



# 2019 Corporate governance Report



## Delta Electronics (Thailand) Public Company Limited

Manufacturing and exporting of power supplies and other  
electronic equipment and components  
Company registration number 0107537002559

### Headquarter

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Website: [www.deltathailand.com](http://www.deltathailand.com)  
e-mail: [info@deltathailand.com](mailto:info@deltathailand.com)

### Auditor

EY Office Limited (formerly known as Ernst & Young Office Limited)  
33<sup>rd</sup> Floor, Lake Rajada Office Complex, 193/136-137  
Rajadapisek Road, Klongtoey, Bangkok 10110, THAILAND  
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### Share registrar

Thailand Securities Depository Co., Ltd.  
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# Content

	Page
Corporate committee report	1
Corporate governance	2
Rights of shareholders	2
Equitable treatment to shareholders	4
Roles of stakeholders	4
Disclosure and transparency	7
Responsibilities of the boards	10
References	23

# Corporate governance committee report

The Corporate Governance Committee of four directors in 2019 as follows;

Mr. Wang Ming-cheng	Chairman of Corporate Governance Committee (from Jan 2019 till Jun 2019)
Mr. Hsieh Shen-yen	Committee member (from Jan 2019 till Jun 2019)
	Chairman of Corporate Governance Committee (from Jan 2019 - present)
Mr. Chang Tsai-hsing	Committee member (from Jun 2019 - present)
Mr. Anusorn Muttaraid	Committee member (from Jan 2019 - present)

The Company Secretary serves as secretary to the committee

The Board of Directors commits to conducting transparent business operations with integrity and accountability, which it considers as key to the company's sustainable business growth and corporate best practice acceptable to stakeholders. The Corporate Governance Committee has the duty to set Delta's Corporate Governance (CG) policies that cover the entire organization and to ensure that CG procedures or systems support the company's long-term success.

The Corporate Governance Committee held two meeting in 2019 for the following major tasks.

1. Establishing the Anti-corruption committee
2. Raising awareness of the Code of Conduct and Anti-Corruption Policy among employees by implementing the Anti-corruption commitment self-declaration
3. Reviewing the new revision of the Code of Conduct, Anti-corruption Policy and Procedures and Giving and Receiving of Gifts and Entertainment Policy
4. Supervise the assessment submission of the Private Sector Collective Action Coalition Against Corruption (CAC).

Delta's Corporate Governance Committee commits to improving its efficiency in steering the company's CG, social responsibility and sustainable development practices and to serving the best interest of all stakeholders.



Hsieh Shen-yen  
Corporate Governance Committee Chairman

# 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 and review the content at least once a year. In 2019, Board of Directors Meeting No.6/2019 held on October 28, 2019 approved the amendment of the company's Code of Conduct in line with the latest Delta Group Code of Conduct and revised the anti-corruption policy to be in line with the amendment of Code of Conduct and Private Sector Collective Action Against Corruption. Both updated Code of Conduct and Anti-Corruption Policy has been reviewed by Corporate Governance Committee in details before submitted to the Board's approval. Further details of the company's Code of Conduct and Anti-Corruption Policy can be found on the company website and internally on the Delta intranet for guideline to the directors, management and employee.

Our commitment and strict compliance with good corporate governance has earned the company high evaluation grades and awards in 2019 as follows;

- Best Sustainability Excellence Award at the SET Sustainability Awards 2019.
- S&P Global SAM Silver Class sustainability award 2020 in "Electronic Equipment, Instruments & Components" sector
- FTSE4Good Emerging Index, rating by FTSE Russell for the 3rd consecutive year
- Thailand Sustainability Investment (THSI) 2019 from The Stock Exchange of Thailand for the 5th consecutive year.
- "Excellent" grade on the 2019 Corporate Governance Rating Survey (CGR) conducted by Thai Institute of Directors Association (IOD) for the 4th consecutive year.
- "Excellent" grade for the standard of its annual general meeting of shareholders (AGM Assessment) conducted in the year 2019 from the Thai Investors Association for the 5th consecutive year.
- ESG100 for 2019, rating by Thaipat Institute for the 5th consecutive year.
- 2019 CSR-DIW Continuous Awards from the Department of Industrial Works (DIW), Ministry of Industry for the 8th consecutive year.

The implementation of our good corporate governance policy during the year 2019 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 2019, the AGM was held on April 2, 2019 and the Extraordinary General Meeting of Shareholders (EGM) was held on June 24, 2019, at the company head office located at Bangpoo Industrial Estate, Samutprakarn province. The meeting was conducted in accordance with Delta good governance principles.

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

### **Prior to the meeting**

A Record 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, 2019, 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 March 1, 2019). 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 near 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 nine 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 Hunton Andrews Kurth, 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. The company disseminated an invitation to shareholders to send their questions or opinions on the company website from 16 November–31 December 2018. 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 2019 Annual General Meeting of Shareholders.

