

## CORPORATE GOVERNANCE

The Board of Directors realizes the importance of operating company business under good corporate governance. The company corporate governance policy has been prepared and implemented since 2007. Regarding the Board of Directors Meeting no. 5/2015 dated 26 October 2015, the Board of Directors has resolved to approve the 4<sup>th</sup> revision of the corporate governance policy. Further details of the company's Corporate Governance Policies can be found on the company website: [http://www.deltathailand.com/about\\_corp.php](http://www.deltathailand.com/about_corp.php) (for public access) and internally on the Delta intranet (for employee access).

Our commitment and strict compliance with good corporate governance has earned the company high evaluation grades and awards in 2017 as follows;

- Rising Star Award at the SET Sustainability Awards 2017.
- Thailand Sustainability Investment (THSI) 2017 from The Stock Exchange of Thailand for the 3<sup>rd</sup> consecutive year.
- Ranked among the Top 5 on “ITC Electronic Equipment, Instruments & Components” Sector of DJSI.
- “Excellent” grade on the 2017 Corporate Governance Rating Survey (CGR) conducted by Thai Institute of Directors Association (IOD) for the 2<sup>nd</sup> consecutive year.
- “Excellent” grade for the standard of its annual general meeting of shareholders (AGM Assessment) conducted in the year 2017 from the Thai Investors Association for the 3<sup>rd</sup> consecutive year.
- ESG100 for 2017, rating by Thaipat Institute for the 3<sup>rd</sup> consecutive year.

The implementation of our good corporate governance policy during the year 2017 can be summarized as follows.

### *1. Rights of Shareholders*

The company acknowledges and emphasizes our shareholders' rights with a policy to support, promote and facilitate every shareholder, including institutional investors. This policy is to ensure that shareholders are entitled to all basic legal rights and obtain adequate business information, including updated important information, via the SET and the company's website. In addition, all shareholders, including institutional shareholders, are encouraged to participate and vote in the shareholders meeting regarding matters that may affect their rights and interests. The company shall not obstruct or cause obstacles to communication opportunities among shareholders. When a shareholders agreement is to be executed by any shareholder, the company shall endeavor to ensure that such shareholders agreement will not materially affect the company or other shareholders.

The company generally holds an Annual General Meeting of Shareholders (AGM) once a year, within four months from the end of each fiscal year. In 2017, the AGM was held on March 31, 2017, at the company head office located at Bangpoo Industrial Estate, Samutprakarn province. The meeting was conducted in accordance with Delta good

governance principles. There were no extraordinary general shareholders' meeting held during the year 2017.

In addition to the above mentioned fundamental rights, the company supports and facilitates the shareholders' rights as follows:

#### *Prior to the Meeting*

A fixed meeting date was used to determine the shareholders who were entitled to attend the meeting. The company entrusted Thailand Securities Depository Co., Ltd. (TSD), who acted as registrar, to send out invitations for the meeting in both Thai and English together with other supporting information and documents to all shareholders on [March 15, 2017](#), over 14 days prior to the AGM date. At the same time, it announced the AGM meeting on a Thai daily newspaper for three consecutive days and at least three days before the meeting date. All meeting related documents were also made available to the shareholders on the company website for 30 days in advance ([from February 28, 2017](#)). All information was made available and easily accessible to provide shareholders adequate time to review the agenda. The meeting invitation clearly indicated the matters to be tabled at the meeting, for acknowledgment, approval or consideration. In addition, it enclosed the Board's opinions and supporting documents to ensure that shareholders had sufficient information to consider all issues. To be well prepared for the meeting day, the company provided a list of necessary documents that attendees were required to present to identify themselves and a proxy form (as outlined by the Ministry of Commerce) to facilitate shareholders who could not attend the meeting and thus wished to appoint as proxy an Independent director or another representative.

In addition, the company informed and invited institutional investors to join the meeting and facilitated them by arranging proxy and related document collection in the case of nonparticipation.

#### *On the Meeting Date*

The company provided shuttle services at The Stock Exchange of Thailand building for shareholders who wished to attend the Meeting. On the meeting day, attendance registration commenced not less than one hour before the meeting began. Shareholders who arrived late were allowed to vote for the remaining agenda and constituted part of the quorum, starting from the agenda item for which they were in attendance, unless stated otherwise. A barcode system was used to facilitate attendance registration and vote count. Duty stamps were made available to shareholders without charge.

In the meeting, all eight directors of the Board were in attendance. As in the previous year, the Chairman of the Board, Chairman of Audit Committees, the President and other key management members such as Chief Financial Officer (CFO) and the external auditor were present to listen to the shareholders' opinions or suggestions and also answer any questions. The company implemented its registration and vote count systems which could display results immediately. Before the meeting started, the company announced the number of shareholders who attended the meeting in person and by proxy and clarified the voting

procedures and vote count method. With regard to the voting criteria, each share is eligible for one vote and an ordinary resolution requires the majority of votes (except when voting on a special resolution, the meeting must comply with the company's Articles of Association and/or relevant laws). Votes are not allowed for shareholders who have interests related to any particular agenda item. For the election of directors, individual votes are required. In order to expedite the voting process, only the ballots voting for objections and abstentions were collected and deducted from the total votes of shareholders who attended the meeting and were eligible to vote. With regards to the agenda on compensation to directors, the company notified shareholders the amount that each director received in the form of remuneration and meeting allowances.

There was no any objection or request for re-inspection from shareholders on such arrangements. The meeting proceeded according to the agenda with no additional item without prior notification to shareholders. The preliminary voting results were reported openly at the meeting. A representative from, the Capital Law Office Limited, was appointed to help inspect the vote count. During the meeting, shareholders were allowed to voice their opinions and raise questions during appropriate times. In fact, shareholders were permitted to submit their questions by e-mail to [info@deltathailand.com](mailto:info@deltathailand.com), mail or fax before the meeting date. This year, the company disseminated an invitation to shareholders to send their questions or opinions on the company website [from 15 November–31 December, 2017](#). Generally, the company secretary will review and gather the questions before submission to the Board of Directors for their consideration. However, in the meeting, the Board principally attends to the questions that relate to the company's operations or are considered to cause material impact on the operating results. There were no questions proposed in the [2017 Annual General Meeting of Shareholders](#).

