with established policies, summarized business ethics, and directors' training background were disclosed in Form 56-1 and 56-2.

5. A Report on the Board of Directors' Responsibilities for Financial Statements is provided along with the auditor's report in annual report. The contents include the certification that the Company's financial statements are fairly presented in accordance with generally accepted accounting principles and regulations, and the financial statements are accurate, complete, and true according to accounting standards. The statement is signed by the Chairman and CEO/ President.

6. Contents of the Company's website consist of directors and executives' information (position, education, shareholding, experience, picture) organizational information, shareholding structure, the Board structure, vision/missions, businesses and products, corporate governance policies and compliance results, business ethics, information for investors, environmental and social policies, annual reports, financial statements, news and updates in both Thai and English.

7. The Company specifies that directors and executives need to prepare a report of interests of directors, executives and related persons according to Section 89/14 of Securities and Exchange Act

B.E. 2535 (1992) as amended and review a report within October every year or when information has been changed by sending to the Office of Company Secretary and Legal.

8. The Company is well aware of the importance of disclosing information to investors with accuracy, transparency, and accessibility. A team set up to coordinate communications between the Company, investors, and shareholders can be reached by email at [ir@ksigroup.com](mailto:ir@ksigroup.com) or the following contacts:

- |    |                          |   |
|----|--------------------------|---|
| 1. | Mr. Meechai Piyavisadpat | Telephone: 02-642-6230<br>Email: <a href="mailto:meechai@ksigroup.com">meechai@ksigroup.com</a> |
| 2. | Mr. Chalush Chinthammit  | Telephone: 02-642-6230<br>Email: <a href="mailto:chalush@ksigroup.com">chalush@ksigroup.com</a> |

To promote better understanding of the Company's businesses and facilitates the distribution of the information to interested investors, the Company has produced an annual investor relations plan; held quarterly analyst meetings at corporate conference room.

For foreign investors, the Company collaborated with securities companies and financial analysts to prepare for various road shows presenting its operating results and project progress. In the previous year, the Company attended conferences presenting corporate operating results and progress in Singapore and Malaysia with the securities companies. Visits to the Company have been arranged for domestic and foreign investors. Appointments can be made in advance with the Company's investor relations team.

In 2018, the Company has activities as follows:

Activity in 2018	Number of Times per Year
1. Analyst Meeting	4 times
2. Company visit	2 times
3. Business Performance Publish	4 times
4. Provide Information and query via E-mail	30 times
5. Roadshow (Singapore and Malaysia)	1 times

#### 9.1.5 Section 5: Responsibilities of the Board of Directors

1. The structure of the Board consisted of 21 directors. 7 out of 21 are independent directors with no business relationship or any other relationship which would influence the exercise of free discretion of which one, who is not the Managing Director, is the Chairman of the Board. The Company's Board of Directors possesses skills and expertise in various fields and not limit for any gender. Detailed profiles, qualifications, experiences, and shareholding of directors are included in Details of Directors, Executives, Controlling Persons and Company Secretary. Board consists of one non-executive director who has experience in either a business or the main business of the Company.

Each office term of directors is three years; directors may be re-elected for another consecutive term.

Independent directors are not less than one-third of the whole directors and at least three independent directors are required. An independent director may be in the position for three consecutive terms or nine years, whatever is longer. However, the Board of Directors may extend the directorship as it deems appropriate.

The Charter of the Board of Directors stipulates that a director must not be director in not more than five other listed companies so that a director shall have enough time to perform the directorship and being a director in other companies must not hinder the performance of duties as a director in the Company. At the moment, apparently, there is no director who is a director in more than five listed companies at the same time.

#### Category of Directors

No.	Name		Category of Director			
			Shareholder Representative	Non-Executive	Independent Director	Executive
1	Mr. Manu	Leopairote		/	/	
2	Mr. Chamroon	Chinthammit	/			/
3	Mr. Pornsin	Thaemsirichai	/			/
4	Mr. Sukhum	Tokaranyaset	/			/
5	Mr. Thawatchai	Rojanachotikul	/			/
6	Ms. Intira	Sukhanindr	/			/
7	Ms. Duangdao	Chinthammit	/			/
8	Mr. Chalush	Chinthammit	/			/
9	Mr. Somchai	Chinthammit	/			/
10	Ms. Duangkhae	Chinthammit	/			/
11	Mr. Chanachai	Chutimavoraphand	/	/		
12	Mr. Chattri	Chinthammit	/	/		
13	Mr. Somchat	Chinthammit	/	/		
14	Mr. Tachpong	Pakornsiriwongse	/			/
15	Mr. Trakarn	Chunharojrit	/	/		
16	Pol.Gen. Boonpen	Bumpenboon		/	/	
17	Mr. Sitti	Leelakasamelek		/	/	
18	Mr. Karun	Kittisataporn		/	/	
19	Mr. Warapatr	Todhanakasem		/	/	
20	Ms. Nongluck	Phinainitisart		/	/	
21	Ms. Anchalee	Pipatanasern		/	/	
	Total		14	11	7	10

Duties of the directors as prescribed in the Charter of Board of Directors conform the principles of the CG Policy, Chapter 5 namely to govern the Company to have good management and to create value to the Company in a sustainable manner. The duties, therefore, do not cross over normal operation of the management. Even though the Charter prescribes the duties and authorities to approve, such authorities are within the scope as stipulated in the Authority Manual as approved by the Board of Directors. Besides, the CG Policy clearly stipulates the status and authorities of the Chairman and the Chief Executive Officer and the Chairman must not be the same person as the Chief Executive Officer.

2. It is required that during the annual general meeting, one third (1/3) or close to one third of corporate directors resign. Each director's term is three years. In case that the Board serves until the end of its term and the new Board has not yet been appointed, the former Board still continues to work until the new Board has been appointed. The Company has not determined the total terms the Board can consecutively serve. The Nomination and Remuneration Committee is considering this matter in relation to feasibility of selecting personnel with experience specific to the Company's business to serve in the Board.

3. The Board of Directors has established the following committees: the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Corporate Governance Committee, as well as defined their functions and responsibilities.

4. For transparency and independence in the work, the majority of the committee members are independent directors, and chairs of the committees are independent directors. To maintain true independence of the corporate committees, the Chair of the Board is not the chair or a member of those committees. The committees serve 3 years. In case that a committee serves until the end of its term and a new committee has not yet been appointed, the former committee still continues to work until a new committee has been appointed. At the end of their term, if a director is not re-elected, their position in their current committee shall end automatically. If there is a new director in a committee, that director shall remain in the position as long as the committee's term.

5. The Board requires that a director must not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the Company's direct and indirect competition, unless the information about their positions is disclosed in the annual general meeting before the appointment. The requirement is applied to corporate executives as well.

6. There are 10 Directors who are top executives in the Company ranging from Chief Executive Officer to Assistant Vice President, at present, executive directors do not hold directorship in more than two other listed companies outside the group. The Company has a non-executive director who has work experience in business that is relevant to the Company's business (At present, Mr. Somchat Chinthammit)

7. The Company's vision, missions, strategies, goals, business plans, budgets, internal control, internal audit, and risk management have been governed with effectiveness and efficiency and normally the Company will revise vision and mission every year before setting the strategy and action plan as well as monitor the management to follow the approved business plan and budget and

to provide internal control system, internal audit and efficient and effective risk management. The Company provides long term and short term plans regarding projects and investments, The Company supports and helps strengthen the society by being an ethical entrepreneur pursuant to the established vision. The Board of Directors is kept informed of the operation according to the strategies in each quarter when the management submits the quarterly operating result along with financial reports.

8. The Board provides the Corporate Governance Policy and Manual of Business Ethics by taking into account the responsibility to all stakeholders within the framework of business ethics in order that they are directions for corporate administration; conducts any act with fairness by being well aware of the shareholders' maximum interest and sticks to sincerity and honesty; establishes policy, business plan, strategies, action, evaluation as well as operation and governance on risk management with transparency and accountability.

9. The Board provides whistle-blowing policy to be directions for action on investigating the wrongdoing and fraud, submission of information regarding wrongdoing and fraud, punishment on wrongdoers, protection for information giver.

10. The Board assigns the Risk Management Committee to provide risk management policy to the Board for approval. The present risk management policy was announced and effective on 1 September 2017 and provides internal control system and risk management system covering keys risk and other risks which are to be disclosed in the Annual Report.

11. One significant duty of the Board according to the Charter is to supervise and act against any conflict of interest between directors, shareholders, stakeholders and the Company. The Board of Directors carefully considers transactions with may cause conflicts of interest after thorough consideration by the Audit Committee according to the SET legislation and procedure. The Board's authority to consider this issue depends on the size of transaction as stipulated by SET rules provided that a stakeholder in the related transactions is not allowed to decide on those particular transactions. The correct and full disclosure of this matter shall be made in the Annual Report and Form 56-1 pursuant to the CG Policy Chapter 4 on Disclosure of information and Transparency together with the guidelines under the policy.

12. Efficient Administrations and Internal Control, the Company's internal control unit has been formed to ensure effective operations, accurate and reliable information, compliance with legislation, efficient and effective use of corporate resources, and protection and corporate assets. The corporate internal audit provides analyses, audits, evaluations, advice, and recommendations to support corporate activities. The audit committee independently reviews and audits adequacy and efficiency of the Company's internal control and internal audit once a year. The opinions on the corporate internal control system are included in the annual report.

13. Risk Management. The Risk Management Committee engages in establishing the total risk management. Adequacy and efficiency of the Company's risk management system will be reviewed at least once a year. The early warning system will be in place for irregularity scanning.

14. The quorum of Board of Directors is prescribed in the Articles of Association that there must be directors attending the meeting not less than half of the whole directors to form a quorum. The decision shall be made with majority votes. The Board's Charter additionally provides that not less than two-thirds of all directors should be in the meeting to resolve an important matter.



15. The Board of Directors stated that there must be prepared (1) Self-Assessment Form of the entire Board of Directors, (2) Self-Assessment Form of Committees, namely the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, the Corporate Governance Committee, (3) Self-Assessment Form of Individual Director, so as to enable the directors to jointly review the performances, rectify problems and obstacles, and consider results of operations, for assessment of their past year's performances, and also to find ways to improve efficiency of the Board of Directors in the following years which would lead to the development according to good governance guidelines.

### **Performance assessment results**

The self-assessment is made annually at the end of the fiscal year. There are 2 categories: (1) Performance assessment form for the committee as a whole (2) Performance assessment form for the committee self-assessment. As for the procedures of self-assessment, the Office of Company Secretary and Legal shall send the form to every director not less than one month before the end of fiscal year. After the tabulation is processed, the CG Committee shall give observations regarding the performance of the Board and each Committee and submit to the Board.

#### **9.1.6 Section 6: Anti-Corruption Process**

The Company has a policy prohibiting directors, executives, and staff from committing any kind of corruption. There shall be assessed a risk from corruption and a review on compliance with the Policy regularly. Also, there shall be reviewed the guidelines on compliance and the regulations of each part so that they be in line with the changes of the laws, regulations, acceptable standards, and business of the Company.

Guidelines for Practices: The Company shall make this Policy on Anti-Corruption known to its staff for proper compliance widely and thoroughly, by preparing the Ethics on Anti-Corruption and Manual for various departments in the part relating to Policy on Anti-Corruption, for use in training, implementation, or learning by the staff, and for propagation via various suitable channels. Besides, the Company shall provide protection for the staff who reports an incident or a lead about a corruption under the criteria prescribed including regulations and work regulations concerned. A corruption is regarded as a wrongdoing and/or a dishonest act, as the case may be, and the person committing corruption is regarded as having violated the discipline and shall be subjected to punishment according to the work regulations of the Company and may also be subjected to criminal prosecution in criminal and civil courts.

The Office of Company Secretary and Legal prepared documents and gathered information for the Company to declaration Anti-Corruption. On 26 September 2014 the Chairman of the Board of Directors had signed a letter of intent and acknowledged the commitment terms set by the Private Sector Collective Action Coalition against Corruption group that seeks to deter all types of corruption activities within the private sector. The Company provided the Manual of Anti - Corruption which is used in July 2016 including improving all documents, and work processes to the alignment of the said commitment terms and its self-assessment guideline. The Company submitted

its improvements to the Private Sector Collective Action Coalition against Corruption Council (CAC) for further consideration and endorsement.

On 9 March 2017, the Company was certified a three-year member of the Private Sector Collective Action Coalition against Corruption (CAC) on 9 March 2017, The Office of Risk Management is assigned to evaluate and monitor the anti-corruption risk in accordance with the self-evaluation form that the Company had submitted and to coordinate with all functions within the Company as well as to improve necessary matters together with Internal Audit Office. The Company intends to have other stakeholders join the CAC respectively

As regards the conduct of relevant work flows, the Company assigns the Office of Risk Management to evaluate the corruption risk annually by applying COSO-ERM principles and to provide a Risk Management Manual on Fraud and Corruption to make clear practices for prevention and monitoring the corruption risk.

The Office of Risk Management is also assigned to monitor and report the implementation of the Anti-Corruption Policy on quarterly basis. The Office of Internal Audit has the annual audit plan to exercise the auditing in accordance with the internal control system and make relevant recommendations.

In 2018, the Corporate Governance Committee and the Risk Management Office had carried out important activities as follows:

1. Reviewed the Anti-Corruption Policy, the Corruption Countering Measures Manual, and the Risk Management Manual on Anti-Corruption. Communications were made to the staff and the interested persons of the Company.
2. Arranged activities for the executives and the staff of the affiliated companies of KSL Group to take an oath that they shall not be involved with corruption practices of any kind, on 7<sup>th</sup> December 2017 at the Eternity Room, Pullman Bangkok King Power Hotel. The Company also took part in activities of anti-corruption with the Thai private sector allies on the National Anti-Corruption Day and the International Anti-Corruption Day.
3. Prepared text documents for use in the training courses of corruption practices examination, by providing training courses for the executives and the staff of all 7 places of business, including the head office. A total of 266 executives and staff attended the activities and training courses.
4. Encouraged all departments to make an assessment of risk regarding corruption practices of 2018/2019 according to the FRA Tool (Fraud Risk Assessment Tool) and set guidelines for compliance concerning supervision and control to prevent and monitor risks from corruption practices, by specifying significant risk factors or opportunities. The persons responsible for such risks must prepare a prevention control or a rectification plan to prevent corruption practices and must also monitor such operations, whereby the internal auditor of the Company shall review the information to see if the persons responsible for said risks actually complied with the plan and principle of compliance under the anti-corruption policy.

5. Supported the preparation of summary reports on corruption risks of 2018 by the persons responsible for risks according to the lines of work of all 7 affiliated companies, including the head office, altogether 2 times.

6. Summarized the risk situations of 2018 of the group of companies and submitted same to the Corporate Governance Committee, together with detailed causes, so that the Management may use same for further actions and planning.

#### **9.1.7 Section 7: Giving Information of Wrongdoing and Dishonest Acts**

According to Corporate Governance Policy, The Company has a channel for reporting lead or information on any commission of wrongdoing and dishonest act, or whistle-blower hotline, so that the stakeholders may provide information which is beneficial to the examination, elimination, and prevention of wrongdoing or dishonest act, or lodging of complaints, and so that such be rectified accordingly.

#### **Channels for Giving Information**

1. When a staff finds, or there is reason to believe in good faith, that there has been committed a wrongdoing or a dishonest act concerning the Company or its subsidiary companies, he/she shall inform his/her superior from the level of Manager forthwith, either verbally or in writing. If such report is ignored, he/she shall notify the higher superior according to the Form of Giving Information of Wrongdoing or Dishonest Act . However, the staff should not self-conduct further inquiry or questioning any suspicious acts.

2. If a staff is in a difficult situation or he/she is not comfortable to notify the said superior, or he/she suspects that his/her superior or any executive of the Company is connected with a wrongdoing, he/she may choose to file a report through the following channels:

2.1 Manager, Internal Audit Office, Tel. 02-642-6092, Ext. 127, or email: [IA@kslgroup.com](mailto:IA@kslgroup.com) or [chartchai@kslgroup.com](mailto:chartchai@kslgroup.com).

2.2 Manager, Human Resources Department, Tel. 02-642-6092, Ext. 969, or email: [Ampaporn@kslgroup.com](mailto:Ampaporn@kslgroup.com).

2.3 Send email to [IA@kslgroup.com](mailto:IA@kslgroup.com) on the intranet of the Company.

2.4 The Chairman of the Audit Committee or the Board of Directors of the Company, at the following address:

Khon Kaen Sugar Industry PCL  
503 KSL Tower, 22<sup>nd</sup> Floor, Sri Ayudhya Road,  
Thanon Phayathai Sub-District, Rajathevi District,  
Bangkok 10400,  
or email: [sitti@kslgroup.com](mailto:sitti@kslgroup.com)

3. When the persons or above departments have been notified of a commission of wrongdoing or dishonest act, they must report such to the Internal Audit Office at once.