### **After the meeting date**

Meeting minutes recorded every resolution and showed the number of approval, objection abstention and voided ballot 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 2019 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 [www.deltathailand.com/en/shareholder-meeting](http://www.deltathailand.com/en/shareholder-meeting) during 16 November - 31 December 2018. 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 2019, 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 2020 Annual General Meeting of Shareholders during the period of 20 November-31 December 2019.

## **3. Roles 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 policy and 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 2019, 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, fairly, considering impact on health and safety. In order to gain customer's 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, including keeping customer confidential information.

## Employees:

The company treats employees fairly, respect of human rights, competitive compensation, take care of health & safety at work, equal career opportunities are provided on the basis of aptitude and capability. Domestic and international trainings are organized regularly to enhance their skills. The relevant policies have been determined as follows.

- Working Safety, Health, Hygiene & Environment Policy
- Remuneration and Welfare Policy
- Labor Relations Policy
- Human Resources Management Policy
- Misconduct, Harassment and Unfair Treatment Policy
- Antitrust Law and Competition Law Policy
- Human Rights Policy
- Employment Policy

(for details of the above policies, please see the company's website:

[http://www.deltathailand.com/en/corporate\\_governance\\_policy.php](http://www.deltathailand.com/en/corporate_governance_policy.php),

[http://www.deltathailand.com/en/about\\_human.php](http://www.deltathailand.com/en/about_human.php) and [www.deltathailand.com/en/related-documents](http://www.deltathailand.com/en/related-documents))

## Business Partners:

The company will respect the rights of its business partners and treat them equally and fairly while performing its duties of fair procurement according to agreement or agreed conditions. To provide business partners training, developing potential, enhancing production and service standards in line with applicable law and standards, and supervising business partners to respect human rights, social and environmental responsibilities including treat their employees, staff, and workers fairly. Finally, monitoring and evaluation partners to develop a sustainable business with related guidelines as follows;

- [Supplier Social Responsibility Management Measure](#)
- [Supplier's RBA Code of Conduct Agreement](#)
- [Responsible Minerals Policy](#)



(for details of the above policies, please see the company's website: <http://www.deltathailand.com/en/related-documents>)

The company has held the 2019 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.



Figure 1: Annual Partner Meeting 2019 at the company head office in Bangpoo Industrial Estate, December 13, 2019

### **Competitors:**

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 and Antitrust Law and Fair Competition Policy published on <https://www.deltathailand.com/en/about-anti-antitrust>.

### **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 cover to governance, regulator and environment. The policy shall provide guidelines for the directors, management and employees to operate business ethically with transparency, compliance with regulations, accountability and respect for human rights and the fair treatment to all stakeholders. The company shall support activities and promote employee participation. This includes building a good relationships with the surrounding communities to promote sustainable quality social and environment.

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

Please find further information regarding activities with stakeholders in the Sustainability Development Report section

## 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).

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. The company arranged factory visits for both local and overseas institutional investors 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. In 2019, the company organized various activities as followed;

Meeting with Foreign Investors	30 Times	Meeting with Local Investors	2 Times
Meeting with Analyst	20 Times	International Roadshow	3 Times
Opportunity Day organized by SET	4 Times	Conference Call	4 Times

### 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 approved. At the time of voting on the issue, a person with a conflict of interest 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 <https://www.deltathailand.com/en/form-56-1>).

## Major Connected Transactions

On August 1st, 2018, the company received Letter of Intention from Delta Electronics International (Singapore) Pte. Ltd. ("DEISG") stating that they would like to make a Conditional Voluntary Tender Offer ("CVTO") to acquire all of the ordinary shares of the company in the aggregated number of 1,247,381,614 shares (as of the date of this notification) or the percentage of 100 of the total number of paid-up ordinary shares of the company or equivalent to 100 percent of its total voting rights, at the offering price of Baht 71 (seventy one) for each ordinary shares.

DEISG does not hold any number of shares of the company but its Related Persons under Section 258 of the Securities and Exchange Act B.E. 2535 (as amended) ("Related Parties under Section 258") hold the number of 261,112,590 shares or the percentage of 20.93 of the total number of paid-up ordinary shares of the company; therefore, DEISG and its Related Parties under Section 258 hold the total number of not exceeding 261,112,590 shares or totaling 20.93 percent of paid-up ordinary shares of the company.