#### *After the Meeting Date*

Meeting minutes recorded every resolution and showed the number of approval, objection and abstention votes for each agenda point. Questions, responses and opinions which arose during the meeting were documented for future examination. A report of the meeting was disclosed on the SET and the company's website within 14 days after the meeting date (Please find further details in the [2017 Minutes of Annual General Meeting of Shareholders](#) posted on the company website)

## ***2. Equitable Treatment of Shareholders***

With consideration for all shareholders to equally enjoy basic rights, the company encourages the equitable treatment of shareholders as follows:

#### *Appoint a proxy to attend and vote at the meeting*

If the shareholder is unable to attend the meeting, the shareholder may give a proxy to a person or to the company's nominated independent directors to attend the meeting and vote on his/her behalf. This is done by completing and sending to the company a proxy form enclosed with the invitation for the meeting or by downloading the proxy form from the company website.

### *Proposing additional agenda and nominating directors*

In addition, the company opened the floor for shareholders to propose additional agenda items and to nominate candidates to be directors of the company in advance. Procedures and details were disclosed on the company website [http://www.deltathailand.com/ir\\_share.php](http://www.deltathailand.com/ir_share.php) during 18 October-31 December, 2016. Generally, the company secretary will review and gather the additional agenda items and director nominations before submission to the Board of Directors for consideration. In 2017, no shareholders exercised their right to propose agenda items or nominate directors. The company provided the opportunity to shareholders to submit proposals for the upcoming 2018 Annual General Meeting of Shareholders during the period of 15 November-31 December, 2017.

### *Insider Information Policy*

Under the company's policy, insider information is restricted to executives from the middle to the top levels. All employees are prohibited from taking the company's documents or information for personal use, or to bring them outside the company. Use of inside information without permission or that leads to any damage is deemed serious wrongful conduct with regards to the equitable treatment and protection of shareholders. The policy and prohibition of usage of inside information for securities trading are formally written in the company's Code of Conduct Guideline to ensure employee's awareness. This also includes the prohibition of trading activity by a director within one month prior to the public announcement of the company's operating results through the SET.

Moreover, The company has a policy that its directors and executives must disclose information on the securities held by themselves (including their spouses and minor children) to the Office of the Securities and Exchange Commission (the Office of the SEC) within 3 days after the change of ownership of securities has taken place and inform the company's secretary to report the Board of Directors accordingly.

In 2017, there was no offense by directors, management or employees concerning insider information.

### *Prevention of Conflict of Interest*

In general practice, decision making by the directors and executives must ultimately be done in a way that benefits the company. In the case of a conflict of interest, the directors or executives shall submit the issue to the Board or the shareholders' meeting to consider the necessity of executing such a transaction and the potential impact on the company if the matter is approved. At the time of voting on the issue, a person with a conflict of interest is not allowed to vote. In accordance with the recent Securities and Exchange Act, the directors and executives of the company have filed both their personal and their related persons' report on personal interests regarding the company, with an extra copy for the Chairman and Audit Committee Chairperson of the company, through the company's secretary. Such reports are required to be updated annually and submitted to the company.

In addition, the company also deals with related party transactions as regulated by the Capital Market Supervisory Board and also disclosed inter-transactions with its affiliates in the company's financial statements and in the annual information disclosure form (Form 56-1).

### *Major Inter-Company Transactions*

The Board of Directors' meeting No.1/2017 held on February 14, 2017 approved Delta Greentech (Netherlands) B.V. ("DGN BV"), a subsidiary with 100 percent paid-up capital indirectly held by the company, to dispose of investments in four of its subsidiaries to Delta Electronics (Netherlands) BV ("DEN"), a subsidiary of Delta Electronics Inc. which is a major shareholder of the company a total value of USD 24.85 million (equivalent to THB 874.26 million). The disposed shares of DGN BV subsidiaries acquired by DEN are listed as follows:

1. 10,200 ordinary shares of Delta Energy Systems (Switzerland) AG, equivalent to 51 percent of the total issued shares;
2. 15,708 ordinary shares of Delta Greentech Electronics Industry LLC, equivalent to 51 percent of the total issued shares;
3. 1,500,000 ordinary shares of Delta Greentech (USA) Corporation, equivalent to 100 percent of the total issued shares;
4. 4,315,657 ordinary shares of Delta Greentech (Brasil) S.A., equivalent to 100 percent of the total issued shares.

DEN paid for its acquisition with cash and with the transfer of its equity right in 100% paid up capital of its subsidiary Eltek, s.r.o. to DGN BV.

The Board of Directors has considered that the sales transaction of the above four DGN BV subsidiary companies will help strengthen the company's current core business and also develop new promising businesses to serve future market demands. In addition, the disposed and acquired shares are based on the indicative range of fair market value assessed by an independent party and the management's long-term business view.

The Board is of the opinion that the transactions of the above subsidiary companies have proceeded in all fairness at the proposed price, payment terms, and conditions. No differing opinion is held by any director or audit committee member.

### *3. Role of Stakeholders*

Delta has contributed extensively to the rights of all stakeholder groups such as shareholders, customers, employees, business partners, competitors, creditors and society in accordance with laws or agreements with the company. The company has opened various channels to accept suggestions or complaints from all stakeholders. The company also has other guidelines on how to treat each specific stakeholder group as follows;

### *Shareholders:*

The company aims to bring long-term sustainable growth to its business, thereby enhancing the company's value and ultimately providing favorable returns to its shareholders and consistent paid dividends at a satisfactory rate. In fact, from 2010 to 2017, dividend payout ratio averaged over 50% of net profits per annum.