4. The Internal Audit Office shall have the duty to prepare a register of complaints and

shall prepare a report summarizing the receipt of information of wrongdoing to the Audit Committee at its next meeting.

5. The Internal Audit Office shall consider initially that at which department the act of wrongdoing occurred, and shall then send the complaint to the said department for investigation, and shall also monitor the proceeding of said department from time to time.

6. The fact-finding, the investigation, the disciplinary action, and the legal action shall be in accordance with the regulations governing such.

7. Upon completion of the complaint, the work unit concerned shall report the result to the Internal Audit Office for forwarding the matter to the Audit Committee at its next meeting.

### **Protection of Informant**

1. The Company shall not terminate employment, suspend, inflict disciplinary action, or threaten to take any action against any staff who provided information of wrongdoing. Whoever violates this clause shall be subjected to disciplinary action.

2. The Company shall protect the informant including the person rendering cooperation or assistance in the investigation in good faith from any threat and harassment.

3. The Company shall provide protection additionally and specially according to suitability, by taking into consideration the degree of severity and the importance of complaint. In the event the informant is threatened or harassed, he/she shall report such to the Managing Director for ordering the Human Resources Department to provide protecting measures for the informant suitable to the circumstances.

4. In the event a staff has reported a complaint or has provided information of wrongdoing in good faith, even though the Company finds no wrongdoing as lodged, the Company shall not inflict any punishment on the said informant. Nevertheless, if the result of investigation finds that the complaint is baseless and it was done with ill intention or an intent to yield damage to other person, or it was a giving of false statement, the Company shall consider inflicting disciplinary action to the staff who gave the information according to the work regulations, and shall also consider taking legal action against the said person.

## **9.2 Organization Structure**

### **9.2.1 Board of Directors**

As of October 31, 2018, the Company's Board of Directors comprises the following 21 members:

- |                              |                                   |
|------------------------------|-----------------------------------|
| 1. Mr. Manu Leopairote       | Chairman and Independent Director |
| 2. Mr. Chamroon Chinthammit  | Director                          |
| 3. Mr. Pornsin Thaemsirichai | Director                          |
| 4. Mr. Sukhum Tokaranyaset   | Director                          |

5.	Mr. Thawatchai Rojanachotikul	Director
6.	Ms. Intira Sukhanindr	Director
7.	Ms. Duangdao Chinthammit	Director
8.	Mr. Chalush Chinthammit	Director
9.	Mr. Somchai Chinthammit	Director
10.	Ms. Duangkae Chinthammit	Director
11.	Mr. Chanachai Chutimavoraphand	Director
12.	Mr. Chatri Chinthammit	Director
13.	Mr. Somchat Chinthammit	Director
14.	Mr. Tachpong Pakornsiriwongse	Director
15.	Mr. Trakarn Chunharojrit	Director
16.	Pol. Gen. Boonpen Bumpenboon	Independent Director
17.	Mr. Sitti Leelakasamelek	Independent Director
18.	Mr. Karun Kittisataporn	Independent Director
19.	Mr. Warapatr Todhanakasem	Independent Director
20.	Ms. Nongluck Phinainitisart	Independent Director
21.	Ms. Anchalee Pipatanasern	Independent Director

The company has 21 directors, of which 11 are non-executives (52%) and 7 are independent directors (33%), and two of them are female. The Board of Directors is in charge of managing and governing the Company's operations according to law, rules and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, Capital Market Supervisory Board, and the Company's objectives and requirements. The Board performs their duties with integrity and diligence.

The Board of Directors is appointed by the shareholders' meeting. The Board has established the Corporate Secretary Office to recommend and assist the Board to conduct their duties in compliance with relevant rules, regulations and corporate governance. The office also coordinates and ensures that corporate shareholders receive appropriate treatment.

#### Scope of Duties and Responsibilities

Duties and authorities of the Board of Directors were formerly prescribed in the CG Policy Chapter 5. The Board in meeting No 7/2016-2017 on 29 September 2017 approved the Charter of the Board of Directors to be effective on 1 October 2017. The Charter revises duties of the Board to be consistent with the CG Code as follows.

- (1) Administer the business by creating long-term business value, namely, good operating result, ethical and responsible conduct to stakeholders, abolition or reduction of negative impact against society and environment and corporate resilience.
- (2) Define objectives and business goals on the basis of sustainable value creation by taking into account the impact to society and environment and direct the operations to respond to achievements set by objectives, goals, strategies and annual action plan.
- (3) Ensure having the Board of Directors consisting of components and qualifications that conform to good governance, transparent and efficient selection, development of skills and

knowledge necessary for performing duties responsibly, framework and mechanism to govern policy and operation of subsidiaries and affiliates, appointment of sub-committees as necessary.

- (4) Ensure having managing director and top executives of appropriate quality for the achievement of the Company's goals and developing top executives as well as systematic succession of positions.
- (5) Promote innovation that creates value for the Company and business operation that is responsible to society and environment.
- (6) Establish effective risk management and internal control that correspond with the achievement towards objects and goals of the Company in the long run and to prevent the leakage of important information by ways of information technology; provide policy and practices for handling conflict of interest and related transactions, anti-corruption, whistle-blowing channels for fraud and corruption.
- (7) Ensure financial reliability and financial report making with transparent disclosure in accordance with the law.
- (8) Support engagement of shareholders in important matters and respect right to information of shareholders through appropriate and timely channels.

The aforementioned 8 roles and duties are divided into several principles and guidelines as referred to the Corporate Governance Code for listed companies 2017 that is developed by the Securities and Exchange Commission.

### **9.2.2 The Board of Executive Directors**

As of October 31, 2018, the Company's Board of Executive Directors consists of:

1) Mr. Chamroon	Chinthammit	Chairman
2) Mr. Pornsin	Thaemsirichai	Executive Director
3) Mr. Sukhum	Tokaranyaset	Executive Director
4) Mr. Thawatchai	Rojanachotikul	Executive Director
5) Ms. Intira	Sukhanindr	Executive Director
6) Ms. Duangdao	Chinthammit	Executive Director
7) Mr. Chalush	Chinthammit	Executive Director
8) Mr. Somchai	Chinthammit	Executive Director
9) Ms. Duangkae	Chinthammit	Executive Director
10) Mr. Chanachai	Chutimavoraphand	Executive Director
11) Mr. Tachpong	Pakornsiriwong	Executive Director
12) Mr. Trakarn	Chunharojrit	Executive Director

The Chairman of the Board of Executive Directors appoints the secretary of the Company's Board of Executive Directors.

### **Scope of Duties and Responsibilities**

1. Determine policies, directions, strategies, and significant management structures for the Company's operations for approval by the Board of Directors.
2. Determine business plans, budgets, and the Company's administrative power for approval by the Board of Directors
3. Establish organizational structures and manpower policy
4. Examine and monitor policies and management plans to ensure their effectiveness and suitability for the corporate operations.
5. Consider and approve the Company's operations in accordance with the Manual of Operational Power.
6. Perform other tasks as assigned by the Board of Directors.

Any power mentioned above given to the Board of Directors shall be under the law and the Company's regulations. Any activities that benefit/may benefit or affect interests of any executive director or individual, or that may lead to conflicts of interest (according to the SEC Notification), are required to be presented by the Board of Executive Directors to the Board of Directors for consideration. The particular executive director and the interested individual shall not be allowed to vote in the meeting concerning the matter.

In 2018, the committee held twelve meetings, and reports on their work were regularly presented to the Board of Directors. Meeting Attendance of the Executive Board is disclosed in Report of Meeting Attendance of Directors in 2018.

### 9.2.3 Audit Committee

As of October 31, 2018, the Audit Committee comprises of:

- |                 |                |                                |
|-----------------|----------------|--------------------------------|
| 1) Mr. Sitti    | Leelakasamelek | Chairman/ Independent Director |
| 2) Mr. Warapatr | Todhanakasem   | Independent Director           |
| 3) Ms. Nongluck | Phinainitisart | Independent Director           |
| 4) Ms. Anchalee | Pipatanasern   | Independent Director           |

The Chairman of the Audit Committee shall appoint the secretary of the audit committee.  
(Mr. Chartchai Poowong, manager of internal audit office)

#### Scope of Duties and Responsibilities:

1. To review that the Company has accurate and sufficiently disclosed financial reports.
2. To review that the Company has internal controls and internal audit activities appropriately and effectively, including considers sufficiency of manpower budget and independency of the internal audit department as well as the Audit Committee's consent on appointment, rotation, promotion, and termination the head of internal audit department, including other departments who are also responsible for internal audit activities.
3. To review the risk management operations of the Company. The effects may occur at a level acceptable in order to prevent fraud and corruption.
4. To review that the Company is complied with the Securities and Exchange Act and Regulations of the SET or other laws that related to the Company's industry.

5. To select and propose independent person an appointment as the Company's auditor including consider his or her compensation. The Audit Committee shall call the auditor to attend a special meeting without management participation at least once a year.
6. To consider compliance of connected or conflict of interest transactions, including significant asset acquisitions and disposals in accordance with the Laws and Regulations of SET and SEC in order to assure that the transactions are reasonable and provide the best interest to the Company.
7. To report activities of the Audit Committee in the Company's annual report. The report shall be signed by the Chairman of the Audit Committee and should be included at least the following information:
  - 7.1 Comments on completeness and reliability of the Company's Financial Reporting
  - 7.2 Comments on sufficiency of the Company's internal control systems
  - 7.3 Comments on compliance with Securities and Exchange Act, Regulations of SET and SEC and other related laws to the Company's industry
  - 7.4 Comments on appropriation of the auditor
  - 7.5 Comments on conflict of interest transaction
  - 7.6 Number of Audit Committee meetings and member's participation
  - 7.7 Overall comments or observation regarding practices of the Audit Committee in accordance with the Audit Committee Charter.
  - 7.8 Other statements that shareholders or general investors should be informed under scopes, authorities, and responsibilities of the Audit Committee as assigned to the Audit Committee by the Board of Directors
8. To perform any assignment by the Board of Directors that agreed upon by the Audit Committee.
9. While the Audit Committee are performing duties and responsibilities, the Audit Committee shall report within a reasonable period of time to the Board of Directors for corrective action if the Audit Committee observed the following transactions or events that may have material impacts to the financial status and performance of the Company.
  - 9.1 Conflict of interest transaction
  - 9.2 Fraud or misappropriation might occur or there is significant weakness in the internal control systems
  - 9.3 Violation to the laws of SET, SEC, announcements of the SET or other related laws of the Company's industry

Should the Audit Committee report to the Board of Directors matters that significantly affect the Company's financial status and operating results, and discussion between the Committee and the Board of Directors on improvement and correction occurs, after the agreed due date, the Audit Committee finds that the matters have not been acted upon without any good reasons, one of the Committee's members may further report the finding to the Securities and Exchange Commission and the Stock Exchange of Thailand.

: Qualifications of the Audit Committee are in line with relevant SET requirements, Capital Market Board, Corporate Governance Policy and Charter of the Audit Committee. The Audit Committee comprises four independent directors, namely, Chairman and other three members who are knowledgeable in finance, internal control, internal audit whose autography and qualifications are detailed in the Appendix. Mr. Sitti Leelakasamelek, Chairman of the Audit Committee and Ms. Anchalee Pipatanasern possesses sound knowledge, understanding, professional experience in accounting and finance.



The Charter of the Audit Committee requires at least four meetings per year. In 2018, the committee holds five meetings, and reports their work to the Board of Directors on quarterly basis. Please see Report of the Audit Committee. Meeting Attendance of the Audit Committee is disclosed in Report of Meeting Attendance of Directors in 2018.

#### **9.2.4 Nomination and Remuneration Committee**

As of October 31, 2018, the Nomination and Remuneration Committee consists of:

- |                      |                |                                |
|----------------------|----------------|--------------------------------|
| 1) Mr. Karun         | Kittisathaporn | Chairman/ Independent Director |
| 2) Pol. Gen. Boonpen | Bumpenboon     | Independent Director           |
| 3) Ms. Nongluck      | Phinainitisart | Independent Director           |
| 4) Ms. Duangdao      | Chinthammit    | Director                       |

The Chairman of the Nomination and Remuneration committee shall appoint the secretary of the Nomination and Remuneration committee. (Mr. Arnon Sricharnkij, Manager of Human Resources department)

##### **Scope of Duties and Responsibilities:**

#### **1. Nomination**

- 1.1 Define qualifications of the directors to be consistent with the structure, size and compositions of various committees established by the Board of Directors so as to ensure transparency and expectation of the Board of Directors by considering the knowledge, experience, expertise, freedom and time to contribute to directorship;
- 1.2 select and nominate persons qualified to be directors for the Board of Directors' consideration to nominate to the Shareholders' meeting for appointment provided that the selection method, verification of qualifications as regulated by laws and related authorities including consent to be appointed are to be prescribed;
- 1.3 select and nominate persons qualified to be members in Executive Committee and other sub-Committees to replace the members whose office terms have ended to the Board of Directors for consideration.

#### **2. Remuneration**

- 2.1 consider or review pattern, criteria and procedures to consider remuneration so as to suit the duties and responsibilities of the Board of Directors and other sub-Committees and submit for approval from the Board of Directors and the Shareholders' meeting respectively provided that the Chairman of the Board and the sub-Committees shall receive remuneration approximately 20 per cent higher than members;

- 2.2 review data relating to remuneration of other companies in the same and similar industry yearly;
- 2.3 disclose names of directors, attendance and remuneration in all types in the Company's Annual Report as well as the brief Charter and remuneration criteria.

The Company required that the Remuneration Committee and Nomination Committee be combined. The Nomination and Remuneration Committee consists of four members, namely, one Chairman and other three members. The Chairman and at least two members are independent directors (75%). Members in the Committee must possess qualifications as prescribed in the Charter of the Nomination and Remuneration Committee. The office term shall last 3 years.

The Charter of the said Committee requires at least two meetings per year or more than that if it is necessary to select corporate directors, sub-committee members or to revise remuneration. In 2018, the Nomination and Remuneration Committee holds five meetings, and reports their work to the Board of Directors on quarterly basis. Meeting Attendance of the Nomination and Remuneration Committee is disclosed in Report of Meeting Attendance of Directors in 2018.

#### **9.2.5 Risk Management Committee**

As of October 31, 2018, the Risk Management Committee consists of:

1) Ms. Nongluck	Phinainitisart	Chairman	Chairman/ Independent Director
2) Mr. Sitti	Leelakasamelek		Independent Director
3) Mr. Karun	Kittisathaporn		Independent Director
4) Mr. Chalush	Chinthammit		Director

As its position, the head of Risk Management Office is a secretary of the Risk Management Committee. (Mr. Sinchai Siriratanapolkul, Assistance Vice President-Office of Risk Management and System Development).

#### **Scope of Duties and Responsibilities:**

1. Develop policies to be considered by the Board of Directors regarding the overall corporate risk management that covers the Company's major risks, such as market risk, liquidity risk, management risk, investment risk, and reputation risk.
2. Design strategies in line with risk management policies to monitor and evaluate the corporate risk amount, as well as maintain the appropriate risk level.
3. Review the adequacy of risk management policies and system, as well as effectiveness of the system and policies practiced.
4. Provide recommendations in line with policies and strategies determined by the Board of Directors and present those recommendations to the Board.

The Risk Management Committee consists of four members, namely, one Chairman and other three members. The Chairman and at least two members are independent directors (75%). Members in the Committee must possess qualifications as prescribed in the Charter of the Risk Management Committee. The office term shall last 3 years.

The Charter of the said Committee requires at least four meetings per year. In 2018, the Risk Management Committee holds four meetings, and reports their work to the Board of Directors on quarterly basis. Meeting Attendance of the Risk Management Committee is disclosed in Report of Meeting Attendance of Directors in 2018.

#### **9.2.6 Corporate Governance Committee**

As of October 31, 2018, the Corporate Governance Committee comprises of:

- |                      |              |                                |
|----------------------|--------------|--------------------------------|
| 1. Mr. Warapatr      | Todhanakasem | Chairman/ Independent Director |
| 2. Pol. Gen. Boonpen | Bumpenboon   | Independent Director           |
| 3. Ms. Anchalee      | Pipatanasern | Independent Director           |
| 4. Mr. Somchat       | Chinthammit  | Director                       |

The Corporate Governance Committee shall appoint the secretary of the corporate governance committee. (Mr. Dhajjai Subhapholsiri, Vice President of Company Secretary and Legal Office)

#### **Scope of Duties and Responsibilities:**

1. Consider and propose corporate governance policy, business ethics and other policies relating to the corporate governance to the Board of Directors;
2. Consider and propose practices of the Company, Board of Directors, executives, personnel and other relevant parties which are consistent with the corporate governance policy, business ethics and other policies relating to the corporate governance to the Board of Directors;
3. Monitor and supervise as well as create understanding to the Board of Directors and management for the sake of performance pursuant to the governance policy, business ethics and governance practices;
4. Review the corporate governance policy and practices at least once a year by comparison with international standard or other appropriate standards;
5. Appoint a Secretary to the Corporate Governance Committee, sub-committees or working groups with suitable duties and responsibilities;
6. Perform other duties as assigned by the Board of Directors.