The company received the Conditional Voluntary Tender Offer Form (Form 247-4) from DEISG, with a tender period from 26 February 2019 to 1 April 2019, totaling 25 working day at the bid price of 71.00 baht per share. After closed acquisition, the number of securities held by DEISG included persons in the same group, any related parties under Section 258, and the persons in the same group are as below;

Name	Number of shares	Percentage in comparison with the total number of outstanding shares of the business	Percentage in comparison with the total voting rights of the business
- Delta Electronics International (Singapore) Pte. Ltd. (DEISG)	534,479,306	42.85	42.85
- Delta Electronics Inc.	69,128,140	5.54	5.54
- Delta International Holding Ltd	191,984,450	15.39	15.39
Total	795,591,896	63.78	63.78

## Anti-Corruption and Bribery Policy

The company has established a policy to prevent the company's directors, management and employees from acting or consenting, directly or indirectly, in any form of corruption. This Anti-Corruption Policy has been adopted to benefit stakeholders and the company's business operations by setting a clear business operation direction consistent with the company Corporate Governance, Code of Conduct, rules, regulations and related laws. The company is henceforth committed to integrity and fairness for sustainable development.



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 and signed on declaration of intent in establishing Thailand's Private Sector Collective Action

against Corruption (CAC) on 16 July 2018 and submitted Self-Evaluation Tool for Countering Bribery to the CAC Board on 12 December 2019 for certification.

This year the company also launched the Anti-Corruption commitment program to ensure that employees are aware of their duties and responsibilities and perform their jobs with honesty and integrity. All employees were required to sign the Anti-Corruption Commitment on-line.

The company initiated an agreement between the purchasing department and suppliers named The Procurement and Supplier Covenants in 2001 and later changed to Integrity Undertaking 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 2019, the company covered the topic of anti-corruption to educate suppliers about our anti-corruption policies and stance against corruption. As well as inviting business partners to participate in symbolic expression in combating corruption together.



This year the company seeks cooperation from suppliers not to send any gift/gratuity to company management, employees or their family member during New Year and other festival occasions.

Company open channels for all stakeholders' suggestions and complaints via [whistleblow@deltathailand.com](mailto:whistleblow@deltathailand.com). More details on policy and practice guidelines can be found on the company website [www.deltathailand.com/en/about\\_anti-corruption](http://www.deltathailand.com/en/about_anti-corruption)

## Intellectual Property and Copy Rights Policy

The company realizes the importance of intellectual property and copyrights. Therefore, the company prohibits all employee from obtaining trade secrets or confidential information of other parties through espionage, theft, coercion, enticement or other illicit means; or in any way stealing or plagiarizing papers, works, research reports, patents, proprietary technology, design drawings or other technological findings that result in the infringement of intellectual property rights.

## Whistleblowing 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

- Head of the unit where the employee belongs to
- Email: HR.GRIEVANCE.SEA@deltaww.com
- Suggestion box
- Communication channel for other stakeholders
- Opinion Box (PO Box 50, Bangpoo, Samutprakarn 10280);
- Email: whistleblow@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. 1/2020, the company secretary informed the meeting that in the year 2019, the company did not receive any complaints for code of conduct, anti-corruption, anti-trust and fair competition.

## 5. Responsibilities of the Board

### Structure of the Board

#### *Board of Directors*

In one-tier system, the Board of Directors comprises of nine directors; three of whom is executive directors. The remaining six are non-executive directors, including four independent directors, and comprise over [one-third](#) of the Board accordingly to the set target that follow [SEC regulation](#). Qualifications of independent directors have been set to meet the [SEC criteria](#). The Board of Directors will review the structure, proportion of independent directors as well as Board diversity and director qualifications to align with the company business operations that proposed by the Nomination and Compensation Committee on a yearly basis.

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).

## Sub-Committee

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

### *Executive Committee*

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

<u>Name</u>	<u>Position</u>
1. Mr. Hsieh Shen-yen	Executive Committee Chairman
2. Mr. Chang Tsai-hsing	Executive Committee Member
3. Mr. Yu Po-wen	Executive Committee Member
4. Mr. Vichai Saksuriya	Executive Committee Member
5. Mr. Sim Kuik Keong	Executive Committee Member
6. 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 three 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 Chairman
2. Mr. Chu Chih-yuan	Audit Committee member
3. Mrs. Tipawan Chayutimand	Audit Committee member

*Remark: All Audit Committee member are director who 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 (NCC) 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	Nomination and Compensation Committee Chairman (independent director)
2. Mr. Anusorn Muttaraid	Nomination and Compensation Committee Member
3. Mr. Chu Chih-yuan	Nomination and 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:

1. 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.
2. Assess the structure, size and composition of the Board of Directors/Sub-committee and recommend any improvements to the Board of Directors.
3. 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.
4. 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.
5. 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.

**Corporate Governance Committee**

The Corporate Governance Committee consists of three members, one non-executive director and two executive director. Term of office shall follow the annual director election. The member list of the Compensation Committee is shown below.