### *Customers:*

The company is committed to its mission of providing products, services and solutions under short to long-term contracts that fulfill customer's requirements. In addition, the company has a policy to produce quality products in accordance with international standards to increase customer confidence and satisfaction. The company has established a Customer Satisfaction Procedure survey and the Customer Feedback Process. The results are improved development and satisfaction for our customers in the long term.

### *Employees:*

The company considers human resources to be our greatest asset. Competitive compensation and equal career opportunities are provided on the basis of aptitude and capability. In addition, all employees have the right to join any assembly or social group. Domestic and international trainings are organized regularly to enhance skills. The relevant policies for employees have been determined as follows.

- Safety, Health, Hygiene & Environment Policy
- Labor Relations Policy
- Employee's Remuneration Policy
- Human Resources Management Policy
- Activities Misconduct, Harassment and Unfair Treatment Policy

(for details of the above policies, please see the Corporate Governance policy from the company's website: [www.deltathailand.com/about\\_corp.php](http://www.deltathailand.com/about_corp.php))

### *Business Partners:*

The company will respect the rights of business partners and treat them equally and fairly while performing operations according to agreement or conditions. Rules and regulations have been determined in the Antitrust Law and Competition Law Policy of the Corporate Governance Policy of the company.

The company has held the 2017 Delta Annual Partner Meeting to recognize our vendors for improving quality and maintaining their standard of services and products. The company has a policy to arrange this partner meeting every year.

### *Competitor:*

The company has a policy of promoting free competition under fair rules which are also respected on a professional basis under the rules of sound competition defined in the company's Code of Conduct. This policy complies with Responsible Business Alliance (RBA).

### *Creditors:*

The company will strictly comply with agreements and agreed on conditions. In the case of non-compliance with any conditions, it shall inform creditors promptly in order to jointly solve problems in a reasonable manner. The company will conduct business with efficiency and effectiveness to maintain sustainable growth and financial stability and ensure creditor confidence. During the past year, the company and its subsidiaries have had a good relationship with financial institutions in full compliance with borrowing obligations, both in terms of debt repayment and other agreed conditions.

### *Society and Environment:*

The company is committed to conducting business according to our Corporate Social Responsibility Policy. The policy shall provide guidelines for the directors, management and employees to operate our business ethically with transparency, accountability and with respect for human rights and fair treatment to all stakeholders.

As a global corporate citizen, we support international standards such as the Responsible Business Alliance (RBA), the Universal Declaration of Human Rights, the International Labor Office Tripartite Declaration of Principles and Global Reporting Initiative (GRI).

Please find further information regarding activities with stakeholders in the SD report section

### *Whistle Blowing and Complaints*

The company has a policy to support and encourage employees and stakeholders to make complaints about misconduct. With the policy, complainants can provide information concerning wrongful acts including any unlawful activity or any behavior against the company rules and/or Code of Conduct to the management or Board of Directors. This is to ensure the company's transparent and efficient operations. The company has established the following communication channels to allow all employees and stakeholders to provide feedback or file complaints concerning this issue.

- Communication channel for Delta employees
  - (1) Head of the unit the employee belongs to.
  - (2) Head of audit department, head of human resources department or head of legal department.
  - (3) Local external opinion box.
  - (4) Email: [whistleblow@deltathailand.com](mailto:whistleblow@deltathailand.com)
- Communication channel for other stakeholders
  - (1) Opinion Box (PO Box 50, Bangpoo, Samutprakarn 10280);
  - (2) Email: [whistleblow@deltathailand.com](mailto:whistleblow@deltathailand.com)
  - (3) Website: [www.deltathailand.com](http://www.deltathailand.com)

Depending on the relevance of the complaints, the Board's Secretary will gather and submit the complaints to the Executive Committee, the Audit Committee or the Board. The details of the complaint will be kept confidential in order to avoid an infringement of privacy.

At the Board of Directors Meeting No. 1/2018, the company secretary informed the meeting that in the year 2017, the company had received 2 complaints regarding code of conduct, 1 complaint about anti-corruption and no complaint about anti-trust or fair competition.

### *Action Against Corruption*

The Board of Directors has approved the adoption of an Anti-Corruption Policy in order to establish principles, set practice guidelines, arrange communication and provide training in the area of anti-corruption. The policy aims to clarify the company's goal to combat all forms of corruption and open channels for all stakeholders' suggestions and complaints via [whistleblow@deltathailand.com](mailto:whistleblow@deltathailand.com)

The company initiated an agreement between the purchasing department and suppliers (The Procurement and Supplier Covenants) in 2001 to build a healthy procurement system and avoid the negative influence of human factors on normal business. The agreement is an acknowledgment by both parties to do business with integrity and without bribery or any unwarranted returns. During the Delta Annual Partner Meeting 2017, the company covered the topic of anti-corruption to educate suppliers about our anti-corruption policies and stance against corruption.

This year the company arranged training about Code of Conduct and Anti-Corruption during October and November. All employees are required to attend these courses. The purpose of the training is to establish a common understanding of the standard of behavior expected of all employees. The Code places an obligation on all of us to take responsibility for our own conduct and work with colleagues cooperatively to establish a consultative and collaborative workplace where people are happy and proud to work. The training scope includes Anti-Corruption as part of the Code of Conduct covers prevention of bribery, gifts & hospitality. The aim of the Anti-Corruption training is to increase awareness and understanding among employees of corruption risks businesses may face. To enhance Anti-Corruption operations, the company also seeks cooperation from suppliers not to send any gift/gratuity to company management, employees or their family member during New Year and other festive occasions.