The Corporate Governance Committee consists of four members, namely, one Chairman and other three members. The Chairman and at least two members are independent directors (75%). Members in the Committee must possess qualifications as prescribed in the Charter of the Corporate Governance Committee. The office term shall last 3 years.

The Charter of the said Committee requires at least three meetings a year. In 2018, the Corporate Governance Committee holds three meetings, and reports their work to the Board of Directors on quarterly basis. Meeting Attendance of the Corporate Governance Committee is disclosed in Report of Meeting Attendance of Directors in 2018.

### **9.3 Selection of Directors and Management**

9.3.1 In the process of selecting an independent director or non-executive director, the Nomination and Remuneration Committee shall consider the roster of professional directors provided by Institute of Thai Directors (IOD) and also invite directors to nominate the potentials. The Committee shall then examine the qualifications of the nominated persons in accordance with the Charter and the Company's Articles of Associations as well as specific skills by taking into consideration the Company's vision, mission and strategies whether the person can serve the directorship.

The Charter of the Board of Directors prescribes the qualifications of directors as follows.

- (1) The qualifications prescribed by law and related regulations.
- (2) Knowledge, capability, experience, and expertise in specific field which are beneficial to the Company.
- (3) No conflict of interests with the Company.
- (4) Sufficient time to perform well the duties of a director of the Company, and if he/she is a director of another company, such must not be impediment to the carrying out of duties as a director of the Company; provided that a director should not be a director in more than 5 listed companies at the same time.

The CG Policy prescribes qualifications of an independent director as follows.

- (1) Holding shares not more than zero point five (0.5 %) of the total number of shares with voting rights of the Company, subsidiary company, affiliated company, major shareholders, or persons with powers to control the Company, however, including the shareholding of related persons of such independent director as well.
- (2) Not being or used to be a director who has or had a part in the management, an employee, a staff, an adviser receiving regular salaries, or a person with control power, of the Company, subsidiary company, affiliated company, major shareholder, except where the period thereof has lapsed for not less than two years prior to the date of appointment as an independent director.
- (3) Not being a person who is related by blood or by registration under the law in the description of a father, a mother, a spouse, a brother/sister, and a child, including a spouse of a child of an executive, a major shareholder, a person with controlling power, or a person who is to be nominated as an executive or a person with controlling power of the Company or a subsidiary company.
- (4) Not having or used to have a business relations with the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, in a description that may be impediment to the exercise of discretion freely, and not being or used to be

an important shareholder, or a person with controlling power of a person having business relations with the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, except where the period thereof has lapsed for not less than two years prior to the date of appointment as an independent director.

(5) Not being or used to be an auditor of the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, and not being an important shareholder, a person with controlling power, or a partner of an accounting firm having employed an auditor of the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, except the period thereof has lapsed for not less than two years from the date of appointment as an independent director.

(6) Not being or used to be a professional service provider, including the providing of legal consultancy service or financial consultancy service, who receives a service fee exceeding Baht two million per year from the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, and not being an important shareholder, a person with controlling power or a partner of the said professional service provider, except where the period thereof has lapsed for not less than two years prior to the date of appointment as an independent director.

(7) Not being a director who is appointed to act as an agent of a director of the Company, a major shareholder, or a shareholder who is related to the major shareholder.

(8) Not operating a business of the same nature as, and which is a competition to, the business of the Company or of a subsidiary company, or not being an important shareholder in a partnership, or a director who has a part in the management, an employee, a staff, an adviser receiving regular salaries or holding shares more than one percent of the total number of shares with voting rights of other company operating the same kind of business which is a competition to the business of the Company or a subsidiary company.

(9) Not having any other descriptions which obstruct free expression of opinions concerning the operations of the Company.

### **9.3.2 Election and Appointment of Directors**

Normally, the meeting of Shareholders elect directors as the Articles of Association prescribe that in each Annual General Meeting of Shareholders one-thirds or the nearest to one-thirds of directors shall retire from office. The Company shall arrange an agenda for election of directors in every AGM and propose the names that have been endorsed by the Nomination and Remuneration Committee and the Board of Directors for consideration.

The election of directors by the shareholder meeting is in line with the majority of votes, and the following regulations and procedure:

- (a) One vote per share is allowed for a shareholder.
- (b) Shareholders vote for each individual nominated as a director. The number of vote(s) received by each nominee does not exceed the number of share(s) held by the particular voter, as specified in (a). The shareholder cannot allot any of their share(s) to any other individual. Directors are those individuals receiving the highest votes. Should the individuals receive the same number of votes where only one place for a director remaining, the chairperson shall exercise the casting vote.

However, in the case a position of directorship is vacant because of other reasons than retiring by rotation and the remaining term is longer than two months, the public company law and the Articles of Association vest the power to the Board of Directors to appoint a director in replacement. The Nomination and Remuneration Committee shall exercise the selection process as mentioned above and nominated the selected person to the Board of Directors to appoint. The new director shall hold office only for the remaining period of the director whom he/she has replaced.

When either the meeting of shareholders or the Board of Directors appoints directors as the case may be, the Company shall inform the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) of the new directors respectively.

#### **9.4 Governance for subsidiaries and associates performance**

In order to comply with governance and protect the Company's investment, the Board appoints directors of the parent company to be directors in subsidiaries and associated companies in proportion to the shareholding. The directors who represent the Company shall participate in decision of policy such as other project investments.

#### **9.5 Supervision of Use of Inside Information**

The Company prohibits its directors, the Management, staffs from using inside information concerning important matters including trading of securities, using information before publication for personal gains and/or that of others. Preventive measures against the use of inside information are as follows:

The Company stipulates code of conduct and ethic relating to the use of inside information and trading of securities, publication and interview in public

1. The Company informs executives about their obligation to disclose share holdings and changes of the holdings of themselves, their spouses, and their children who have not yet attained the majority according to article 59 and article 275 of the Securities and Exchange Act B.E. 2535.
2. Circular notices are sent to directors and executives advising those who receive important inside information that affects prices of securities shall not trade corporate securities within that one month and not disclose the important inside information before the corporate financial statements or the particular information is publicized.
3. Should there be any changes of share holdings, the Company's directors and executives shall report to the Office of Company Secretary and Legal in order to report to SEC or SET within the prescribed period. The Office of Company Secretary and Legal shall report any changes of share holdings of directors to the Board of Directors quarterly and to the Board of Executive Directors monthly.
4. Important inside information and confidential documents which kept as hard copies or soft files are protected and limited accessible to top executives only when necessary. If any inside information needs to be disclosed to employees, the employees will be

informed properly about the limitation of the use of that information. An employee who discloses corporate confidential information will be penalized.

5. To monitor irregularity in corporate operating results, random examination is done to security trade, the Company's information system and outside information.

According to Corporate Governance policy, the Company prohibits its directors, the executives, and employees from using inside information concerning important matters including trading of securities before publication for others or personal gains. Directors, executives, and employees have freedom to invest in corporate security; however, the trading of Company's securities within one month before the financial statements disclosure shall be prohibited in order to avoid conflict of interest.

## **9.6 Auditor fee**

In 2018, the Auditor fee of the Company and subsidiaries is in the amount of THB 7,460,000.- and other fees (non-audit fee) is in the amount of THB 555,000.- which BOI examination fee is THB 160,000.- and other services fee is THB 395,000.-

## **9.7 Adaption of CG code**

The Company reviewed Corporate Governance Policy referring from CG Code, year 2017 of the Securities and Exchange Commission. The Corporate Governance Committee found that the Company follows and adapts mostly rules and notified to the Board of directors in the Board Meeting 6/2017-2018 on 28 September 2018.

## **10. Corporate Social Responsibilities**

The Board of Directors' Meeting No. 5/2018 on 21 August 2018 reviewed and approved the Corporate Social Responsibilities Policy (CSR) of Khon Kaen Sugar Industry Public Company Limited which has set a policy to conduct its business with corporate social responsibility that covers various important aspects and relates to stakeholders inside and outside the Company as well as the general public. The policy includes seven core subjects stated in ISO 26000 and additional matters as the Company thinks appropriate to form the following nine policies.

### **1. Conducting business in accordance with business ethics and good governance**

1.1 The Company emphasizes on conducting business with honesty, fairness, ethics and is determined to abide by laws, trade ethics and fair competition. The Company pays tax correctly and timely. The personnel at all levels are advised to perceive the importance of the corporate social responsibility.

1.2 The Company conducts its business pursuant to business ethics and corporate governance with responsibility to shareholders by respecting shareholders' right, treating the shareholders equally, giving sufficient information with respect to investment decision or material change of the Company and does not disclose to any person the inside information which would cause damages or disadvantages to shareholders. The Company manages and provides remuneration to executives and directors with transparency and accountability. The financial and non-financial reports are disclosed correctly, completely and timely in accordance with the generally accepted standards.

### **2. Anti-corruption**

The Company manages its business on the basis of transparency and ethics and complies with the policy and laws related to anti-corruption, bribery and inappropriate benefits to government officials or private sectors. The Company prescribes the organization structure by clearly dividing duties, responsibility, work process and line of command in each division in order to facilitate the balance of power and intra-audit. The Company provides the Manual on Anti-Corruption which compiles policies, ethics, regulations, rules and work processes for the directors, executives and staff to implement.

In 2014 the Company committed terms set by the Private Sector Collective Action Coalition against Corruption group that seeks to deter all types of corruption activities within the private sector and was certified a three-year member of the Private Sector Collective Action Coalition against Corruption (CAC) on 9 March 2017.

### **3. Human Rights**

The Company supports and respects human rights protection by treating all stakeholders including staff, communities and surrounding societies with respect to human values, equality and liberty. The Company does not violate basic human rights and does not discriminate against race, nationality, religion, language, skin colour, gender, age, education, physical condition or social status. The Company averts itself from involving in human right violation, e.g. child labour, forced labour and sexual harassment, etc. as well as promotes the compliance with human rights norms by arranging the venue for expression of opinions and channels for any injured persons due to alleged human right violation to file complaints and by providing appropriate remedies to the injured persons.



The Company provides training or disseminates information as to human rights and encourages its personnel to abide by human right principles.

#### **4. Fair Treatment to Employees**

The Company is well aware of the importance of human resource development and fair treatment to employees with the recognition that such matters would increase business value as well as promote competitive edge and sustainable growth of the Company. As such, policies and guidelines are prescribed as follows.

4.1 Respect to rights of employees pursuant to labour law and human rights principles.

4.2 Fair process of employment and employment conditions, including remuneration and promotion in accordance with fair evaluation.

4.3 Promotion of personnel development by providing training, seminar, workshop including assigning the personnel to relevant external seminar and workshops in order to develop their knowledge, ability, potential, attitudes, ethics and team work skill.

4.4 Providing welfare for the employees pursuant to the law, e.g., social security, provident fund etc. and additional to the law, e.g., health insurance, accident insurance, etc. including various funding, e.g. scholarship for employee's children, funeral expenses, etc.

4.5 Providing annual medical check-up to employees of all levels by taking into account risk factors relating to ranking, age, gender and work environment of each individual employee.

4.6 Providing safe working condition and sanitary workplace by issuing measures for accident prevention, encouraging awareness of safety including training, promoting good health and taking good care of workplace to keep it safe and hygienic.

4.7 Opportunity for employees to express opinions or to file complaints in respect of unfair treatment or improper conduct within the Company including due protection to such reporting employees.

#### **5. Responsibility to Customers**

The Company is determined to develop products that meet the satisfaction and utmost benefits of customers and adheres to deal with customers with responsibility and honesty in accordance with the following policies.

5.1 The Company regards the quality and standard of the products as essential by focusing on high quality raw materials, production under good standard and regular improvement of product quality so that the customers shall get good quality and hygienic products with utmost satisfaction.

5.2 The Company regards product safety as essential and wants the customers to receive the products of quality and safety that matches relevant international standards and rules.

5.3 The Company respects fair marketing by providing customers the information relating to the products which is correct, undistorted, not vague or not overstated so that the customers get correct and sufficient information for making decision.

5.4 The Company provides customer relationship scheme to communicate with customers and to receive complaints regarding the products so as to respond to the customers' need in due time.

5.5 The Company keeps confidential the customers' information and does not use the information illegitimately.

#### **6. Responsibility to Suppliers, Creditors and Competitors**

The Company adheres to covenants that are fair to suppliers; abides by the prescribed anti-corruption measures; respect the rights in property or ownership of suppliers; not takes advantages over suppliers and promotes joint activities with suppliers in respect of corporate social responsibility.

The Company abides by agreements concluded with creditors. In the case that the Company cannot repay the debt as scheduled, the Company shall inform the creditor so as to solve the matter together.

The Company competes fairly in business and does not cheat, obstruct or do any act against fair competition which is prohibited by law.

## **7. Environment Protection**

The Company emphasizes on caretaking of environment and avoidance of jeopardizing environment. The Company manages the manufacturing process to ensure that it strictly complies with the law relating to environment protection. The Company develops manufacturing process and selects materials which are nature and environment friendly; sets precautionary measures for any operation which contains risks relating to environment. The Company utilizes resources and energy efficiently by way of reduce-reuse-recycle as much as possible and manages the waste from production process responsibly.

## **8. Community and Social Development**

The Company is well aware of its responsibility to community and society in order to foster the strength of community. The Company, therefore, has a policy to assist and develop the society by cooperating with communities around the operating areas in various activities, providing jobs to local people, disclosing any information that would have adverse impact on community and responding rapidly and efficiently to circumstances that affect community, society and environment resulting from the Company's operation. The Company encourages its employees to build up responsibility to environment and society and cooperates with other groups or networks to develop the targeted communities each year.

## **9. Promotion of Innovation that responds to corporate social responsibility**

The Company encourages its employees to create innovation which would respond to the above-mentioned corporate social responsibility policy, e.g. saving natural resource and energy, waste management, control of waste discharge, etc. Such innovation aimed to generate more efficiency or effectiveness may vary by different types, including novelty, improvement, adjustment, modification or alteration. The Company is willing to disseminate the innovation that would be useful to society and environment in appropriate ways.

### **Monitoring and Revision of Corporate Social Responsibility Policy**

The Company is aware of the importance of continuing business operation within the context of corporate social responsibility. Therefore, the Company shall monitor, evaluate and revise the current projects and shall consider future CSR projects with care on regular basis.

The Company renders a Sustainability Report within the framework of Global Reporting Initiative (GRI) Level 4 by disclosing information at "core" level comprising economic, social, environmental and personnel aspects. The report has been made a separate part in the Annual Report since 2016 and shows reporting topics and indicating units pursuant to GRI and also reports activities regarding corporate social responsibility in the previous year.

## **11. Internal Control and Risk Management**

### **Internal Control**

The company sets focus on internal control covering finance, compliance with relevant laws and regulations as well as appropriate risk management that is efficient enough to prevent or mitigate risks which may cause damage to assets or reputation. The Company evaluates the operation of work in accordance with good corporate governance. The Company is certified a membership of the Private Sector Collective Coalition against Corruption (CAC). The Board of Directors clearly defines roles and duties of each committee and the management and monitors the performance pursuant to the roles and duties and the organization structure and line of command designed to create balance of power and internal control. Goals and key performance indicators are established to evaluate efficiency and to monitor the work result in comparison to the corporate objectives regularly.

The Board of Directors annually evaluates the sufficiency of internal control system in accordance with the guidelines provided by the Securities Exchange Commission and the framework set by the Stock Exchange of Thailand with reference to the principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Board of Directors and the Audit Committee consider that the Company has sufficient and appropriate internal control system for the business characteristics.

#### **1. Internal Control**

The Company clearly sets measurable business goals and action plans. The goals are revised while the actual results are compared with the goals regularly. The organization structure is made with the concept to allocate duties and to establish line of command with responsibility so as to achieve objectives with the supervision of the Board of Directors. The Company prescribes business ethics, corporate governance policy, anti-corruption practices and conflict of interest policy to express its commitment to integrity and business ethics. List of authorities and operational manuals are made and regularly revised to be in line with new standards.

The Board of Directors is independent from the management. The Board is empowered to govern and develop the internal control system. The Board also promotes the development of personnel so that they shall be capable to administer and take responsibility for the internal control effectively.

As regards anti-corruption matters, the Company provides manual of anti-corruption measurement and risk evaluation of internal fraud.

#### **2. Risk Evaluation**

The Company is aware of the evaluation of the risks that may cause adverse effect to business operation. The Risk Management Committee together with the Risk Management Office evaluates risk factors both from outside and inside the organization that may have impact upon the business. The Office identifies and analyses all type of relevant risks including fraud and corruption and categorizes materials risks pursuant with the effects and probability to occur in each business process and establishes risk management plans. The risk factors are revised every year.