Name	Position
1. Mr. Hsieh Shen-yen	Corporate Governance Committee Chairman
2. Mr. Chang Tsai-hsing	Corporate Governance Committee Member (executive director)
3. Mr. Anusorn Muttaraid	Corporate Governance Committee Member

Scope of Responsibilities of the Corporate Governance Committee:

1. To consider and review whether the company's Corporate Governance policy, Code of Conduct and Anti-corruption policy are appropriate and adequate and to regularly update.
2. To promote and supervise Corporate Governance policy, Code of Conduct and Anti-corruption policy to all executives and employees for clear understanding and actual implementation.
3. Promotes and provides advice for the company on participating in the Corporate Governance related assessment or rating to continuously develop and enhance the company's Corporate Governance standard.
4. Reviews the Corporate Governance Committee Charter regularly.
5. Responsible for other tasks assigned by the Board of Directors.

***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 Member
3. Mr. Vichai Saksuriya	Risk Management Committee Member
4. Mr. Sim Kuik-keong	Risk Management Committee Member
5. Mr. Yu Po-wem	Risk Management Committee Member
6. Mr. Fann Chao-ching	Risk Management Committee Member
7. Mr. Chen Chin-ming	Risk Management Committee Member
8. Mr. Basile Margaritis	Risk Management Committee Member
9. Mr. See Kai Mun	Risk Management Committee Member
10. Mr. Tam Chung-l	Risk Management Committee Member

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. Yo Po-wen	Sustainable Development Committee Member
4. Mr. Vichai Saksuriya	Sustainable Development Committee Member
5. Mr. Chen Chin-ming	Sustainable Development Committee Member

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

1. The Committee shall annually review the Sustainable Development 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 Sustainable Development projects successfully and shall monitor the Sustainable Development Policy from time to time.
3. The Committee will coordinate with the company for implementing programs and executing initiatives as per Sustainable Development policy and shall review the performance of each Sustainable Development 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<sup>7</sup> 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.

## **Directorship**

### ***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 of the votes of the shareholders attending the meeting and casting their votes. 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.

### ***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 independently 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 but not limit to 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.

### ***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 2018 was as follows;

Unit : Times

Name	Board of Directors	Audit Committee	Nomination & Compensation Committee	Corporate Governance Committee	Executive Committee	AGM/ EGM
<b>No. of total meetings held</b>	6	4	4	2	4	2
Mr. Ng Kong Meng	6/6	n/a	n/a	n/a	n/a	2/2
Mr. Cheng Ping	3/3	n/a	n/a	n/a	n/a	1/1
Mr. Ko Tzu-shing	3/3	n/a	n/a	n/a	n/a	1/1
Mr. Chang Tsai-hsing	3/3	n/a	n/a	2/2	2/2	1/1
Mr. Anusorn Muttaraid	6/6	n/a	4/4	2/2	2/2	2/2
Mr. Boonsak Chiempricha	6/6	4/4	n/a	n/a	n/a	2/2
Mr. Chu Chih-yuan	6/6	4/4	4/4	n/a	n/a	2/2
Dr. Witoon Simachokedee	6/6	n/a	4/4	n/a	n/a	2/2
Mrs. Tipawan Chayutimand	6/6	4/4	n/a	n/a	n/a	2/2

### **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. 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.

### **Assessment of the Board of Director and Sub-Committee**

The Board generally arranges five assessment forms once a year, namely; Assessment of the Board, Assessment of Individual Directors (self-assessment), Executive Committee's self-assessment, Audit Committee's self-assessment, Nomination and Compensation Committee's self-assessment and Corporate Governance 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.

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

### **Board of Director Self-Assessment**

***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 98.2%.

***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 98.2%.

### **Board of Director Assessment by Independent party**

As part of the Thai Institute of director's Corporate Governance Report of Thai Listed Companies (CGR), Delta annually assesses its board of director responsibilities accordingly to [CGR reporting template](#) consists of 102 checklist items. In 2019, the results indicated excellent/ most suitable overall performance, with an average score of 91%.

### **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 93.3%.

**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 97.2%.

**Nomination and 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 100%.

**Corporate Governance 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 100%.

## **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 ESG-related KPIs 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 2019, Mrs. Tipawan Chayutimand attended Director Certification Program (DCP 283/2019), Thai Institute of Directors Association (IOD).



## 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.



*2019 DET Talent Development Managerial Training held on September 28, 2019*

## 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 Enterprise resource planning (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.

## 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 2019, there was no offense by directors, management or employees concerning insider information.

## **Audit Fee**

### ***Fee for audit***

The audit fee paid in the year 2019 to the company auditor was Baht 4,910,000 and review of group reporting package amount Baht 500,000, excluding all actual out of pocket expenses (the Audit fee in 2018 was Baht 4,910,000 and actual out of pocket amount Baht 268,375). In addition, audit fees for 4 subsidiaries a total amount of Baht 1,485,000

The company and some of its subsidiaries hire the same international audit firm 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 -

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