ปีนี้บริษัทฯ ได้จัดอบรมเกี่ยวกับจรรยาบรรณในการปฏิบัติงานและการต่อต้านการทุจริตในช่วงเดือนตุลาคม และพฤศจิกายน โดยกำหนดให้พนักงานทุกคนต้องเข้าร่วมอบรม วัตถุประสงค์ของการฝึกอบรมเพื่อสร้างความเข้าใจร่วมกันเกี่ยวกับมาตรฐานความประพฤติที่พนักงานทุกคนในองค์กรพึงปฏิบัติ หลักจรรยาบรรณในการปฏิบัติงาน ถือเป็นข้อผูกพันให้พนักงานทุกคนมีความรับผิดชอบต่อพฤติกรรมของตนเอง สามารถให้คำปรึกษา หรือ ร่วมทำงานกับเพื่อนร่วมงานในสถานประกอบการได้อย่างมีความสุขและภาคภูมิใจ การต่อต้านการทุจริตเป็นส่วนหนึ่งของข้อพึงปฏิบัติในจรรยาบรรณปฏิบัติงาน โดยเนื้อหาการอบรมเรื่องการต่อต้านการทุจริตครอบคลุมถึงการป้องกันการรับหรือให้สินบนในรูปแบบต่าง ๆ การให้ของขวัญ และการเลี้ยงรับรอง เป้าหมายของการฝึกอบรมนี้เพื่อเพิ่มความตระหนักรู้และเข้าใจถึงรูปแบบการทุจริตคอร์รัปชันในการดำเนินธุรกิจที่อาจพบได้ในรูปแบบต่าง ๆ ทั้งนี้เพื่อเพิ่มประสิทธิภาพในการธำรงการต่อต้านการทุจริต บริษัทฯ ยังได้ขอความร่วมมือกับซัพพลายเออร์จัดส่งของขวัญ



หรือของกำนัลใด ๆ ให้แก่ผู้บริหาร บริษัท พนักงานหรือสมาชิกในครอบครัวในช่วงเทศกาลปีใหม่และในโอกาสเฉลิมฉลองอื่น ๆ



*Code of Conduct and Anti-Corruption training on Oct – Nov 2017*

More details on practice guidelines can be found on the company website [http://www.deltathailand.com/about\\_corp\\_anti\\_corruption.php](http://www.deltathailand.com/about_corp_anti_corruption.php).

#### **4. Disclosure and Transparency**

The company has a policy to disclose data and information accurately, adequately and in a timely manner to allow stakeholders the opportunity to know about our operating performance, financial position, key developments and important information such as financial statements, annual report and disclosure Form 56-1, in both Thai and English language. Such information is available on the websites of relevant authorities such as the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC) as well as on the Company's website [www.deltathailand.com](http://www.deltathailand.com). Interested persons may telephone or email the company to request for more information at [info@deltathailand.com](mailto:info@deltathailand.com). The company also has an investor relations unit to provide information to shareholders, investors, securities analysts and other parties, which can be reached at [ir@deltathailand.com](mailto:ir@deltathailand.com).

Since 2009, with support from SET, the company has organized a quarterly press conference to announce and explain each quarter's consolidated financial data, business performance and future plans to securities analysts, reporters and general investors. The meeting is also a chance for stakeholders to meet with our top management and build confidence in the company. Analyst meetings are arranged every quarter. In addition, private meetings upon investor's requests are also arranged by our Investor Relations unit to establish a better understanding of the company's operation and its business strategies. In 2017, the company arranged factory visits for both local and overseas institutional investors at our Bangpoo factory in Samutprakarn and Wellgrow factory in Chachoengsao. The company hosted **eight factory visits and had five overseas roadshows** to promote understanding of the processes in our company.

The IR manager represents our management in regional conferences several times a year to provide updated information on the company's operation and business outlook.

## **5. Responsibilities of the Board**

### *Structure of the Board*

The Board of Directors comprises of eight directors; two of whom are executive directors. The remaining six are non-executive directors, including three independent directors, and comprise over one-third of the Board. Qualifications of independent directors have been set to meet the SEC criteria. Currently, the Chairman of the Board and the President positions are held by two individuals with clearly separated responsibilities. The roles and responsibilities of the Board and management are also clearly defined so as to ensure management transparency. (Please find the Board member's details and scope of duties in the Managerial Structure section).

### *Director's Term of Office*

At the annual general meeting of shareholders, one-third of the directors or close to one-third must vacate their office. A director who vacates their office by rotation is eligible for re-election. The meeting of shareholders may pass a resolution to remove any director prior to retirement by rotation with a vote by no less than three-fourths (3/4) of the number of shareholders attending the meeting who have the right to vote and hold shares in aggregate of no less than half of the total voting shares held by attending shareholders. Shareholders may limit the number of terms which an individual may serve as an independent director to a maximum of three consecutive terms.

### *The Board of Directors' Authorization*

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by law, the company's Articles of Association and the shareholders' meeting resolutions. Such matters include defining and reviewing corporate vision, operating strategies, operating plans, risk management policy, annual budget and business plans, and medium-term business plan. Added to this, is the defining of target operating results, following up and assessing operating results and overseeing capital expenditure, merger and acquisition, corporate spin-off and joint venture deals.

### *Sub-Committee*

The Board of Directors appointed sub-committees to help study, scrutinize, and to give opinions on various matters. At present, there are five sub-committees under the Board of Directors totally 3 committees including Executive Committee, Audit Committee, Compensation and Nomination Committee and under the President 2 committees including Risk Management Committee and Sustainable Development Committee with details as described below.