### **3. Operational Control**

The Company has internal control that is consistent with the risks and types of business. The control is clearly allocated to each functional unit as defined in the manual of authorities and the manuals of operation which are made and revised to suit the organization structure and present operation. Each functional unit is designed to balance the power and to cross-examine appropriately, particularly the task that incurs significant risks so as to mitigate or reduce errors such as financial transactions, sales, procurement, asset supervision, personnel management, etc. The internal audit office is set up to audit each operation regularly in accordance with rules, regulations, manual of authorities and manual of operation to ensure sufficient and appropriate internal control. There is efficient operation of work including the use of information technology to help conduct the work more rapidly and efficiently.

### **4. Information technology and communications**

The Company strengthens information technology system and communication, promotes and supports continuous system development so that the information is correct and updated. The Company uses the information technology system that is up-to-date, efficient and data-secured to collect data, process data, store data and monitor data so that the administration, the decision-making, policy regarding information technology security and the use of information by directors, executives and staff can be done safely and correctly within reasonable time.

The Company provides appropriate communication channels to convey messages regarding duties, responsibility and other matters to personnel and specifies secured channels for submitting clues or complaints regarding fraud and corruption. Also, there is communication in respect of issues that may cause impact to internal control between internal functional units and between the Company and third parties.

### **5. Monitoring system**

The Audit Committee audits the internal control system which is submitted by the Office of Internal Audit. The internal audit office examines, monitors and evaluates the operation to ensure that the findings arising from audit process are rectified in reasonable time. The independent Auditor evaluates the internal control regarding finance and accounting and submits the audit result to the Audit Committee on a quarterly and yearly basis. In the previous year, there is no significant flaw as to the internal control audit.

## **Risk Management**

The Risk Management Committee stipulates risk management policy, risk factors and risk management process for the management to bring to practice so as to help the management to consider control points to manage the risks to the acceptable level. The management is responsible for the business planning, the operation, the specification, analysis and evaluation of work structure by taking into consideration the internal and external risk factors.

In 2018, the Risk Management Committee and the Office of Risk Management implement the Risk Management Activity Plans as follows:

1. revise Charter of the Risk Management Committee, objectives, scope of authority and responsibility, manual on risk management and operational manual of the risk management office year 2018/2019

2. specify causes of organizational risk and the responsible persons in each division for each risk for the year 2018/2019 as approved by the Risk Management Committee.

3. provide plans to support analysis and evaluation of new risks in 2017/2018 and make preliminary guidelines with measures to respond the risks.

4. hold preparatory meeting for the risk management office to work on various sites pursuant to the supporting plans.

5 support the making of 2018 report stating risk status by the responsible person of each division in 7 sites with head office.

6. report the risk status in 2018 to the Board of Directors showing information as to risks that are stable, decreasing and increasing together with causes so that the management can use for planning and operation respectively.

## **12. Related party transactions**

Related party transactions for the year ended 31 October 2018 and 2017 disclosed in this section comprise of transactions between the enterprises and subsidiaries, associated, and individuals that may have the conflict of interest as follows:

### **Related Party Relationship as of October 31, 2018**

#### **Subsidiaries**

<b>Company name</b>	<b>Relationship</b>
Tamaka Sugar Industry Co., Ltd. Manufacture and distribution of sugar and molasses	Tamaka Sugar Industry Co., Ltd. is controlled by the company which owns 90.21% of the subsidiary's shares. Individuals that relate to directors of the company own 9.79% of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
New Krung Thai Sugar Factory Co., Ltd. Manufacture and distribution of sugar and molasses	New Krung Thai Sugar Factory Co., Ltd. is controlled by the company which owns 95.78% of the subsidiary's shares. Individuals that relate to directors of the company own 4.22 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
New Kwang Soon Lee Sugar Factory Co., Ltd. Manufacture and distribution of sugar and molasses	New Kwang Soon Lee Sugar Factory Co., Ltd. is controlled by the company which owns 98.61% of the subsidiary's shares. Individuals that relate to directors of the company own 1.39 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.

Company name	Relationship
K.S.L. Real Estate Co., Ltd. Housing and land for agriculture estate including holiday resort for training, seminar center and Office building for rent	K.S.L. Real Estate Co., Ltd. is a subsidiary of and controlled by the company, Tamaka Sugar Industry Co., Ltd. which owns 40.77% and 50.25% of the subsidiary's shares, respectively. Individuals that relate to directors of the company own 8.98 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
K.S.L. Export Trading Co., Ltd. Export sugar as exporting agent	K.S.L. Export Trading Co., Ltd. is a subsidiary of and controlled by the company, Tamaka Sugar Industry Co., Ltd., New Krung Thai Sugar Factory Co., Ltd. and New Kwang Soon Lee Sugar Factory Co., Ltd. which own 33.87%, 20.85%, 15.36% and 9.47% of the subsidiary's shares, respectively. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Thawatchai Rojanachotikul, Mr. Sukhum Tokaranyaset and Mr. Chalush Chinthammit.
Savannakhet Sugar Corporation Agricultural Operation, Manufacture and distribution of sugar and molasses	Savannakhet Sugar Corporation is controlled by the company which owns 98.49% of the subsidiary's shares. None of major shareholders and directors of the company own the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose.
Koh Kong Sugar Industry Co., Ltd. Manufacture and distribution of sugar and molasses which are during investment process	Koh Kong Sugar Industry Co., Ltd. is controlled by the company which owns 80.00% of the subsidiary's shares. None of major shareholders and directors of the company own the shares. Therefore, related transactions between the company and subsidiary are not required to disclose.
Koh Kong Plantation Co., Ltd. Agricultural Operation	The Company holds shares indirectly through Wynn In Trading Co., Ltd. which owns 80.00% of the subsidiary's shares. None of major shareholders and directors of the company own the shares. Therefore, related transactions between the company and subsidiary are not required to disclose.

**Associates**

<b>Company name</b>	<b>Relationship</b>
Thai Sugar Terminal Public Company Limited Locating, silo warehouse and property rental	Thai Sugar Terminal Public Company Limited is an associate of and controlled by the company which owns 23.82% of the associate's shares. Major shareholders and directors of the company own 17.42% of the subsidiary's shares. The company also has common directors namely Mr. Somchai Chinthammit, Mr. Chalush Chinthammit and Mr. Chanachai Chutimavoraphand.
BBGI Public Company Limited Manufacture and distribution of alcohol or fuel from agricultural produce	BBGI Company Limited is an associate of and controlled by the company which owns 40.00% of the associate's shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Chalush Chinthammit and Mr. Chanachai Chutimavoraphand.

**Related Companies**

<b>Company name</b>	<b>Relationship</b>
K.S.L. IT Center Co., Ltd. Provide computerized and database services to parent company and related parties	K.S.L. IT Center Co., Ltd. is controlled by Raja Ceramics Co., Ltd., and Thai Fermentation Industry Co., Ltd., whose stakes individually equal to 50% of K.S.L. IT Center Co., Ltd.'s shares. The company also has common directors namely Mr. Chattri Chinthammit.
On Nuj Construction Co., Ltd. Hotel and real estate agent	On Nuj Construction Co., Ltd. is controlled by the same shareholder group of the company who owns 70.38% of On Nuj Construction Co., Ltd.'s shares. The company also has common directors namely



	Mr. Chamroon Chinthammit, Mr. Chalush Chinthammit, Ms. Duangkae Chinthammit and Ms. Duangdao Chinthammit.
Raja Ceramics Co., Ltd. Manufacture and distribution of ceramic products	Raja Ceramics Co., Ltd. is controlled by the same shareholder group of the company who owns 49.10% of Raja Ceramics Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset, Mr. Thawatchai Rojanachotikul and Mr. Chalush Chinthammit.
Thai Fermentation Industry Co., Ltd. Manufacture and distribution of seasoning powder	Thai Fermentation Industry Co., Ltd. is controlled by the same shareholder group of the company who owns 42.76% of Thai Fermentation Industry Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset, Mr. Thawatchai Rojanachotikul, and Mr. Somchai Chinthammit.
KSL Green Innovation Public Company Limited Manufacture and distribution of alcohol or fuel from agricultural produce	The company also has common directors namely Mr. Chalush Chinthammit and Mr. Chanachai Chutimavoraphand.
Bangchak Bioethanol (Chachoengsao) Co., Ltd. Manufacture and distribution of ethanol alcohol and biogas	The company also has common directors namely Mr. Chalush Chinthammit.

**12.1 The following transactions were carried out with related parties:****12.1.1 Sales and purchases of goods and services including balance transaction (for the year ended 31 October 2018 and 2017)**

Customers	Sellers/ Service providers	Type of Transaction / Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 18	31 Oct 17	
Thai Fermentation Industry Co., Ltd.	Tamaka Sugar Industry Co., Ltd.	- Sales of sugar	28	29	The Company and its subsidiaries sold sugar to Thai Fermentation Industry as welfare for employees. The transactions arose in ordinary course of business which carried out at market price on normal terms.
	New Krung Thai Sugar Factory Co., Ltd.	- Sales of sugar	30	29	
Khon Kaen Sugar Industry Public Company Limited	Thai Fermentation Industry Co., Ltd.	- Sale of chemical	2,179	2,241	The Company purchased chemical product as caustic soda and hydrochloric acid from Thai Fermentation Industry Co., Ltd. to clean their machineries. The price charged between each other is the market price which has conditions according to the general normal trade.
		- Other accounts payable	199	115	
KSL Green Innovation Public Company Limited	Khon Kaen Sugar Industry Public Company Limited	- Sale of Molasses	824,633	647,122	The Company and its subsidiaries sold molasses to KSL Green Innovation Public Company Limited as raw material. The transactions
		- Trade accounts receivable	186,844	5,697	
		- Advances received for sales of goods	119,129	-	

	Tamaka Sugar Industry Co., Ltd.	- Sale of Molasses - Trade accounts receivable - Advances received for sales of goods	239,043 74,637 42,505	310,878 - -	arose in ordinary course of business which carried out at market price on normal terms.
	New Krung Thai Sugar Factory Co., Ltd.	- Sale of Molasses - Trade accounts receivable - Advances received for sales of goods	453,011 52,419 13,403	318,101 813 -	
	New Kwang Soon Lee Sugar Factory Co., Ltd.	- Sale of Molasses	-	70,960	

Customers	Sellers/ Service providers	Type of Transaction / Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 18	31 Oct 17	
Bangchak Bioethanol (Chachoengsao) Co., Ltd.	New Kwang Soon Lee Sugar Factory Co., Ltd.	- Sale of Raw Sugar - Trade accounts receivable	46,690 20,615	- -	The subsidiaries sold raw sugar to Bangchak Bioethanol (Chachoengsao) Co., Ltd. as raw material. The transactions arose in ordinary course of business which carried out at market price on normal terms.
Khon Kaen Sugar Industry Public Company Limited	K.S.L. Export Trading Co., Ltd.	- Service fees of goods exporting	9,650	5,120	Sugar exporting has to be made by only company that authorized by Cane and Sugar Board in the Royal Gazette according to the sugarcane and sugar act. The Company's
Tamaka Sugar Industry Co., Ltd.		- Service fees of goods exporting	1,836	1,221	
New Krung Thai Sugar Factory Co., Ltd.		- Service fees of goods exporting	3,664	2,243	

New Kwang Soon Lee Sugar Factory Co., Ltd.		-Service fees of goods exporting	665	683	group and Prachaup Industry Co., Ltd. therefore established K.S.L. Export Trading Co., Ltd. to only be export agent and documental support. K.S.L. Export Trading Co., Ltd. will charge service fees at cost plus administrative expenses according to volume of goods.
Savannakhet Sugar Corporation		-Service fees of goods exporting	330	360	
Khon Kaen Sugar Industry Public Company Limited	Thai Sugar Terminal Public Company Limited and its subsidiary company	-Service fees for goods custody and transfer	3,049	178	The Company needs to use wharf and transfer services for group of sugar factory. Thai Sugar Terminal Public Company Limited priced service fees of goods custody and goods exporting were charge according to volume of goods and custody time, which are general rates in the market.
		-Other income	-	320	
Tamaka Sugar Industry Co., Ltd.		-Service fees for goods custody and transfer	20,908	12,706	
		-Other income	370	704	
		-Other accounts payable	932	1,050	
New Krung Thai Sugar Factory Co., Ltd.		-Service fees for goods custody and transfer	27,527	7,500	
		-Other accounts payable	4,650	3,586	

Customers	Sellers/ Service providers	Type of Transaction / Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 18	31 Oct 17	
Khon Kaen Sugar Industry Public Company Limited	K.S.L. IT Center Co., Ltd.	-Service fees of computerized activities	5,557	5,302	K.S.L. IT Center Co., Ltd. was established for serve computer service center within the group companies.
		-Prepaid expenses	159	175	

Tamaka Sugar Industry Co., Ltd.		- Service fees of computerized activities	1,931	2,012	The said company priced service fees calculated by investment cost and operating expense to allocate according to actual data usages of each company.
		- Prepaid expenses	49	56	
New Krung Thai Sugar Factory Co., Ltd.		- Service fees of computerized activities	2,872	2,815	
		- Prepaid expenses	121	133	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Service fees of computerized activities	1,488	1,662	
		- Prepaid expenses	45	49	
K.S.L. Real Estate Co., Ltd.		- Service fees of computerized activities	106	172	
		- Service fees of computerized activities	164	167	
Savannakhet Sugar Corporation		- Service fees of computerized activities	517	635	
Koh Kong Sugar Industry Co., Ltd.		- Service fees of computerized activities	436	461	
Koh Kong Plantation Co., Ltd.		- Service fees of computerized activities	98	143	

12.1.2 Rental fee (for the year ended 31 October 2018 and 2017)**Unit : Thousand Baht**

Lessor	Lessee	Significant transaction	Amount (Thousand Baht)		Necessity and reasonableness of Connected Transaction
			31 Oct 18	31 Oct 17	
Khon Kaen Sugar Industry Public Company Limited	On Nuj Construction Co., Ltd.	Office rental area of 202.84 square meters and car park at the rate of Baht 300 per square meter per month and are allowed to be renewed annually (01/11/16 - 31/10/17). As at September 1, 2017, The company require for decreased office rental area to 196.69 square meters at the rate of Baht 300 per square meter per month (01/09/17 - 31/10/18).	708	727	The Company has rent out office space to its companies group due to locate office centrally and conveniently. Rental fees were carried out at market prices on normal trade and agreement commencement date. Office rental and asset rental condition were set mainly concern about benefit to the company.
	Thai Fermentation Industry Co., Ltd.	Warehouse rental area of 200 square meters at the rate of Baht 100 per month and are allowed to be renewed annually (01/08/18 - 31/07/19)	240	240	
	Raja Ceramics Co., Ltd.	Office rental area of 495.54 square meters and car park at the rate of Baht 300 per month and are allowed to be renewed annually (01/01/18 - 31/12/18) and the increased temporary rental space of 202.84 square meters at the rate	1,865	1,784	

Lessor	Lessee	Significant transaction	Amount (Thousand Baht)		Necessity and reasonableness of Connected Transaction
			31 Oct 18	31 Oct 17	
		of Baht 200 per month (01/11/17 - 31/12/17).			
	K.S.L. IT Center Co., Ltd.	Office rental area of 432.62 square meters and car park at the rate of Baht 300 per square meter per month and are allowed to be renewed every 3 years (01/08/18 - 31/07/21).	1,557	1,557	
	K.S.L. Export Trading Co., Ltd.	Office rental area of 33.48 square meters at the rate of Baht 300 per square meters per month and is allowed to be renewed every 3 years (01/10/17 - 30/09/20).	121	121	
Champion Fermentation Co., Ltd.	Tamaka Sugar Industry Co., Ltd.	Land rental area of 270 rai at the rate of Baht 740 per rai and is allowed to be renewed every 3 years (04/08/16 - 03/08/19) and has canceled the rental on July 31, 2017.	-	200	Land leasing is for a plot of experimental sugar cane plantation and sugar cane research. Rental fees were charged at market prices.

12.1.3 Borrowings from/ Loans to related parties (for the year ended 31 October 2018 and 2017)**Unit : Thousand Baht**

<b>For the year ended 31 October 2018</b>							
<b>Borrower</b>	<b>Lender</b>	<b>As at 1 Nov 2017</b>	<b>Loan additio n during the period</b>	<b>Repay ment during the period</b>	<b>As at 31 Oct 2018</b>	<b>Intere st paid</b>	<b>Necessity and reasonableness of Connected Transaction</b>
Khon Kaen Sugar Industry Public Company Limited	KSL Tower Juristic Person office	5,000	300	(1,500)	3,800	80	Khon Kaen Sugar Industry Public Company Limited has got financial support from KSL Tower Juristic Person office via short-term loans which is callable promissory notes, the loans are used for working capital, interest rates at 1.80-1.84% per annum and the interest is payable at the end of each month.