### *Executive Committee*

The Executive Committee of the company consists of five members as follows;

Name	Position
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1. Mr. Hsieh Shen-yen	Executive Committee Chairman
2. Mr. Anusorn Muttaraid	Executive Committee Member
3. Mr. Vichai Saksuriya	Executive Committee Member
4. Mr. Sim Kuik-keong	Executive Committee Member
5. Mr. Chung Chia-long	Executive Committee Member

### Scope of Responsibilities of Executive Committee

1. To operate and manage the business of the company in compliance with the company's objectives, Memorandum of Association, policies, regulations, notifications, orders as well as the resolution of the Board of Directors and/or shareholders' meeting.
  2. To establish policies, business plan, directions, strategies, budget and the main organization structure and authority of each department within the company including the organization chart in order to propose to the Board of Directors for its consideration and approval as well as to monitor and follow up the results of company operations to be in accordance with policies.
  3. To be eligible to do the following bank transactions and to report these transactions to the Board of Directors at the next board meeting following execution.
    - (a) Open or close bank accounts.
    - (b) Enter into any contract which is part of the company's normal course of business and/or any other transactions with banks or other financial institution for a total combined amount not exceeding USD 50 million or the equivalent in any other currencies per bank. In cases where there is a need to use any company assets as collateral to support banking facilities, approval by the Board of Directors must be obtained.
    - (c) Issue corporate guarantee to support banking facilities granted to subsidiaries for a total amount not exceeding USD 50 million or the equivalent in any other currencies per company.
    - (d) Renew banking facilities without any limit.
  4. To be eligible to approve investment in subsidiary companies for amounts not exceeding USD 5 million or the equivalent in any other currencies per company, per project. Approvable aggregate investment amount, after combining all investments, will not exceed USD 20 million or equivalent in any other currencies within a calendar year. Such investment transactions are required to be reported to the Board of Directors at the next board meeting.
  5. To be eligible to appoint, promote, transfer or discharge directors and/or executives of subsidiary companies.
  6. To authorize any one or more persons to perform any action under the supervision of the Executive Committee, or grant the power-of-attorney to such person(s) to perform any action within the specified time as the Executive Committee may see fit. However, the Executive Committee has sole discretion to revoke or modify such designated person or power-of-attorney as they may see fit.
- For this purpose, no authorization will enable a member of the Executive Committee under the power-of-attorney and/or their sub power-of-attorney to approve a transaction

which may cause a conflict of interest between such power-of-attorney or any related person (as defined in the SEC Notification) as the one party and the company or its subsidiary as the other party. An exception would be if it is granted in accordance with the company's normal course of business as clearly defined.

7. To perform any other duties assigned by the Board of Directors.

### ***Audit Committee***

The Audit Committee of the company consists of 3 members and all members are independent directors. Term of office shall follow the annual director election and qualifications and responsibilities of the Committee are prescribed by the SET. The list of Audit Committee members is shown below.

Name	Position
1. Mr. Boonsak Chiempricha*	Audit Committee Chairperson
2. Mr. Chu Chih-yuan*	Audit Committee member
3. Dr. Witoon Simachokedee	Audit Committee member

*Remark:* \* a director who is knowledgeable and experienced in reviewing the company's financial statements

### **Qualifications of the Audit Committee:**

1. All members must be independent directors.
2. Not a director who is authorized by the Board of Directors to make decisions relating to the operations of the company, its parent company, its subsidiary, its associated company, its parallel subsidiary company or a person with a potential conflict of interest.
3. Not a director of a parent company, subsidiary or parallel subsidiary company which is a listed company.
4. Have duties and responsibilities according to the SET's rules.
5. Have sufficient knowledge and experience to perform his/her duties as a member of the Audit Committee. At least one member of the Audit Committee must have sufficient knowledge and experience to review the reliability of the financial statements.
6. Be appointed by the Board or shareholders meeting.

### **Scope of Responsibilities of Audit Committee:**

1. To review the company's financial reporting to ensure that it is accurate and disclosure is adequate;
2. To review that the company employs appropriate and an efficient internal control system and internal audit. To determine the independence of the internal audit unit as well as to approve the appointment, transfer and dismissal of the chief of the internal audit unit or any other unit in charge of the internal audit;
3. To review that the company complies to the law on securities and exchange, the regulations of the SET and other laws related to the company business;

4. To consider the capability and independence of an external auditor and propose an external auditor to be appointed as the company's auditor with an included audit fee. To attend a non-management meeting with the auditor at least once a year;
5. To review any related transactions or transactions that may lead to conflicts of interests to ensure that they comply with the SEC laws and regulations, are reasonable and yield the highest benefit for the company;
6. To report the governance activities of the Audit Committee in the company annual report, which must be signed by the chairman of the Audit Committee. The report must consist of at least the following information:
  - (a) An opinion on the accuracy, completeness and reliability of the company financial reports.
  - (b) An opinion on the adequacy of the company's internal control system.
  - (c) An opinion on the company's compliance with related laws i.e. the Securities and Exchange Act, the SET regulations, or laws relating to company business.
  - (d) An opinion on the suitability of the external auditor.
  - (e) An opinion on the related transactions or transactions that may lead to conflicts of interest.
  - (f) The number of Audit Committee meetings and attendance of such meetings by each committee member.
  - (g) An overall opinion or comment regarding the Audit Committee's performance of duties as specified in the audit committee charter.
  - (h) Other transactions that the Audit Committee believes should be known to shareholders and general investors, under the scope of duties and responsibilities assigned by the company Board of Directors.
7. To do any other agreed upon matters assigned by the Board of Directors.

#### *Nomination and Compensation Committee*

The Nomination and Compensation Committee consists of three members, two independent directors and one executive director. Term of office shall follow the annual director election. The member list of the Compensation Committee is shown below.

Name	Position
1. Dr. Witoon Simachokedee	Compensation Committee Chairman (Independent Director)
2. Mr. Anusorn Muttaraid	Compensation Committee Member
3. Mr. Chu Chih-yuan	Compensation Committee Member (Independent Director)

#### Scope of Responsibilities of Nomination and Compensation Committee:

1. Appraise the performances of the President and Executives in Level 11 and up annually.
2. Determine the remuneration and package structure of the company directors and sub-committee members with fair and reasonable principles and submit it to the Board of Directors and shareholders for approval. This would include monthly remuneration, meeting allowance, annual bonus and other financial and non-financial benefits.
3. Determine the remuneration policy and package structure of the company's president and Executives in Level 11 and up with fair and reasonable principles and submit it to

the Board of Directors for approval. This includes short-term and long-term remuneration such as salary, annual bonus and other financial or non-financial benefits.

4. Review the remuneration policy of directors, committee President and Executives in Level 11 and up based on personal performance, the company's performance and best practice in the market and/or among listed companies in Thailand's stock exchange.

The Committee shall have the following duties and responsibilities regarding nomination:

5. Define the qualifications of that the Board members, Sub-committee and Top management must have and aid in identifying and attracting qualified candidates for the Board of Directors' consideration.
6. Assess the structure, size and composition of the Board of Directors/Sub-committee and recommend any improvements to the Board of Directors.
7. Conduct an annual evaluation of the performance and achievements of the Board of Directors, Sub-committee and individual members and report the evaluation to the Board of Directors.
8. Assist in the establishment of a succession plan and/or talent management pool development in order to fulfill the requirements for medium to top key management positions.
9. Perform any other duties assigned by the Board. The Nomination and Compensation Committee may seek advice or opinion from relevant independent professionals as necessary and appropriate to perform the assigned job. The Committee may also need to attend company sponsored training or seminar to enhance knowledge and capability in performing their job.

### *Risk Management Committee*

The Risk Management Committee consists of 10 members as follows;

Name	Position
1. Mr. Hsieh Shen-yen	Risk Management Committee Chairman
2. Mr. Anusorn Muttaraid	Risk Management Committee
3. Mr. Vichai Saksuriya	Risk Management Committee
4. Mr. Sim Kuik-keong	Risk Management Committee
5. Mrs. Aruwan Sangrungrun	Risk Management Committee
6. Mr. Fann Chao-ching	Risk Management Committee
7. Mr. Chen Chin-ming	Risk Management Committee
8. Mr. Basile Margaritis	Risk Management Committee
9. Mr. See Kai Mun	Risk Management Committee
10. Mr. Chung-I Tam	Risk Management Committee

### Scope of Responsibilities of the Risk Management Committee:

1. Establish risk management procedures.
2. Implement risk management and delegate risk management to respective managers.
3. Develop and review strategic risk management plans.

4. Report to the Board or the Audit Committee quarterly, annually and/or any time that is necessary as assigned by the Board.
5. Monitor and continuously improve risk management.
6. The committee may seek advice from relevant professional consultants in certain cases.

### *Sustainable Development Committee*

The Sustainable Development Committee consists of four members as follows

Name	Position
1. Mr. Hsieh Shen-yen	Sustainable Development Committee Chairman
2. Mr. Anusorn Muttaraid	Sustainable Development Committee Member
3. Mr. Vichai Saksuriya	Sustainable Development Committee Member
4. Mrs. Aruwan Sangrungrun	Sustainable Development Committee Member

### Scope of Responsibilities of the Sustainable Development Committee:

1. The Committee shall annually review the SD Policy and associated frameworks, processes and practices of the company and make appropriate recommendations to the Board.
2. The Committee shall ensure that the company is taking the appropriate measures to undertake and implement SD projects successfully and shall monitor the SD Policy from time to time.
3. The Committee will coordinate with the company for implementing programs and executing initiatives as per SD policy and shall review the performance of each SD project at least once per quarter.
4. The Committee shall provide counsel and support appropriate resources and persons to promote the sustainable development strategy to the entire organization in the same direction.
5. The Committee may form and delegate authority to subcommittees or working groups when appropriate.
6. The Committee shall review and reassess the adequacy of its responsibilities annually and recommend any proposed changes to the Board for approval.

### *Selection of Directors and Independent Directors*

The Board of Directors assigned the Nomination and Compensation Committee to search, select and nominate qualified candidates to be a director or member of any committee. The committee selections are considered on the basis of whether that person is knowledgeable and experienced in areas such as accounting, finance, management, strategy and possess individual skill and expertise in line with the company's business and strategies without restrictions on gender, race or **nationality**. This is in order to have board diversity and a solid company structure to achieve business objectives under management according to the principles of good corporate

governance standards. Currently, the company has provided the opportunity to the shareholder to nominate candidates to be company directors with basic qualifications set forth on the company website. The Board will consider and approve the selected candidate by majority votes of the board meeting. After selection, the Board shall nominate such candidate to the shareholders' meeting for approval.

#### Qualifications of a Director

1. A director shall have qualifications and shall not have characteristics prohibited in the law on public limited companies, or characteristics indicating a lack of appropriateness in respect to trust in managing a business with public shares as specified in the notification of SEC.
2. Professional ethics and excellent career profile.
3. Knowledge or experience in business administration, especially in electronics; telecommunications, finance and accounting or any other areas, as the board deems appropriate.
4. Able to participate in all Board meetings and shareholders' meetings (except in the case of an emergency).
5. Other qualifications that the Board may later consider appropriate or are required by law.