**Unit : Thousand Baht**

<b>For the year ended 31 October 2017</b>							
<b>Borrower</b>	<b>Lender</b>	<b>As at 1 Nov 2016</b>	<b>Loan additio n during the period</b>	<b>Repay ment during the period</b>	<b>As at 31 Oct 2017</b>	<b>Intere st paid</b>	<b>Necessity and reasonableness of Connected Transaction</b>
Khon Kaen Sugar Industry Public Company Limited	KSL Tower Juristic Person office	6,900	-	(1,900)	5,000	112	Khon Kaen Sugar Industry Public Company Limited has got financial support from KSL Tower Juristic Person office via short-term loans



							which is callable promissory notes, the loans are used for working capital, interest rates at 1.97-2.05% per annum and the interest is payable at the end of each month.
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**Unit : Thousand Baht**

<b>For the year ended 31 October 2018</b>							
<b>Borrower</b>	<b>Lender</b>	<b>As at 1 Nov 2017</b>	<b>Loan addition during the period</b>	<b>Repay ment during the period</b>	<b>As at 31 Oct 2018</b>	<b>Intere st paid</b>	<b>Necessity and reasonableness of Connected Transaction</b>
Prachaup Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	-	278,100	(278,100)	-	1,039	The loan was provided as financial supporting through K.S.L. Export Trading Co., Ltd. which was registered according to the laws and regulations of sugar exporting. The credit line from financial institution was defined and borrowed by K.S.L. Export Trading Co., Ltd. Then, K.S.L. Export Trading Co., Ltd. lent to sugar factories. Therefore, K.S.L. Export Trading Co., Ltd. represents an intermediary for credit line carried out. Prachaup Industry Co., Ltd. pledged sugar exporting and promissory note as collaterals against credit facilities from K.S.L. Export Trading Co., Ltd. and no fee is charged for the inter-credit facility guarantee.

Unit : Thousand Baht

For the year ended 31 October 2017							
Borrower	Lender	As at 1 Nov 2016	Loan additio n during the period	Repay ment during the period	As at 31 Oct 2017	Intere st paid	Necessity and reasonableness of Connected Transaction
Prachaup Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	-	552,339	(552,339)	-	3,243	The loan was provided as financial supporting through K.S.L. Export Trading Co., Ltd. which was registered according to the laws and regulations of sugar exporting. The credit line from financial institution was defined and borrowed by K.S.L. Export Trading Co., Ltd. Then, K.S.L. Export Trading Co., Ltd. lent to sugar factories. Therefore, K.S.L. Export Trading Co., Ltd. represents an intermediary for credit line carried out. Prachaup Industry Co., Ltd. pledged sugar exporting and promissory note as collaterals against credit facilities from K.S.L. Export Trading Co., Ltd. and no fee is charged for the inter-credit facility guarantee.

**Policy on Future Related party transactions**

The Audit Committee passed the resolution of related party transactions as the followings:-

The Audit Committee has reviewed the related party transactions described in the table above and given the view that it was in accordance with normal business practice and carried out at market price.

**Policy on future related party transactions****1. Normal Business Transactions**

Normal business transactions include transfer and transport services and warehouse rental from Thai Sugar Terminal Public Company Limited and sales and purchases of sugar between the Company and the subsidiaries. These connected transactions will firstly be brought to the Company's consideration in respect of the Company's interests and be ensured that they will be carried out at market price.

**2. Rental Service Transactions**

Rental service transactions will be carried out at market price and the same rate given to third parties.

**3. Sales and Purchases of Assets and Investments**

Sales and purchases of assets and investments are an increase of capital in order to maintain the same shareholding proportion as previously held. It is also an investment for the current business expansion and the future business growth. The policy of sales and purchases of assets and investments will firstly be brought to the Company's consideration in respect of the Company's interests and the justification for entering into the transaction, the necessity and appropriateness of such transactions.

**4. Borrowings from/ Loan to persons having potential conflict of interest**

Borrowings from/ Loan to persons having potential conflict of interest will firstly be brought to the Company's consideration in respect of the justification for entering into the transaction, the necessity and appropriateness of such transactions.

**5. Other Related Transactions**

Other related transactions are transactions other than 1-4 stated above.

Related party transactions between the Company and the subsidiaries and the persons having potential conflict of interest, having a stake in or possibly having a conflict of interest in the future shall be subject to the opinion of the Audit Committee for their consideration in respect of the justification for entering into the transaction, the necessity and appropriateness of such transactions. In case the Audit Committee considers it lack expertise required for the consideration of possible transactions, it is empowered to recruit experts as needed. Experts, for example, could be an auditor or an independent

appraisal officer, which is independent from both the Company and persons having potential conflict of interest. The opinion of these recruited experts will be used in the decision-making of the Audit Committee and/or the Board of Directors of the Company and/or shareholders as the case may be.

The Board of Directors of the Company ensures compliance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand, including compliance with regulations on the disclosure of information on connected transactions and the acquisition or disposal of important assets of the Company or its subsidiaries, and compliance with the accounting standards established by the Institute of Certified Accountants and Auditors of Thailand.

### **Capital structure of individuals having potential conflict of interest over 10%**

Capital structure of individuals having potential conflict of interest over 10% is as the followings:-

#### Thai Sugar Terminal Public Company Limited (TSTE)

The individuals having potential conflict of interest own 17.42% of the TSTE's shares. The Company owns 23.82% of the TSTE's shares and has no policy to increase its capital proportion. Moreover, the shareholders and directors have no intention to transfer their benefits to one of these two companies. In addition, Thai Sugar Terminal Public Company Limited has many directors from other sugar companies; thus, power balancing in TSTE is reasonable for both companies. To conclude, the related transactions between the Company and TSTE are in line with the characteristics of normal trading in the market which will maximize highest value to both companies.

In conclusion, the shareholding structure of the Company and the subsidiaries, which is owned by the individuals having potential conflict of interest over 10% in some companies, is the result from the past. Currently, the Company has an intention changing its structure in order to minimize those conflicts. In addition, the Company has the policy to directly invest in subsidiaries and associates in the future. Also, there will be the limitations in shareholding proportion for the individuals having potential conflict of interest except it will be done to maximize the Company's value. Furthermore, the persons having potential conflict of interest will not make any investments in business that may constitute the conflicts of interest to the Company or in competitive business to the Company.

### **13. Financial Information**

The corporate accounting period begins on November 1 and ends on October 31 of every year.

#### **13.1) Report of Independent Auditor**

##### 1) Auditor

Year 2016	Mr. Niti Jungnitnirundr, Certified Public Accountant, Registration No. 3809, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
Year 2017	Mr. Niti Jungnitnirundr, Certified Public Accountant, Registration No. 3809, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd
Year 2018	Ms. Juntira Juntrachaichoat, Certified Public Accountant, Registration No. 6326, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd

##### 2) Summary of the audit reports over the past three years

Year 2016	The Auditor reviewed corporate financial statements and issued unconditional opinions.
Year 2017	The Auditor reviewed corporate financial statements and issued unconditional opinions.
Year 2018	The Auditor reviewed corporate financial statements and issued unconditional opinions.

#### **13.2) Percentage of Shareholding in the Subsidiaries and Consolidated Financial Statements Preparation Criteria**

The financial statements for the year of 2016 - 2018 include a total of 13 subsidiaries (In 2016, the Company had 14 subsidiaries since KSL Green Innovation Public Company Limited was consolidated)

***Table 13.1: Percentage of Direct and Indirect Corporate Shareholding***

	<u>Percentage of Shareholding</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tamaka Sugar Industry Company Limited	90.21	90.21	90.21
New Krung Thai Sugar Factory Company Limited	95.78	95.78	95.78
New Kwang Soon Lee Sugar Factory Company Limited	98.61	98.61	98.61
KSL Real Estate Company Limited*	91.02	91.02	91.02

KSL Export Trading Company Limited**	79.55	79.55	79.55
KSL Material Supplies Company Limited	100.00	100.00	100.00
Khon Kaen Sugar Power Plant Company Limited	100.00	100.00	100.00
KSL Green Innovation Public Company Limited***	-	-	100.00
KSL Agro and Trading Company Limited	100.00	100.00	100.00
WSP Logistic Company Limited****	100.00	100.00	100.00
Savannahet Sugar Corporation	98.49	98.49	98.49
Koh Kong Plantation Company Limited*****	80.00	80.00	80.00
Koh Kong Sugar Industry Company Limited	80.00	80.00	80.00
Wynn In Trading Company Limited	100.00	100.00	100.00

## NOTE:

\* The Company holds shares indirectly through Tamaka Sugar Industry Company Limited

\*\* The Company holds shares indirectly through New Krung Thai Sugar Factory Company Limited, Tamaka Sugar Industry Company Limited and New Kwang Soon Lee Sugar Factory Company Limited.

\*\*\* KSL Green Innovation Public Company Limited, formerly KSL's subsidiary. Currently The Company holds its shares indirectly through BBGI Public Company Limited which is a associated company.

\*\*\*\* WSP Logistic Company Limited, established in year 2016, currently still does not operate, the company objective is to provide logistics services.

\*\*\*\*\* The Company holds shares indirectly through Wynn In Trading Company Limited.

### 13.3) Profit and Loss Statement

In 2018, the company generated the revenues from operations of THB 17,813 million, in total, increasing from that in the previous year by 14%. The revenue from sales amounted to THB 17,407 million and the revenue from services amounted to THB 406 million. Regarding the decrease in world sugar price in 2018, the export sugar price decreased by 28-32% but the company had sales volume, increased by 59% from higher sugar cane volume. In addition, the revenue from molasses sales and electrical sales increased. As a result, revenue in total, increased from that in the previous year by 14%.

The company recorded the total cost of goods sold of THB 14,681 million, increased 11% from previous year. The gross profit increased 28% from THB 2,443 million to THB 3,131 million.

Other incomes and other loss in 2018 compared 2017 are shown as follows:

	<u>2018</u>	<u>2017</u>
(1) Revenue from compensation of sugar production and distribution	440 million	-
(2) Gain (Loss) from exchange rate	57 million	53 million

Unofficial Translation

(3) Gain (Loss) on fair value adjustments of biological asset	(33) million	(54) million
(4) Gain on fair value adjustments of investment property	241 million	426 million
(5) Gain from Amalgamation	-	2,370 million
(6) Gain from Asset sales	(2) million	(19) million
(7) Gain (Loss) from asset impairment	(4) million	(223) million
(8) Other incomes	475 million	566 million
Total	1,174 million	3,119 million

As a result, the company had the profit before the selling and administrative expenses THB 4,305 million, decreased by 23%, compared to previous year.

Regarding the selling and administrative expenses

- (1) The company incurred selling expenses totaled THB 770 million, increasing by 82% due to increase in export volume.
- (2) Administrative expenses totaled THB 724 million, decreasing by 14%
- (3) Remuneration to executives THB 138 million
- (4) Fee paid to Sugar Fund, THB 1,116 million, increased slightly from previous year at THB 1,096 million.

Subsequently, the company had the profit before financial cost and tax expenses totaled THB 1,557 million, decreasing by 49%.

In 2018, the company incurred financial cost of THB 728 million, or increased by 9%. The corporate income tax burden amounts to THB 144 million and THB 145 million of profit sharing from affiliated companies. Apart from that, there are THB 18 million of non-controlling interest. The company's net profit decreased by 57% from the previous year, from THB 1,970 million to THB 848 million in 2018.

***Table 13.2 : Consolidated Profit and Loss in the past 3 years***

Income Statement Highlight (Million THB)	12M_2018	12M_2017	12M_2016 Restate	% Change
Sales and Services	17,813	15,623	16,911	14%
Cost of Sales and Services	(14,681)	(13,180)	(13,279)	11%
Gross Profit from Sales and Services	3,131	2,443	3,632	28%
Other Incomes	1,174	3,119	1,498	-62%
Gross Profit before SG&A	4,305	5,562	5,130	-23%
Selling Expenses	(770)	(424)	(542)	82%
Administration Expenses	(724)	(837)	(834)	-14%
Management Remuneration	(138)	(147)	(141)	-6%
Proceeds to Fund	(1,116)	(1,096)	(1,150)	2%
Total Cost	(2,748)	(2,503)	(2,666)	10%
Profit before financial cost and tax	1,557	3,059	2,464	-49%
Financial cost	(728)	(668)	(710)	9%
Share of Profit from Associated Company	145	121	57	
Corporate Income Tax	(144)	(560)	(371)	-74%
Non-Controlling interest	18	19	(14)	
Net Profit	848	1,970	1,426	-57%
EPS	0.19	0.45	0.32	-57%
Gross Margin from Sales and Services	17.6%	15.6%	21.5%	
Net Profit Margin	4.8%	12.6%	8.4%	

The company's revenue structure in 2018, the total revenue was THB 17,813 million. The company had revenues from sales of sugar and molasses amounted to THB 15,288 million, accounting for 89% of the total operating revenue. There is no revenue from sales of ethanol and gasoline since Amalgamation at the end of 2017. Electricity sales, which distributed to Grid (EGAT & PEA), amounted to THB 1,211 million, accounting for 7% of the total operating revenue. Revenues from service amounted to THB 405 million, and other revenues amounted to THB 89 million. The rest of the revenues were generated from trading amounted to THB 750 million.

*Table 13.3 : Consolidated Revenue Structure in the past 3 years*

Revenue Structure (Million THB)	12M_2018	12M_2017	12M_2016 Restate	% Change
<b>Sales and Services</b>				
Sugar Sales	13,668 80%	11,928 79%	13,084 79%	15%
Molasse Sales	1,620 9%	15 0%	326 2%	10693%
Other Income from sugar & molasses	64 0%	98 1%	154 1%	-34%
Electric and Steam Sales	1,211 7%	751 5%	808 5%	61%
Ethanol and Gasoline Sales	0 0%	2,100 14%	2,023 12%	-100%
Fertilizer Sales	4 0%	0 0%	5 0%	2525%
Services	405 2%	252 2%	167 1%	61%
Others	89 1%	11 0%	13 0%	730%
<b>Total</b>	<b>17,063 100%</b>	<b>15,157 100%</b>	<b>16,580 100%</b>	<b>13%</b>
<b>Trading Activities</b>				
Sales of fuels	440 59%	242 52%	186 56%	82%
Sales of fertilizer	273 36%	197 42%	118 36%	39%
Sales of Supplies	37 5%	28 6%	26 8%	32%
<b>Total</b>	<b>750 100%</b>	<b>467 100%</b>	<b>331 100%</b>	<b>61%</b>
<b>Total Sales and Services</b>	<b>17,813</b>	<b>15,623</b>	<b>16,911</b>	<b>14%</b>



**13.4) Statement of Financial Position of the Company and its Subsidiaries****Table 13.4 : A Summary of the Consolidated Statement of Financial Position in the past 3 years**

Statement of Financial Position Highlight (Million THB)	12M_2018	12M_2017	12M_2016 Restate	% Change
Cash & Short Term Investments	129	153	85	-16%
Current Trade and Other receivables	2,476	1,198	1,407	107%
Short-Term Loans	1,533	1,569	1,273	-2%
Inventories	4,089	3,100	2,552	32%
Biological Assets	61	112	251	-46%
Other Current Assets	46	64	85	-28%
Investment in an associate	3,879	3,747	387	4%
Other long-term investments	335	405	371	-17%
long-term loans	243	393	358	-38%
Investment property	5,167	4,917	4,496	5%
Property, plant and equipment	26,183	26,354	26,186	-1%
Other non-current assets	1,401	977	925	43%
<b>Total Assets</b>	<b>45,542</b>	<b>42,991</b>	<b>38,375</b>	<b>6%</b>
Current liabilities	13,924	14,818	10,591	-6%
Non-Current liabilities	12,979	10,080	11,134	29%
<b>Total Liabilities</b>	<b>26,903</b>	<b>24,898</b>	<b>21,724</b>	<b>8%</b>
<b>Total Shareholders' Equity</b>	<b>18,639</b>	<b>18,092</b>	<b>16,650</b>	<b>3%</b>
Equity attributable to owners of the parent	18,210	17,650	16,166	
D/E Ratio	1.44	1.38	1.30	
IBD/E Ratio	1.26	1.20	1.13	

In 2018, the company and its subsidiaries had the total assets of THB 45,542 million, 6% increased from the total assets of previous year of THB 42,991 million. Total liabilities increased by 8% from THB 24,898 million in 2016 to THB 26,903 million in 2018 which affected total debt to equity ratio increased from 1.38 in 2017 to 1.44 in 2018 and interest-bearing debt to equity ratio also increased from 1.20 in 2017 to 1.26 in 2018. The accounts that changed significantly compared to 2017 are as follows;

(1) 107% increase in Current trade and other receivable due to higher amount of receivable due in November 2018 than previous year. In addition, there is receivables from Sugar fund since final sugarcane price is less than provisional sugarcane price.

(2) Inventories increased by 32% from higher sugar stock volume, compared to the amount of previous year.

(3) 5% increase in Investment property from the appraisal in higher value of the asset.

(4) Biological assets decreased by 46%, from fair value adjustment.