#### Qualifications of Independent Director

Qualifications of an independent director (ID) have been defined based on the requirements of the Office of Securities and Exchange Commission as follows:

1. Not holding shares exceeding 1% of the total voting right shares of the company, its parent company, its subsidiary, its associated company. A person with a potential conflict of interest with any shares held by Related Persons taken into account.
2. Not being nor having been an executive director, employee, officer, monthly paid advisor or controlling person of the company, its parent company, its subsidiary, its associated company, its parallel subsidiary company. A person with a potential conflict of interest with the company. An exception would be if he/she has no such status for at least two years before becoming an independent director.
3. Not a person related by blood or by registration under the law as father, mother, spouse, sibling or child. This includes the spouse of a child of an executive, major shareholder, controlling person, or person who will be nominated to be an executive or controlling person of the company or its subsidiary.
4. Not having nor having had any business relationship with the company, its parent company, its subsidiary, its associated company. A person with a potential conflict of interest that may interfere with his/her use of independent discretion. This includes not being nor having been a major shareholder, a director who is not an independent director, or an executive of a person who has a business relationship with the company, its parent company, its subsidiary, its associated company. A person with a potential conflict of interest. An exception would be if he/she has no such status for at least two years before becoming an independent director. Details of business relations are summarized as follows:

##### 4.1 Professional advisor



- 4.1.1 An auditor for any related case.
- 4.1.2 Advisor (such as legal advisor, financial advisor, appraiser) for transactions with a value of over 2 million Baht per year.
- 4.2 Other business relationship
  - 4.2.1 Scope of business covers normal business transactions, rental or lease of immovable property transactions, asset or service transactions, and financial assistance transactions.
  - 4.2.2 Having business relationships with either the transaction value of 20 million Baht or more, or 3% or more of its net tangible assets, whichever is lower (including transactions with the same person within 6 months).
  - 4.2.3 The Board of Directors may exempt any transaction by an independent director with a unanimous resolution which exceeds the above value if the case is deemed to be necessary, appropriate and irregular. In such a case, the business transaction is required to be disclosed in the registration statement (Form 56-1) and the annual report. If the independent director will be re-appointed for another term, such relationship or transaction must also be disclosed in the notice of meetings.
- 5. Not a director who is not appointed as a representative to safeguard the interests of the company's directors, majority shareholders or shareholders who are related to the company's major shareholders.
- 6. Having any other characteristics which make it impossible to express an independent opinion with regards to the company's operations.
- 7. An independent director who satisfies the qualifications specified in 1 to 6 above may be empowered by the Board to make decisions in normal business operations, provided that the decision process is collective.

#### *Appointment of Directors*

After the Nomination and Compensation Committee considers and selects a qualified director, they will propose the candidate to the Board of Directors. After that, the Board of Directors will nominate the candidate to the shareholders' meeting for approval based on the Article of Association of the company. An appointment of a director is made through a majority vote at the shareholders meeting. One share shall count for one vote and each shareholder shall exercise all the votes he has to appoint the nominated person or nominated persons to be a director on a person-by-person basis or en-bloc basis. Shareholders cannot divide votes for any person. The person obtaining the most votes in descending order shall be elected as directors equal to the number of directors required. In the event that persons receiving votes in respective order receive equal votes and the number of position exceed the positions required, the Chairman of the meeting shall have a casting vote.

#### *Dismissal of Directors*

The meeting of shareholders may pass a resolution to remove any director, prior to retirement by rotation, by a vote of not less than three-fourths (3/4) of the number of

shareholders attending the meeting with voting rights and who hold shares in aggregation of over half of total shares held by attending shareholders with voting rights.

#### *The Orientation for New Director*

The company set up an orientation for new directors which includes a briefing on the company business, on top of its operations, and plant visits conducted by Management. Subsequently, the summary of the Board of Directors' roles and responsibilities, the listed company director's handbook and the company's information will be presented in detail by the Corporate Secretary.

#### *Directorship in other Companies*

To ensure the director's efficient performance and compliance with Corporate Governance Principles, the Board of Directors requires that

1. Apart from the company, each director may retain the office of director in a maximum of three other listed companies.
2. The President is not permitted to be the director of other listed companies except the director of subsidiaries. Moreover, before participating as a board director of any other company the President must first seek approval from the Board of Directors.

The company's executive directors and top management are encouraged to be the directors of subsidiaries to ensure the group's work efficiency and policy consistency.

#### *The Board's Meeting*

The company schedules the Board meeting at least four times a year or on a quarterly basis with minimum of attendance for all members of the Board of Director at least 90%. An extraordinary meeting may be arranged when there is an issue to consider. Regular meeting dates will be set in advance for the entire year at least seven days prior to the meeting date (not less than five days). The company will send out invitation letters with the agenda to all directors. In case of emergency, the invitation letters may be sent less than seven days prior to the meeting. Each director is free to propose items for the agenda. The company secretary has the duty to arrange the meeting, take care and give suggestions to ensure that the meeting is in compliance with all relevant laws and regulations. Minutes of the meeting will be put in writing and those endorsed by the Board will be kept as evidence at the company's office.

Meeting Attendance of directors in 2017 was as follows;

Unit : Times

Name	Board of Directors	Audit Committee	Compensation Committee	AGM
<b>No. of total meetings held</b>	6	4	4	1
Mr. Ng Kong Meng	6/6	n/a	n/a	1/1
Mr. Ming-cheng Wang	6/6	n/a	n/a	1/1
Mr. Hsieh Shen-yen	6/6	n/a	n/a	1/1
Mr. Hsieh Heng-hsien	5/6	n/a	n/a	1/1
Mr. Anusorn Muttaraid	6/6	n/a	3/4	1/1
Mr. Boonsak Chiempricha	6/6	4/4	n/a	1/1

Mr. Chu Chih-yuan	6/6	4/4	4/4	1/1
Dr. Witoon Simachokedee	5/6	3/4	3/4	1/1

### *The Quorum for Voting*

The Board of Directors considered additional policy concerning the quorum for voting at the Board of Director's meeting by requiring the quorum be not less than two-thirds of the total number of directors. This includes cases when a director is not able to attend the meeting in person. A conference call is allowed to constitute the quorum. However, the meeting quorum is still required to comply with the company's Articles of Association that state that at the meeting of the Board of Directors there shall be not less than one half of the total number of directors attending in order to constitute a quorum.

### *The Meeting without Attendance of Management*

The independent directors may hold a meeting without the attendance of management as it sees appropriate. Normally, meetings of the Audit Committee is held without executive participation. The company's auditor generally attends the Audit Committee meeting on a quarterly basis when reviewing financial statements. In some circumstances, the Audit Committee may request an executive to clarify an issue as it sees fit.