(5) Other non-current assets increased by 43%, from Receivables from Revenue from compensation of sugar production and distribution.

(6) Current liabilities decreased by 6% while non-current liabilities increased by 29% due to the Company borrowed long-term debt to re-balance debt profile from short-term to long-term.

### 13.5) Cash Flow Statement

*Table 13.5 : Cash Flow Statements of the Company in the past 3 years*

Cash Flow Highlight (Million THB)	12M_2018	12M_2017	12M_2016 Restate	% Change
Net Profit + Depre + Non Cash	2,449	2,185	2,462	12%
Change in Working Capital	(3,145)	(1,948)	1,575	
<i>from Operating Activities</i>	(696)	236	4,038	-394%
Invest in PP&E	(1,132)	(3,098)	(1,578)	-63%
<i>from Investing Activities</i>	(863)	(3,320)	(1,521)	-74%
<i>from Financing Activities</i>	1,512	3,149	(2,620)	-52%
Change in Cash Flow	(24)	71	(86)	
Ending Cash	129	153	82	
Depreciation	1,264	1,182	1,247	7%

In 2018, the company and its subsidiaries received cash flows from their operations before change in working capital totaled THB 2,449 million, a 12% increased from year 2017 due to the increase from overall operations, while in 2018, the company had more inventories. As a result, in 2018, the company and its subsidiaries have THB (696) million of cash flow from operating activities or decreased by 394%.

Regarding the cash flows from investing activities, the company and its subsidiaries had cash paid in (net) totaled THB 863 million, of which THB 1,132 million was mainly invested in properties, plants and equipment (net) from the expansion project of sugar mill and power plant in Wangsapung District, Loei Province.

Regarding financing activities in 2018, the company and its subsidiaries received the net cash of THB 1,512 million, mainly from financial institutions loan and debt instrument issuance.

### 13.6) Financial Ratios

*Table 13.6 : Financial Ratios*

Financial Ratios (Million THB)	12M_2018	12M_2017	12M_2016 Restate
<b>Short term liquidity ratios</b>			
Current Ratio	0.60	0.42	0.53
Acid Test Ratio	0.30	0.20	0.26
Collection period	47	44	29
Days of inventory	93	100	78
<b>Capital Structure and Solvency ratio</b>			
D/E Ratio	1.44	1.38	1.30
IBD/E Ratio	1.26	1.20	1.13
LTD to equity	0.61	0.47	0.60
<b>Return on Investment ratios</b>			
ROA	2%	5%	4%
ROE	5%	11%	9%
<b>Operating performance ratios</b>			
Gross Profit Marging	18%	16%	21%
Operating Profits Margin	9%	20%	15%
Pretax Profit Margin	5%	16%	11%
Net Profit Margin	5%	13%	8%
<b>Market Measures</b>			
Book Value per Share	4.13	4.00	3.67
Earning Per Share	0.19	0.45	0.32

According to the 2018 financial ratios, liquidity ratios that is part of Current ratio and Acid test ratio had improved due to the Company borrowed long-term debt to re-balance debt profile from short-term to long-term. However, the current portion of long-term debt of which the company had intention to finance fixed asset but has schedule to repay within 12 months are used in liquidity ratio calculation.

Regarding solvency ratios, it can be seen that the D/E ratio and IBD/E ratio had slightly increased as a result of higher production and inventory.

In terms of profitability ratios, the gross profit margin was increased compare to the previous year, while Operating Profit to sales, Pretax profit to sales, and Net Income to Sales decreased, mainly from huge gain on Amalgamation in 2017 which is considered to be extraordinary item.

## **14. Management Discussion and Analysis**

Khon Kaen Sugar Industry Public Company Limited and its subsidiaries (“KSL”) would like to report our financial performance of year 2018 (Nov 2017 – Oct 2018). The Company recorded total revenue of THB 17,813 million compare to THB 15,623 million last year, representing a increase of 17% and recorded net profit of THB 848 million compare to net profit of THB 1,970 million at the same period last year, representing a decrease of 57%. The details were as followings;

### **Total Revenue**

Increase in total revenue in 2018 due to increase in sugar sales volume from 687,046 tons last year to 1,091,228 tons or increase by 59%, however average selling price decrease from 17,362 THB/ton to 12,526 THB/ton.

At the beginning of 2017, world sugar price has climbed up to 20 cent/lb then dropped sharply to 12 – 13 cent/lb now, due to global sugar supply is surplus in 2018 with the additional of domestic price decrease from the new sugar regime that domestic price will float along with global price. As a result, the Company recorded average sugar price decrease from the previous year but the Company recorded sales volume increase as mentioned above. Therefore; the net effect is total revenue increased.

### **Other incomes**

A reason of decrease in other income in 2018 compared to the same period previous year mainly due to in 2017, one of subsidiary which operates ethanol business has amalgamated with Bio-fuel business of subsidiary of Bangchak Corporation PCL. This amalgamation in accounting aspect has to be a sell of existing subsidiary, and then invest in the new bio-fuel company instead (KSL’s new associated company). As a result, the Company recorded gain from amalgamation of THB 2,370 million or THB 1,896 million after tax.

For 2018, there is no amalgamation gain as in 2017 but recorded revenue from compensation of sugar production and distribution, foreign exchange gain. Therefore; the net effect is decrease in other income.

### **Distribution Cost**

An increase of distribution cost compares to the same period last year due to increase in sales volume that mentioned above. The Company incurred distribution cost THB 1,886 million compare to THB 1,519 million previous year.

### **Financial Cost**

In 2017/18 harvesting season, the Company has crushed sugarcane 11.03 million tons compare to 6.83 million tons last year or increased by 61%. Therefore; the Company used more working capital to finance inventory that increased financial cost of THB 728 million compare to THB 668 million at the same period last year.

For overall 2018 performance, the Company recorded total revenue of THB 17,813 million compare to THB 15,623 million last year, representing an increase of 14% and net profit of THB 848 million compare to the net profit same period last year at THB 1,970 million, representing a decrease of 57%. The Company's total assets were recorded at THB 45,542 million, with total liabilities of THB 26,903 million and total shareholders' equity of THB 18,639 million. Debt to Equity Ratio (D/E) and Interest Bearing Debt to Equity Ratio represented at 1.44 and 1.26, respectively.

**Details of Directors, Executives, Controlling Persons and Company Secretary****As of 31 October 2018****1. Mr.Manu Leopairote****75 years old****Position** Independent director/ Chairman of the Board of Directors**Date of Appointment as a Director** 18 March 2004**Education Background**

- Honorary Degree of Doctor of Business Administration, Thammasat University, Thailand
- M.Sc.(Economics) University of Kentucky, USA
- B.Sc. in Economics (Honours), Thammasat University
- Diploma Industrial Development, Nagoya, Japan
- Diploma, National Defence College Class 34

**Director Training Program**

- Diploma of Chairman 2000 (3/2001), Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) (30/2003), Thai Institute of Directors (IOD)

**Work experience/ Listed Company**

2017 – Present Chairman SVOA PLC.

2011 - Present Chairman T.M.C. Industrial PLC.

2010 - Present Chairman ARIP PLC.

2010 - Present Chairman Jubilee Enterprise PLC.

2004 - Present Chairman Polyplex (Thailand) PLC.

2004 - Present Audit committee Thai Beverage PLC. (Stock Exchange of Singapore)

**Work experience/ Company Limited**

2004 - Present Affiliate KSL Sugar Factories

- New Krung Thai Sugar Factory Co., Ltd.
- Tamaka Sugar Industry Co., Ltd.
- New Kwang Soon Lee Sugar Factory Co., Ltd.

**Number of company shares (as of 31 October 2018) :(None)****Relation among family within company :(None)**

**2. Mr. Chamroon Chinthammit****68 years old****Position** CEO and President (Authorized signatory)**Date of Appointment as a Director** 26 February 2004**Education Background**

- Honorary Degree of Doctor of Arts (Geosocial-Based Management), Srinakharinwirot University
- BBA in Faculty of Commerce and Accountancy (Honours), Chulalongkorn University

**Director Training Program**

- Director Accreditation Program (DAP) (17/2004) by Thai Institute of Directors (IOD)
- Diploma of Chairman 2000 (10/2004) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company****Work experience/ Company Limited**

1996- Present Director Affiliate KSL Sugar Factories

- New Krung Thai Sugar Factory Co., Ltd.
- Tamaka Sugar Industry Co., Ltd.
- New Kwang Soon Lee Sugar Factory Co., Ltd.

2003 - Present President Khon Kaen Sugar Power Plant Co., Ltd.

2006 - Present President KSL Agro and Trading Co., Ltd.

2004 – June 2018 Director KSL Green Innovation PCL.

2003 - June 2016 President KSL Material Supply Co., Ltd.

2002 - Present President KSL Export Trading Co., Ltd.

1996 - Present President KSL Real Estate Co., Ltd.

2006 - Present President Koh Kong Sugar Industry Co., Ltd.

2006 - Present President Savannakhet Sugar Corporation

1997 - Present President Chengteh Chinaware (Thailand) Co., Ltd.

2000 - Present President Thai Fermentation Industry Co., Ltd.

2001 – June 2016 President TFI Green Biotech Co., Ltd.

1989 - Present President Champion Fermentation Co., Ltd.

1996 - Present Director Onnuch Construction Co., Ltd.

1997 - Present Director Thai Sugar Millers Corp. Ltd.

October 2017- Present Director BBGI PLC.

**Number of company shares (as of 31 October 2018)**

- Own: 105,138,031 shares (2.38%)
- Spouse: M.L. Charuvadhana Chinthammit: 52,775,901 shares (1.20%)

**Family Relationship among Directors and Executives**

- Brother-in-Law of person number 3
- Brother of person number 6
- Brother of person number 7,9 and 10
- Uncle of person number 8,11 and 12
- Father of person number 24



**3. Mr.Pornsir Thaemsirichai****73 years old**

**Position** Director and Executive Director (Authorized signatory)  
 Senior Vice President - Office of Innovation

**Date of Appointment as a Director** 26 February 2004

**Education Background**

- Honorary Degree of Doctor of Philosophy (Business Management), Ramkhamhaeng University
- MBA., The University of Southern Queensland, Australia
- MS in Engineering North Dakota State University, USA.
- B.Eng. in Civil, Chulalongkorn University

**Director Training Program**

- Director Accreditation Program (DAP) (18/2004) by Thai Institute of Directors (IOD)
- Director Certification Program (DCP) (50/2004) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company**

2013 -Present Director Sahamit Machinery PLC.

**Work experience/ Company Limited**

1983 - Present Director Affiliate KSL Sugar Factories

- New Krung Thai Sugar Factory Co., Ltd.
- Tamaka Sugar Industry Co., Ltd.
- New Kwang Soon Lee Sugar Factory Co., Ltd.

2010 -Present Chairman Koh Kong Plantation Co., Ltd.

2007 -Present Director Savannakhet Sugar Corporation

2006 -Present Director Koh Kong Sugar Industry Co., Ltd.

2003 -Present Managing Director Khon Kaen Sugar Power Plant Co., Ltd.

2003 - June 2016 Director KSL Material Supplies Co., Ltd.

**Number of company shares (as of 31 October 2018)**

- Own: 29,390,196 Shares (0.67%)
- Spouse: Mrs. Montanut Thaemsirichai: 30,688,231 Shares (0.70 %)

**Relation among family within company**

- Brother-in-Law of person number 2

**4. Mr.Sukhum Tokaranyaset****71 years old**

**Position** Director and Executive Director (Authorized signatory)  
Senior Vice President - Accounting & Finance

**Date of Appointment as a Director** 26 February 2004

**Education Background**

- Vocational Certificate Kitti Commerce College

**Director Training Program**

- Director Accreditation Program (DAP) (18/2004) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company :** (None)

**Work experience/ Company Limited**

2004 - Present Director Affiliate KSL Sugar Factories  
- New Krung Thai Sugar Factory Co., Ltd.  
- Tamaka Sugar Industry Co., Ltd.  
- New Kwang Soon Lee Sugar Factory Co., Ltd.

2008 -March 2015 Director Chantaburi Starch and Power Co., Ltd

2006 - Present Director Koh Kong Sugar Industry Co., Ltd.

2010 -Present Director KSL Agro and Trading Co., Ltd.

2004 - March 2015 Director Chantaburi Starch Co., Ltd

2002 -Present Director KSL Export Trading Co., Ltd.

1989 - Present Director KSL Real Estate Co., Ltd.

1989 - Present Director Champion Fermentation Co., Ltd.

2000 - Present Director TFI Green Biotech Co., Ltd.

2000 - Present Vice Chairman Rajaporcelain Co., Ltd.

2002 - Present Director Thai Fermentation Industry Co., Ltd

1998 - Present Vice Chairman Chengteh Chinaware (Thailand) Co., Ltd.

2006 - Present Vice Chairman Raja Product Co., Ltd.

**Number of company shares (as of 31 October 2018)**

- Own 1,200,000 Shares (0.03%)

**Relation among family within company :** (None)

**5. Mr.Thawatchai Rojanachotikul****65 years old**

**Position** Director and Executive Director (Authorized signatory)  
Senior Vice President - Administration

**Date of Appointment as a Director** 26 February 2004

**Education Background**

- BBA in Business Administration, Auckland Technical institute, New Zealand

**Director Training Program**

- Director Accreditation Program (DAP) (17/2004) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company :** (None)

**Work experience/ Company Limited**

2004 - Present Director Affiliate KSL Sugar Factories  
- New Krung Thai Sugar Factory Co., Ltd.  
- Tamaka Sugar Industry Co., Ltd.  
- New Kwang Soon Lee Sugar Factory Co., Ltd.

2006 - Present Director Savannakhet Sugar Corporation

2006 - Present Director KSL Agro and Trading Co., Ltd.

2002 - Present Director TFI Green Biotech Co., Ltd.

2000 -Present Director and Deputy Managing Director (DMD) Thai Fermentation Industry Co., Ltd.

1998 - Present Director KSL Export Trading Co., Ltd.

1989 -Present Director Champion Fermentation Co.,Ltd.

1989 -Present Director KSL Real Estate Co.,Ltd.

1987 - Present Director Chengteh Chinaware (Thailand) Co.,Ltd.

**Number of company shares (as of 31 October 2018)**

- Own: 55,937,112Shares (1.27%)
- Spouse: Mrs. Korakot Rojanachotikul: 3,166,748 Shares (0.07%)

**Relation among family within company :** (None)

**6. Ms.Intira Sukhanindr****71 years old****Position** Director and Executive Director (Authorized signatory)

Vice President - Business Development

**Date of Appointment as a Director** 25 June 2010**Education Background**

- Certificate of Secretary, Melbourne, Australia

**Director Training Program**

- Director Accreditation Program (DAP) (50/2006) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company**

2005 - Present Director Sub Sri Thai Warehouse PLC.

**Work experience/ Company Limited**

2004 - Present Director Affiliate KSL Sugar Factories

- New Krung Thai Sugar Factory Co., Ltd.
- Tamaka Sugar Industry Co., Ltd.
- New Kwang Soon Lee Sugar Factory Co., Ltd.

2010 - Present Director Khon Kaen Sugar Power Plant Co., Ltd.

2010 -Present Director KSL Agro and Trading Co., Ltd.

2007- Present General Manager KSL Export Trading Co., Ltd.

2004 - Present Director Thai Fermentation Industry Co., Ltd.

2003 - Present Director Champion Fermentation Co., Ltd.

**Number of company shares (as of 31 October 2018)**

- Own: 25,471,699 shares (0.58 %)

**Relation among family within company**

- Sister of person number 2

**7. Ms.Duangdao Chinthammit****60 years old**

**Position** Director and Executive Director (Authorized signatory)  
 Nomination and Remuneration Committee  
 Vice President - Human Resources

**Date of Appointment as a Director** 26 February 2004

**Education Background**

- MS in Agricultural Economics, University of Saskatchewan, Canada
- Bachelor of Science, Computer Information System, Western Michigan University, USA.
- Bachelor of Business Administration, Faculty of Economics and Business Administration, Kasetsart University
- SD Forum 2/2017: Sustainability Strategy Key Blueprint for Business Growth, SET

**Director Training Program**

- Director Certification Program (DCP) (71/2006) by Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) (17/2004) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company**

2005 - Present Director Sub Sri Thai Warehouse PLC.

**Work experience/ Company Limited**

2004 - Present Director Affiliate KSL Sugar Factories

- New Krung Thai Sugar Factory Co., Ltd.
- Tamaka Sugar Industry Co., Ltd.
- New Kwang Soon Lee Sugar Factory Co., Ltd.

2006 - June 2016 Director KSL Material Supplies Co., Ltd.

2006 -Present Director KSL Agro and trading Co., Ltd.

1999 -Present Director KSL Real Estate Co., Ltd.

1996 -Present Director Onnuch Construction Co., Ltd.

**Number of company shares (as of 31 October 2018)**

- Own: 99,799,954 Shares (2.26%)

**Relation among family within company**

- Sister of person number 2

**8. Mr.Chalush Chinthammit****49 years old**

**Position** Director and Executive Director (Authorized signatory)  
Risk Management Committee  
Vice President-office of President

**Date of Appointment as a Director** 26 February 2004

**Education Background**

- MBA in Finance and Banking, Mercer University, USA.
- BBA in Finance and Banking, Assumption University
- Capital Market Academy Program 10
- Certificate, Executive Program on Energy Literacy for a Sustainable Future (TEA), Class 6, Thailand Energy Academy
- Top Executive in Industrial Development and Investment, Class 3, Institute of Business and Industrial Development (IBID)
- Business Revolution and Innovation Network (BRAIN) Class 2, The Federation of Thai Industries

**Director Training Program**

- Director Accreditation Program (DAP) (21/2004) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company**

2014 - Present Director and Executive Director Mudman PCL.  
2014 - Present Director and Audit Committee Master Ad PCL.  
July 2007 – Present Director and Executive Director TS Flour Mill PLC.  
2007 – Present Director Thai Sugar Terminal PLC.

**Work experience/ Company Limited**

2004 - Present Director Affiliate KSL Sugar Factories  
- New Krung Thai Sugar Factory Co., Ltd.  
- Tamaka Sugar Industry Co., Ltd.  
- New Kwang Soon Lee Sugar Factory Co., Ltd.  
2018 – Present Director Bangchak Bioethanol PLC.  
2017 - Present Chairman Dad Spv Co., Ltd.  
31 October 2017 – Present Director BBGI PCL.  
2016- Present Director WSP Logistics Co., Ltd.

2015 – Present Director and Chairman of the Audit Committee Dhanarak Asset Development Co.,Ltd.  
2006 - Present Director KSL Agro and Trading Co., Ltd  
2006 - Present Director Koh Kong Plantation Co., Ltd.  
2006 - Present Director Savannakhet Sugar Corporation  
2006 -Present Director KhonKaen Sugar Power Plant Co., Ltd.  
2004 - Present Director KSL Green Innovation PCL.  
2002 - Present Director KSL Export Trading Co., Ltd.  
2001- Present Director Thai Sugar Miller Co., Ltd.  
1997 - Present Director Onnuch Construction Co., Ltd.  
1997 – Present Director and Chairman Colossal International Co., Ltd.  
1997 - Present Director and Chairman MMP Corporation Co., Ltd.  
1996 - Present Director KSL Real Estate Co., Ltd.

**Number of company shares (as of 31 October 2018)**

- Own: 43,279,926 Shares (0.98%)
- Children
  - 1. Mr. Chayapat Chinthammit 11,088,000 Shares (0.25%)
  - 2. Mr. Chatchapee Chinthammit 11,088,000 Shares (0.25%)
  - 3. Ms. Chollapim Chinthammit 374,000 Shares (0.01%)

**Relation among family within company**

- Nephew of person number 2

**9. Mr.Somchai Chinthammit****66 years old**

**Position** Director and Executive Director  
Assistant Vice President - Office of President

**Date of Appointment as a Director** 26 February 2004

**Education Background**

- Certificate Mini MBA., Thammasat University
- Diploma, Computer College, Germany

**Director Training Program**

- Director Accreditation Program (DAP) (17/2004) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company**

2012 - Present Director TS Flour Mill PLC.  
2008 - Present Director Thai Sugar Terminal PLC and  
2003 – 2015 Director KSL Green Innovation PCL.

**Work experience/ Company Limited**

2004 - Present Director Affiliate KSL Sugar Factories  
- New Krung Thai Sugar Factory Co., Ltd.  
- Tamaka Sugar Industry Co., Ltd.  
- New Kwang Soon Lee Sugar Factory Co., Ltd.  
2004 -Present Director Champion Fermentation Co., Ltd.  
2003 -Present Director Khon Kaen Sugar Power Plant Co., Ltd.  
1981 -Present Director Thai Fermentation Industry Co., Ltd.

**Number of company shares (as of 31 October 2018)**

- Own: 96,475,726 Shares (2.19 %)
- Child: Ms. Natamon Chinthammit 17,733,759 Shares (0.40 %)

**Relation among family within company**

- Brother of person number 2



**10. Ms.Duangkae Chinthammit****63 years old****Position**

Director and Executive Director

Assistant Vice President - Office of President

**Date of Appointment as a Director**

26 February 2004

**Education Background**

- Diploma from Katinka School, United Kingdom
- Certificate Modern Managers Program (MMP), Chulalongkorn University

**Director Training Program**

- Director Accreditation Program (DAP (17/2004) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company**

2005 - Present Director Sub Sri Thai Warehouse PLC.

**Work experience/ Company Limited**

2004 - Present Director Affiliate KSL Sugar Factories

- New Krung Thai Sugar Factory Co., Ltd.
- Tamaka Sugar Industry Co., Ltd.
- New Kwang Soon Lee Sugar Factory Co., Ltd.

**Number of company shares (as of 31 October 2017)**

- Own: 99,683,643 Shares (2.26%)

**Relation among family within company**

- Sister of person number 2

**11. Mr.Chanachai Chutimavoraphand****46 years old**

**Position** Director and Executive Director (Authorized signatory)  
 Vice President - Accounting & Finance (Resign March 1<sup>st</sup> 2018)

**Date of Appointment as a Director** 1 April 2017

**Education Background**

- Bachelor of Law, Chulalongkorn University
- Master Degree of Business Administration, Tennessee University, U.S.A.
- Master Degree of Arts, Business Law, Chulalongkorn University
- Bachelor Degree, Electrical Engineering, Chulalongkorn University

**Director Training Program**

- Certificate of Director Accreditation Program (DAP 37/2005) by Thai Institute of Directors (IOD)

**Training Program**

- Orientation Course - CFO Focus on Financial Federation of Accounting Professions
- CFA Charter holder, Association for Investment Management and Research (AIMR)

**Work experience/ Listed Company**

2000 - Present CEO Thai Sugar Terminal PCL.

2000 - Present Director TS Flour Mill PCL.

**Work experience/ Company Limited**

2004 - Present Director Affiliate KSL Sugar Factories

- New Krung Thai Sugar Factory Co., Ltd.
- Tamaka Sugar Industry Co., Ltd.
- New Kwang Soon Lee Sugar Factory Co., Ltd.

2018 – Present Director Ubon Bio Ethanol PLC.

October 2017 - Present Director BBGI PLC.

2016 - Present Director WSP Logistics Co., Ltd

March 2014 - Present Director KSL Real Estate Co., Ltd.

2006 - Present Director Koh Kong Sugar Industry Co., Ltd.

2006 - Present Director Savannakhet Sugar Corporation

2003 - June 2016 Director KSL Material Supplies Co., Ltd.

2002 - 2017 Present Director KSL Green Innovation PLC.

2000- Present	Director TS Warehouse Co., Ltd.
2000 - Present	Director TS G Asset Co., Ltd.
2000 -Present	Director TS Oil Industry Co., Ltd.
2000 - Present	Director TS Transport and Logistics Co., Ltd
1996 -Present	Director Onnuch Construction Co., Ltd.

**Number of company shares (as of 31 October 2018)**

- Own: 115,355,499 shares (2.62%)

**Relation among family within company**

-Nephew of person number 2

**12. Mr.Chattri Chinthammit****45 years old****Position** Director (Non - Executive Director)**Date of Appointment as a Director** 26 February 2004**Education Background**

- Master of Science, Computer Science, Bellevue University, USA.
- BBA in Economics, University of The Thai Chamber of Commerce

**Director Training Program**

- Director Accreditation Program (DAP) (21/2004) by Thai Institute of Directors (IOD)
- TLCA Executive Development Program (EDP) (1/2008) by TLCA
- Successful FORMULATION & Execution Program (SFE) (9/2010) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company :**(None)**Work experience/ Company Limited**

2004 - Present Director Affiliate KSL Sugar Factories

- New Krung Thai Sugar Factory Co., Ltd.
- Tamaka Sugar Industry Co., Ltd.
- New Kwang Soon Lee Sugar Factory Co., Ltd.

2000 -Present Deputy Managing Director (DMD) - Software Department KSL IT Center Co., Ltd.

**Number of company shares (as of 31 October 2018)**

- Own 57,467,546 Shares (1.30%)

**Relation among family within company**

-Nephew of person number 2

**13. Mr.Somchat Chinthammit****60 years old**

**Position** Director (Non - Executive Director)  
 Nomination and Remuneration Committee

**Date of Appointment as a Director** 26 February 2004

**Education Background**

- MIM in Marketing, Thammasat University
- MBA./Marketing, Chulalongkorn University
- B.Eng in Mechanical, King Mongkut's University of Technology Thonburi

**Director Training Program**

- Director of Accreditation Program (DAP) (17/2004) by Thai Institute of Directors (IOD)
- Directors Certification Program (DCP) (55/2005) by Thai Institute of Directors (IOD)
- Audit Committee Program (ACP) (8/2005) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company**

2005 – Present Independent Director and Audit Committee UOB Kay Hian Securities (Thailand) PLC.

**Work experience/ Company Limited**

2004 - Present Director Affiliate KSL Sugar Factories

- New Krung Thai Sugar Factory Co., Ltd.
- Tamaka Sugar Industry Co., Ltd.
- New Kwang Soon Lee Sugar Factory Co., Ltd.

2018 – Present Director Chinpongsawat Co., Ltd.

2005 - Present Director Boathouse Huahin Co., Ltd.

2003 – Present Managing Director Top Blend International Co.,Ltd.

1989 – Present Director Phongwilai Co.,Ltd.

1988 – Present Director Deputy Managing Director (DMD) Bangkok Interfood Co., Ltd.

1988 – Present Director Managing Director Thai Flour Industry Co., Ltd.

**Number of company shares (as of 31 October 2018)**

- Own 22,907,921 Shares (0.52%)

**Relation among family within company** :(None)

**14. Mr.Tachpong Pakornsiriwongse****68 years old**

**Position** Director and Executive Director  
Assistant Vice President – Office of President

**Date of Appointment as a Director** 26 February 2004

**Education Background**

- Certificate in Financial Management, Chulalongkorn University

**Director Training Program**

- Director Accreditation Program (DAP) (21/2004) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company** :(None)

**Work experience/ Company Limited**

2004 - Present Director Affiliate KSL Sugar Factories

- New Krung Thai Sugar Factory Co., Ltd.
- Tamaka Sugar Industry Co., Ltd.
- New Kwang Soon Lee Sugar Factory Co., Ltd.

2004 - Present Director Koh Kong Plantation Co., Ltd

**Number of company shares (as of 31 October 2018)**

- Own: 158,162 Shares (0.004 %)

**Relation among family within company** : (None)

**15. Mr.Trakarn Chunharojrit****78 years old****Position** Director and Executive Director**Date of Appointment as a Director** 26 February 2004**Education Background**

- Certificate in Accounting

**Director Training Program**

- Director Accreditation Program (DAP)(17/2004) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company**

2003 - June 2016 Director KSL Green Innovation Co., Ltd.

**Work experience/ Company Limited**

2004 - Present Director Affiliate KSL Sugar Factories

- New Krung Thai Sugar Factory Co., Ltd.
- Tamaka Sugar Industry Co., Ltd.
- New Kwang Soon Lee Sugar Factory Co., Ltd.

2006 - Present Director KSL Agro and Trading Co., Ltd.

2003 - Present Director Khon Kaen Sugar Power Plant Co., Ltd.

2003 - June 2016 Director KSL Material Supplies Co., Ltd.

2000 – Present Director Raja Product Co., Ltd.

1997 - Present Director Chengteh Chinaware (Thailand) Co., Ltd.

1989 - Present Director KSL Real Estate Co., Ltd.

**Number of company shares (as of 31 October 2018)**

- Own: 13,621,766 Shares (0.31%)
- Spouse: Mrs. Rattana Chunharojrit 4,944,720 Shares (0.11%)

**Relation among family within company : (None)**

**16.Pol.Gen.Boonpen Bumpenboon****73 years old****Position** Independent Director

Nomination and Remuneration Committee/ Corporate Governance Committee

**Date of Appointment as a Director** 26 February 2004**Education Background**

- MPA./ Public Administration, NIDA
- Diploma, National Defence College (37)
- LL.B., Sukhothai Thammathirat University
- BBA in Public Administration, Royal Police Cadet Academy

**Director Training Program**

- Director Accreditation Program (DAP) (11/2004) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company**

18 December 2013 – Present Independent Director The Platinum Group PLC.

**Work experience/ Company Limited**

2006 - Present Council of State Office of the Council of State

14 October 2005 – Present Independent Director

**Number of company shares (as of 31 October 2018) :**(None)**Relation among family within company :**(None)



**17. Mr.Sitti Leelakasamelurk****65 years old**

**Position** Independent Director  
Chairman of Audit Committee/Risk Management Committee

**Date of Appointment as a Director** 26 February 2004

**Education Background**

- BA in Accounting, Chulalongkorn University

**Director Training Program**

- Director Accreditation Program (DAP) (11/2004) by Thai Institute of Directors (IOD)
- Audit Committee Forum 2014, Thai Institute of Directors (IOD)

**Work experience/ Listed Company**

2014 – 28 September 2018 Deputy Chief Executive Officer Noble Development PLC.

2009 - Present Member of the Nomination Committee and Member of the Remuneration Committee  
Noble Development PLC.

1994 - 28 September 2018 Vice Chairman Noble Development PLC.

1991 - Nov 2014 Executive Vice President : Support Line1 Noble Development PLC.

**Work experience/ Company Limited**

2013 - Present Director S&P Property Management Co., Ltd.

2012 - Present Director N.K.Energy Conservation Co., Ltd.

2005 - Present Director Ban Suk Sabai Co., Ltd.

1995 - Present Director Continental City Co., Ltd.

**Number of company shares (as of 31 October 2018) :**(None)

**Relation among family within company :**(None)

**18. Mr.Karun Kittisataporn****71 years old**

**Position** Independent Director  
 Chairman of Nomination and Remuneration Committee /  
 Risk Management Committee

**Date of Appointment as a Director** 26 February 2010

**Education Background**

- M.A. (International Trade), Syracuse University, USA (under USAID Scholarship)
- Bachelor of Commerce & Administration Victoria University of Wellington, N.Z. (under Colombo Plan Scholarship)

**Director Training Program**

- Director Certificate Programme, Institute of Directors (DEP) 2006
- Role of the Compensation Committee Program (RCC) 2008by Thai Institute of Directors (IOD)
- Financial Statements for Directors Program (FSD) 2009
- Audit Committee Program (ACP) 2009

**Another Training Program**

- Commercial Policy Course, GATT, Geneva
- NDC.Class8 (National Defence College of Thailand 388)
- Financial Institutions Governance Program (FGP) 2011
- Monitoring the Internal Audit Function (MIA) 2013
- Anti-Corruption for Executive Program (ACEP) 2014

**Work experience/ Listed Company**

April 2018 - Present Chairman of Nomination and Remuneration Committee Central Pattana PLC.  
 2011 - Present Audit Committee Central Pattana PLC.  
 2009 - March 2015 Independent Director / Nomination and Remuneration Committee Central Pattana PLC.  
 2008 - Present Independent Director / Chairman of Nomination and Remuneration Committee Bank of Ayutthaya PLC.  
 2008 - Present Audit Committee Sahamit Machinery PLC.

**Work experience/ Company Limited**

2008 – October 2017 Executive Chairman The Support Art and Crafts International Centre of Thailand  
 2007 - 2 September 2014 Commissioner The Insurance Commission  
 2006 - Present Member Council of State

**Number of company shares (as of 31 October 2018) :** (None)

**Relation among family within company :**(None)

**19. Mr.Warapatr Todhanakasem****69 years old**

**Position** Independent Director  
 Chairman of Corporate Governance Committee/ Audit Committee

**Date of Appointment as a Director** 26 February 2010

**Education Background**

- Ph.D. in Business Economics University of Illinois, Urbana-Champaign, USA
- M.S. in Economics University of Illinois, Urbana-Champaign, USA.
- M.B.A. in Finance Kellogg School of Management, Northwestern University, Evanston, Illinois, USA.
- B.Econ.(1st Class Honor) Thammasat University
- LL.B. Thammasat University

**Director Training Program**

- Directors Certification Program DCP 0/2000by Thai Institute of Directors (IOD)
- The Executive Director Course EDC 1/2012by Thai Institute of Directors (IOD)
- Certificate of International Corporate Governance, Yale University, U.S.A.
- Director Certificate Program, Australian Institute of Corporate Directors  
(Class Train the Trainers), Bangkok
- Capital Market Academy Program, Class 5
- The Executive Director Course of Process of Judgment, Class 15
- Certificate, Executive Program on Energy Literacy for a Sustainable Future (TEA), Class 9
- Institute of Metropolitan Development Class 9

**Work experience/ Listed Company**

28 June 2013 - Present Director True Corporation PLC.  
 August 2012 - Present Director Amata VN PLC.  
 2009 - Present Chairman and Independent Director Prinsiri PLC.