### *Board Self-assessment*

The Board generally arranges four assessment forms once a year, namely; Assessment of the Board, Assessment of Individual Directors (self-assessment), Audit Committee's self-assessment and Nomination and Compensation Committee's self-assessment. Upon completion of the mentioned assessments, the Evaluation Forms will be submitted to the Company Secretary team for tabulation and the results will be presented to the Nomination and Remuneration Committee together with agreed action plans to address the gaps, if any, for deliberation and onward submission to the Board.

The assessments forms stipulate the percentages that correspond to the level of performance achieved in each of area as detailed below (with exception to the Audit Committee's self-assessment).

- Over 85% = Excellent
- Over 75% = Very good
- Over 65% = Good
- Over 50% = Fair
- Below 50% = Need improvement

The findings from the self-assessments were as follows

**Overall Board Self-Assessment** consists of 6 items as below;

- 1) Board structure and qualifications
- 2) Roles, duties and responsibilities of the board
- 3) Board meetings

- 4) Duties of directors
- 5) Relationship with management
- 6) Director's self-improvement and management training

The results indicated excellent/ most suitable overall performance, with an average score of 100%.

**Individual Board Self-Assessment** consists of 3 items as below;

- 1) Board structure and qualifications
- 2) Board meetings
- 3) Roles, duties and responsibilities of the board

The results indicated excellent/ most suitable overall performance, with an average score of 100%.

**Sub-Committee Self-assessment**

- *Executive Committee* consists of 2 items as below;
  - 1) Committee structure and qualifications
  - 2) The committee meeting

The results indicated excellent/ most suitable overall performance, with an average score of 94.5%.

- *Audit Committee Assessment* consists of 5 items as below;
  - 1) Understanding
  - 2) Work Performance
  - 3) Meeting
  - 4) Self-development
  - 5) Performance evaluation

The results indicated excellent/ most suitable overall performance, with an average score of 95.8%.

- *Compensation Committee Assessment* consists of 4 items as below;
  - 1) Committee structure and qualifications
  - 2) The committee meeting
  - 3) Assumption of responsibility for content of the published report
  - 4) Gives priority and devotes sufficient time

The results indicated excellent/ most suitable overall performance, with an average score of 97.2%.

#### *Performance Assessment of the President*

The Board assigns the Nomination and Compensation Committee to determine and propose Key Performance Indicators (KPI) of the President. The KPI must be approved by the Board and be reviewed annually.

#### *Training for the Board and Management*

The company has a policy to encourage directors, executives and the company secretary to continuously train on good corporate governance. Training is both organized internally or externally by relevant institutions such as the SET, the SEC and the Thai Institute of Directors Association (IOD).

In 2017, Mr. Hsieh Shen-yen attended the IOD Breakfast Briefing 3/2017 "Corporate Disclosures: What are investors looking for beyond financial measures?" Dr. Witoon Simachokedee attended the Audit Committee Forum 2017 "The Audit Committee's Role in Compliance and Ethical Culture Oversight" arranged by Thai Institute of Directors Association and Green Technology and Sustainable Development Training Course arranged by China Productivity Center (CPC)

#### *Succession plan/ Talent Pool Management*

The company adopts Talent Pool Management for succession planning as it not only offers flexibility in recruiting suitable personnel but also supports a dynamic business strategy rather than a traditional plan that tends to be more biased towards specific individuals. With talent pool management, candidates can be selected from both internal and external sources. This project has continued to show progress in obtaining sufficient qualified candidates.

The Board of Directors has established a Talent Pool Management Committee to select, groom, and develop the potential candidates for key positions that align with the company's five-year strategic and operational plans. At present, the company is in the process of planning the development of potential recruited personnel.

#### *Supervision of Subsidiary and Associated companies*

The Board of Directors has assigned the Executive Committee to supervise the operations of subsidiary and associated companies. The Executive Committee has a certain authority to make investments in subsidiaries and associates and may assign some directors or top executives of the companies and/or appoint some local personnel to participate in the Board of Directors or management of its subsidiaries or associates to support management and determine business policies and direction. After appointment, the Executive Committee will report such appointment to the Board of Directors for their acknowledgment. However, if the investment amount exceeds the granted authority, the Executive Committee is required to seek for Board's approval.

Further supervision and monitoring are done through the implementation of ERP solutions, which effectively gathers and provides important information including finance, accounting and other data, to support the management, controlling and monitoring of subsidiaries and associates operations. Furthermore, the Treasury and Investment Section of the company also actively participates in monitoring and supporting the sourcing of funds, capital increase and reduction. It seeks approval from the Executive Committee or Board of Directors for these transactions. Almost all of the companies in the Delta group are wholly owned subsidiaries so there would be no connected transactions occurring. In case that there might be some transactions with other related companies in Delta group, the subsidiaries have been instructed that prior approval from the company's Executive Committee or Board of Directors is required and relevant SET or SEC's requirements must also be complied with.

#### *Audit Fee*

The audit fee paid in the year 2017 to the company auditor was Thai Baht 4,620,000, excluding all actual out of pocket expenses (the Audit fee in 2016 was Thai Baht 4,620,000 and actual out of pocket amount Thai Baht 224,162). In addition, 4 subsidiaries paid their audit fees to the same auditing firm for a total amount of Thai Baht .....

The company and some of its subsidiaries hire the same international audit firm but as all of the company's subsidiaries are based abroad, different branch offices in various countries are hired. Some Delta subsidiaries (mainly in Europe) use services provided by Pricewaterhouse Coopers (PwC) and the rest of our subsidiaries employ alternative audit firms. Selection criteria of Delta auditors are principally based on the auditor's service quality and charge rate.

*Other Fee*

- None -