**Work experience/ Company Limited**

Jun 2012 - Present	President	Institute of Research and Development for Public Enterprises of Thailand (IRDP)
Present	Arbitrator	The Securities and Exchange Commission, Thailand
Present	Chairman	Ethics Committee, the Revenue Department

**Number of company shares (as of 31 October 2018) :**(None)

**Relation among family within company :**(None)

**20. Ms.Nongluck Phinainitisart****59 years old**

**Position** Independent Director  
Chairman of Risk Management Committee/Audit Committee/Nomination and  
Remuneration Committee

**Date of Appointment as a Director** 26 February 2010

**Education Background**

- Doctorate Degree in Electrical Engineering, Chulalongkorn University
- Master Degree in Electrical Engineering, University of Missouri, U.S.A.
- Bachelor Degree in Electrical Engineering, Chulalongkorn University

**Director Training Program**

- Director Accreditation Program (DAP) Class 4/2003 by Thai Institute of Directors (IOD)
- Director Certification Program (DCP) Class 71/2006 by Thai Institute of Directors (IOD)
- Executive Program, Harvard University, USA
- Stanford Executive Program 2013

**Work experience/ Listed Company**

2007 - March 2014 Chief Commercial Officer/ Executive Director Thaicom PLC.

**Work experience/ Company Limited**

December 2012 - July 2014 Independent Director/ Chairman of the risk management committee  
Government Savings Bank

January 2012 - July 2014 Chairman/ Independent Director Thailand Post Co., Ltd.

**Number of company shares (as of 31 October 2018) :** (None)

**Relation among family within company :**(None)

**21. Ms. Anchalee Pipatanasern****66 years old**

**Position** Independent Director  
 Audit Committee/Corporate Governance Committee

**Date of Appointment as a Director** 29 September 2017

**Education Background**

- Continuing Education Program in AIS, University of Texas at Austin, USA.
- MS. (Accounting), Thammasat University
- BBA. (Accounting) (second class Honours), Thammasat Business School, Thammasat University

**Director Training Program**

- Director Certification Program (DCP) Class 124/2009 by Thai Institute of Directors (IOD)
- Audit Committee and Continuing Development Program (ACP) Class 30/2010 by IOD
- Advanced Audit Committee Program (Advanced ACP) Class 2/2010 by IOD
- Role of Chairman Class 25/2011 by IOD

**Another Training Program**

- Thammasat Leadership Program (for social) Class 2, Thammasat University

**Work experience/ Listed Company**

2010 – Present Audit Committee/Independent Director AIRA Capital PCL.

2010 – Present Audit Committee/Independent AIRA Securities PCL.

2009 – Present Chairman of Audit Committee/ Independent Director Prinsiri PCL.

**Work experience/ Other Organization**

2012 - Present Permanent Lecturer on contract, Thammasat Business School, Thammasat University

2012 - Present Subcommittee, University Council on Finance and Property, Thammasat University

2012 - Present Committee of Real Estate Business Program, Thammasat Business School, Thammasat University

2008 - 2010 Head, Department of Accounting, Thammasat Business School, Thammasat University

2004 - 2007 Vice Rector for Finance, Thammasat University

**Number of company shares (As of 31 October 2018) :** (None)

**Relation among family within company :** (None)

**22. Mr.Theera Sanguandeeikul****67 years old****Position** Vice President – Sugar Production**Education Background**

- Master MSc. Chemical Engineering ,University of Wisconsin, Madison, USA
- Executive MBA , Kasetsart University
- Bachelor BSc. Chemical Technology, Faculty of Science, Chulalongkorn University

**Work experience/ Company Limited**

2003 – June 2016	Director KSL Material Supplies Co., Ltd.
2007 – Present	Director Koh Kong Sugar Industry Co., Ltd.
2006 – Present	Director Savannakhet Sugar Corporation
2003 – Present	Director Royal Place Realty Co., Ltd.
1992 – Present	Director Chareonlarp Development Co., Ltd.
2010 – Present	Director Royal Residence Development Co., Ltd.

**Number of company shares (as of 31 October 2018)**

- Own : 1,650,000 shares (0.04%)
- Spouse and Children : (None)

**Relation among family within company :**(None)



**23. Mr.Dhajjai Subhapholsiri****62 years old**

**Position** Vice President - Office of Company Secretary and Legal/  
Company Secretary

**Education Background**

- Master of Laws, Harvard University, USA
- Institute of Legal Education, Thai Bar Association
- Bachelor of Laws, Chulalongkorn University

**Director Training Program**

- Director Accreditation Program (DAP 133/2017) (IOD)

**Director Training Program**

- Ethical Leadership Program (ELP 6/2016)
- Fundamental Practice for Corporate Secretary (FPCS) 29/2014
- Corporate Governance for Executives (CGE) 2014
- Company Secretary Program (CSP 59/2014)

**Work experience/ Listed Company**

- 2016 - Present Chairman of the Board of Directors Wattanapat Hospital Trang PLC.
- 2001 - 2014 SVP, Legal Department Bangkok Bank PLC.

**Work experience/ Company Limited**

- September 2016 - Present Independent Director Chamni's eye Co., Ltd.

**Number of company shares (as of 31 October 2018) :** (None)**Relation among family within company :**(None)

**24. Mr.Piripon Chinthammit****38 years old****Position** Vice President - Raw Material Supply**Education Background**

- Master Degree in Business Administration (Organization Leadership), The University of Findlay, Ohil, U.S.A.
- Bachelor Degree in Business Administration (Marketing), Bangkok University.

**Director Training Program**

- Competency For Executive Management 2018
- Key Successors Development Program Year 2017
- Leadership Development Program Year 2016
- Energy Literacy for the world Year 2015

**Work experience/ Listed Company :** (None)**Work experience/ Company Limited**

Present Director KSL Real Estate Co., Ltd.

Present Director KSL Agro and Trading Co., Ltd.

Present Director WSP Logistics Co., Ltd

**Number of company shares (as of 31 October 2018)**

- ☐ Own : 92,647,024 shares (2.10%)
- ☐ Spouse : Mrs. Wikanda Chinthammit 64,900 shares (0.00%)

**Relation among family within company**

-Son of person number 2

**25. Mr.Dhanapat Na Chiangmai****69 years old****Position** Vice President - Administration**Education Background**

- B. Sc. In Economics, Wharton School, University of Pennsylvania, USA

**Work experience/ Listed Company**

2002 – 2015 Assistant Vice President – Logistics and Administration, Thaicom Public Company Limited

**Work experience/ Company Limited**

1991 – 1998 Executive Director Glaxo Wellcome Thailand Co., Ltd.

1984 – 1998 Director of Operations Glaxo Wellcome Thailand Co., Ltd.

**Number of company shares (as of 31 October 2018) :** (None)**Relation among family within company :** (None)

**26. Mr.Sommanus Potisat****56 years old****Position** Vice President - Office of President**Education Background**

- B.Sc. in Economics , Thammasat University 1983
- Master of Business Administration (Marketing), Chulalongkorn University 1986

**Director Training Program**

- Director Certification Program (DCP) (105/2008) by Thai Institute of Directors (IOD)

**Work experience/ Listed Company :** (None)**Work experience/ Company Limited :** (None)**Number of company shares (as of 31 October 2018) :** (None)**Relation among family within company :** (None)

**27. Ms.Yanee Anusamornkul****63 years old****Position** (Acting) Vice President - Accounting & Finance**Education Background**

- MINI MASTER OF MANAGEMENT PROGRAM (40/2007) , National Institute of Development Administration
- B.S. (Agribusiness) , Faculty of Economics Kasetsart University

**Director Training Program**

- GLOBAL MINI MBA : (ENTREPRENEURIAL MANAGER SERIES) , Thammasat University

**Work experience/ Listed Company** : (None)**Work experience/ Company Limited** : (None)**Number of company shares (as of 31 October 2018)** : (None)**Relation among family within company** : (None)

## Name of Directors in Subsidiaries and Associates of Khon Kaen Sugar Industry PCL. as of October 31, 2018

Name			Position														
			Khon Kaen Sugar Industry PCL.	Subsidiaries													
				1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.Mr.Manu Leopairote		Chairman	X	X	X												
2.Mr.Chamroon Chinthammit		Director / Chief Executive Officer and President	//	//	//		X	X		X	X	X	X		X		/
3.Mr.Pornsirin Thaemsirichai		Director / Executive Director	//	//	//			/					/	X			
4.Mr.Sukhum Tokaranyaset		Director / Executive Director	//	//	//		/			/	/	/			/		
5.Mr.Thawatchai Rojanachotikul		Director / Executive Director	//	//	//		/			/	/	/	/				
6.Ms.Intira Sukhanindr		Director / Executive Director	//	//	//			/			/	/					
7.Ms.Duangdao Chinthammit		Director / Executive Director / Nomination and Remuneration Committee	//	//	//					/		/					
8.Mr.Chalush Chinthammit		Director / Executive Director/Risk Management Committee	//	//	//	/	/	/	/	/		/					
9.Mr.Somchai Chinthammit		Director / Executive Director	//	//	//	/		/			/						
10.Ms.Duangkae Chinthammit		Director / Executive Director	//	//	//												
11.Mr.Chanachai Chutimavoraphand		Director / Executive Director	//	//	//	//		/	/	/		/	/		/	/	/
12.Mr.Chatri Chinthammit		Director	/		/												
13.Mr.Somchat Chinthammit		Director /CG Committee	/		/												
14.Mr.Tachpong Pakornsiwongse		Director / Executive Director	//	//	//									/			
15.Mr.Trakarn Chunharojrit		Director / Executive Director	//	//	//			/		/		/					
16.Pol.Gen.Boonpen Bumpenboon		Independent Director/CG Committee/Nomination and Remuneration Committee															
17.Mr.Sitti Leelakasemlurk		Independent Director/Chairman of Audit Committee/Risk Management Committee															
18.Mr.Karun Kittisataporn		Independent Director/Chairman of Nomination and Remuneration Committee/Risk Management Committee															
19.Mr.Warapatr Todhanakasem		Independent Director/Chairman of CG Committee/Audit Committee/															
20.Ms.Nongluck Phinainitisart		Independent Director/Chairman of Risk Management Committee/Audit Committee/Nomination and Remuneration															
21.Ms.Anchalee Pipatanasern		Independent Director/Audit Committee/CG Committee															
22.Mr.Theera Sanguandeeikul		Vice President											/		/		
23.Mr. Piripon Chinthammit		Vice President								/		/				/	
24.Mr.Wiraj Chunfong		Assistant Vice President											/				
25. Mr.Thirapong Nacasaksevee		Assistant Vice President / Managing Director										/					

**\*\* NOTE :****1) Symbols and Position**

x Chairman, / Director, // Executive Director

**2) Name of Subsidiaries and Associates**

- 1 Tamaka Sugar Industry Co., Ltd.
- 2 New Krung Thai Sugar Factory Co., Ltd.
- 3 New Kwang Soon Lee Sugar Factory Co., Ltd
- 4 Thai Sugar Terminal PCL.
- 5 KSL Export Trading Co., Ltd.
- 6 Khon Kaen Sugar Power Plant Co., Ltd.
- 7 KSL Green Innovation PCL.
- 8 KSL Real Estate Co., Ltd.
- 9 ChampionFermentation Co., Ltd.
- 10 KSL Agro and Trading Co., Ltd.
- 11 Savannakhet Sugar Corporation
- 12 Koh Kong Plantation Co., Ltd.
- 13 Koh Kong Sugar Industry Co.,Ltd.
- 14 WSP Logistics Co., Ltd.
- 15 BBGI PCL.

**Details of Internal Audit Supervisor****MR. CHARTCHAI POOWONG**

EDUCATION : BACHELOR BUSINESS ADMINISTRATION ACCOUNTING KASEM BUNDIRT UNIVERSITY

WORK EXPERIENCE : 2547 – CURRENT INTERNAL AUDIT MANAGER KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY EXPERIENCE IN INTERNAL AUDIT FOR KRUNG THAI PROPERTY DEVELOPMENT CO.,LTD 2546 – 2547 AND PHATRA INSURANCE PUBLIC COMPANY 2536 – 2546

TRAINING : PROFESSIONAL INTERNAL AUDITOR OF THAILAND (CPIAT 21)  
TOOLS AND TECHNIQUES FOR THE AUDIT MANAGER  
INTERNAL QUALITY ASSESSMENT  
AUDITING INFORMATION SYSTEM  
RISK BASED AUDIT  
VALUE ADDED BUSINESS CONTROL THE RIGHT WAY TO MANAGE RISK



### **Details of Appraised value of assets**

In 2018, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries have engaged an independent professional appraisers to perform a revaluation of investment property, as have adopted the accounting policies is fair value method, to reflect the current existing value of assets and the evaluates the assets that generate future cash inflows for assessment of impairment loss to investment in subsidiaries. The appraisal value of assets by an appraiser using the market approach, income approach and cost approach, make an investment property have gain on fair value adjustments of investment property amount of Baht 240.91 million.

**Note : The Company disclosed the appraised value of assets, consisted of :**

Types and characteristics of assets	Appraisal (Million Baht)	Name of who role appraiser	Name of operational control or the main appraiser	Objective	The reporting date
Investment Property - Land	3,205	UK VALUATIONS & AGENCY CO., LTD.	Mrs. UDOMSRI NATHIKANCHANALAB Qualified Senior Valuer 026 Mr. NATEE TANGTIDTHAM Qualified Senior Valuer 346	Public	October 31, 2018
- Building	1,962	UK VALUATIONS & AGENCY CO., LTD.	Mrs. UDOMSRI NATHIKANCHANALAB Qualified Senior Valuer 026 Mr. NATEE TANGTIDTHAM Qualified Senior Valuer 346	Public	October 31, 2018

## **Report of the Audit Committee**

The Audit Committee has been appointed under a resolution of the Board of Directors and comprises 4 committee members which are independent directors. In 2018, the Audit Committee held joint meetings with the Management, the Internal Audit Office, and the auditor, altogether 5 times.

All 4 committee members have possessed excellent expertise and experience in accounting, finance, law and business. Moreover, Mr. Sitti Leelakasameeruk and Ms. Anchalee Pipatanasern have extensive knowledge and experience in financial accounting and are suitable to perform their duties in reviewing the reliability of the financial statements according to the requirements of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

The Audit Committee has duly performed its duties according to the Charter of the Audit Committee and as assigned by the Board of Directors, by attaching importance to the reviewing of financial reports, related transactions, and internal auditing works, and also promoted and encouraged the Company to comply with the best practices of listed companies so that the Company may have good corporate governance, good risk management, and effective internal control. The issues which were considered by the Audit Committee in the past year can be summarized as follows:

### **1. Review of Financial Reports**

The Audit Committee had duly reviewed the quarterly financial statements and the annual financial statements of 2018 of the Company and of its subsidiaries, by holding meetings to discuss viewpoints jointly with the auditor, the Management, and the Internal Audit Office, to ensure that the preparation of financial reports was done accurately and completely according to the standards of financial reporting, which included the disclosure of financial reports sufficiently and in time for the interests of the investors and the users of financial statements. Besides, the Audit Committee also held meetings with the auditor without the presence of the Management so as to ensure that the auditor performed his duties and expressed his opinions freely and independently.

### **2. Review of Good Corporate Governance, Compliance with Related Laws and Regulations**

The Audit Committee had duly reviewed the compliance under the policy on corporate governance and ethics of the Company, including the compliance with related laws and regulations, and it was found that the directors, the executives, and the staff did comply therewith in all respects. As for the related transactions or transactions which may have conflict of interests, it was specified that the concerned persons must file reports of such transactions to the Audit Committee regularly every quarter. Further, the Audit Committee assigned the Internal Audit Office to review the compliance with the policy on anti-corruption and propose same to the Audit Committee and the Board of Directors for due consideration.

### **3. Review of Risk Management**

The Audit Committee had also considered and reviewed the criteria on assessment of risk at organization level according to the COSO-ERM Guidelines of the Risk Management Office for use in assessing risk factors which may send impacts to the business operation of the Company both in the short term and long term periods.

### **4. Sufficiency of Internal Control System**

The Audit Committee had supervised the internal auditing works to ensure that the internal auditing be conducted freely and efficiently, by approving the annual auditing plan duly prepared based on important risks of the Company, and also monitored the progress of the performance of the Internal Auditing Office quarterly to review its operations and quality and to ensure that the internal control of the Company was sufficient, efficient, and in line with the internal control standards.

### **5. Suitability of Auditor**

In the past accounting period, the Audit Committee is of opinion that the auditor of the Deloitte Touche Tohmatsu Jaiyos Audit Company Limited had performed the duties according to the auditing professional standards and performed his duties independently and had good understanding of the business of the Company, while also having possessed suitable qualifications, knowledge, and experience.

( Mr. Sitti Leelakasemlurk )  
The Chairman of the Committee