

Form 56-2

THAIVIVAT INSURANCE PUBLIC CO., LTD.

ANNUAL REPORT 2018

## **1. General Information**

### 1.1 Company details

Thaivivat Insurance Public Co., Ltd.

Main business : Non-Life Insurance business

Head office location : 71 Thaivivat building Dindaeng Road, Samsen Nai, Phayathai, Bangkok 10400

Company registration : 0107536001427 (Former PCL. 216)

Telephone: 0-2248-0900, 0-2248-0910, 0-2644-6400, 0-2644-6500, 0-2695-0800, 1231

Fax: 0-2248-4575, 0-2248-4975, 0-2695-0808

Claim Hot Line: Tel. 0-2695-0700; Fax. 0-2644-6545

Customer Care: Tel. 0-2695-0777; Fax. 0-2644-6545

Health Claim: Tel. 0-2695-0707; Fax. 0-2644-6545

Company has 303,000,000 common shares that all sold out.

### 1.2 Investment in subsidiary

Laovivat Insurance Company Limited

Main business : Non-Life Insurance business

Location : 011 Ban Tadkhao unit 01, Sisattanak District, Vientiane, Lao PDR

Company registration : 614147369900

Registered capital 16,000,000 kip

Common stock 2,000,000 shares, par value per share 8,000 kip

Company has 1,400,000 common shares that is 70% of total shares

## 2. Financial Status and Operation Result

### Important Financial Data

Financial Status and Operation Result

### Consolidated statements of financial position

	(Unit : Thousand Baht)									
	Separate financial statement						Consolidated financial statement			
	2016	%	2017	%	2018	%	2017	%	2018	%
<b>Assets</b>										
Cash and cash equivalents	228,895	4.7%	237,380	4.6%	227,320	4.0%	240,644	4.6%	229,767	4.1%
Premium receivables	373,438	7.7%	483,761	9.3%	523,144	9.3%	483,828	9.3%	523,278	9.3%
Accrued investment income	6,811	0.1%	6,905	0.1%	7,306	0.1%	9,005	0.2%	12,040	0.2%
Reinsurance assets	514,900	10.6%	476,375	9.1%	408,451	7.2%	476,375	9.1%	408,451	7.2%
Reinsurance from receivables contracts	19,113	0.4%	52,071	1.0%	215,938	3.8%	51,584	1.0%	215,132	3.8%
Investment assets										
Investment in securities	2,701,772	55.7%	2,984,710	57.3%	3,216,491	57.0%	3,034,526	58.1%	3,262,294	57.7%
Loans	7,381	0.2%	5,715	0.1%	7,168	0.1%	5,715	0.1%	7,168	0.1%
Investment in subsidiary	-	0.0%	67,200	1.3%	67,200	1.2%	-	0.0%	-	0.0%
Property, buildings and equipment	288,056	5.9%	284,833	5.5%	312,883	5.5%	292,109	5.6%	317,223	5.6%
Goodwill	-	0.0%	-	0.0%	-	0.0%	18,720	0.4%	18,240	0.3%
Intangible assets - computer software	7,381	0.2%	6,173	0.1%	10,088	0.2%	6,362	0.1%	10,200	0.2%
Deferred tax assets	80,928	1.7%	79,009	1.5%	91,702	1.6%	79,009	1.5%	91,702	1.6%
Other assets	625,012	12.9%	524,068	10.1%	554,395	9.8%	523,785	10.0%	553,948	9.8%
<b>Total assets</b>	<b>4,853,686</b>	<b>100.0%</b>	<b>5,208,200</b>	<b>100%</b>	<b>5,642,085</b>	<b>100.0%</b>	<b>5,221,662</b>	<b>100.0%</b>	<b>5,649,442</b>	<b>100.0%</b>
<b>Liabilities and equity</b>										
Liabilities	2,576,140	53.1%	2,824,323	54.2%	3,133,928	55.5%	2,825,442	54.1%	3,135,720	55.5%
Insurance contract liabilities	480,105	9.9%	507,548	9.7%	506,563	9.0%	507,548	9.7%	506,563	9.0%
Income tax payable	178	0.0%	2,734	0.1%	15,421	0.3%	2,734	0.1%	15,421	0.3%
Employee benefit obligations	75,195	1.5%	87,820	1.7%	91,217	1.6%	87,820	1.7%	91,216	1.6%
Other liabilities	617,492	12.7%	614,815	11.8%	647,204	11.5%	615,364	11.8%	647,872	11.5%
Equity	1,104,577	22.7%	1,170,959	22.4%	1,247,754	22.1%	1,182,753	22.7%	1,252,651	22.2%
<b>Total liabilities and equity</b>	<b>4,853,686</b>	<b>100.0%</b>	<b>5,208,200</b>	<b>100.0%</b>	<b>5,642,085</b>	<b>100.0%</b>	<b>5,221,662</b>	<b>100.0%</b>	<b>5,649,442</b>	<b>100.0%</b>

## Consolidated statements of comprehensive income

	(Unit : Thousand Baht)									
	Separate financial statement						Consolidated financial statement			
	2016	%	2017	%	2018	%	2017	%	2018	%
<b>Profit or loss:</b>										
<b>Income</b>										
Gross premium written	3,229,683	113.4%	3,545,876	125.1%	4,152,256	128.0%	3,547,254	125.0%	4,155,144	127.8%
Less: Premium ceded to reinsurers	(843,532)	-29.6%	(848,001)	-29.9%	(893,260)	-27.5%	(848,001)	-29.9%	(893,260)	-27.5%
Net premium written	2,386,151	83.8%	2,697,875	95.2%	3,258,996	100.4%	2,699,252	95.2%	3,261,884	100.4%
Add (less): Unearned premium reserves (increase)	75,925	2.7%	(188,893)	-6.7%	(283,683)	-8.7%	(189,922)	-6.7%	(284,067)	-8.7%
Net earned premium	2,462,076	86.5%	2,508,982	88.5%	2,975,313	91.7%	2,509,330	88.5%	2,977,817	91.6%
Fee and commission income	243,288	8.5%	228,307	8.0%	242,017	7.5%	228,307	8.0%	242,017	7.4%
Investment income	59,021	2.1%	66,131	2.3%	66,664	2.1%	68,262	2.4%	69,639	2.1%
Gain on investments	51,712	1.8%	4,361	0.1%	(16,497)	-0.5%	4,361	0.2%	(16,497)	-0.5%
Gain on fair value adjustment of investments	10,489	0.4%	20,107	0.7%	(29,920)	-0.9%	20,107	0.7%	(29,920)	-0.9%
Other income	20,550	0.7%	6,317	0.2%	7,371	0.2%	6,303	0.2%	7,296	0.2%
<b>Total income</b>	<b>2,847,136</b>	<b>100.0%</b>	<b>2,834,205</b>	<b>100.0%</b>	<b>3,244,948</b>	<b>100.0%</b>	<b>2,836,671</b>	<b>100.0%</b>	<b>3,250,351</b>	<b>100.0%</b>
<b>Expenses</b>										
Claims and loss adjustment expenses	1,987,110	69.8%	2,047,672	72.2%	2,099,903	64.7%	2,048,395	72.2%	2,102,671	64.7%
Less: Claim recovered from reinsurers	(327,606)	-11.5%	(485,170)	-17.1%	(412,611)	-12.7%	(485,217)	-17.1%	(412,611)	-12.7%
Commission and brokerage expenses	546,870	19.2%	588,498	20.8%	675,538	20.8%	588,633	20.8%	675,857	20.8%
Other underwriting expenses	239,460	8.4%	226,385	8.0%	267,322	8.2%	226,868	8.0%	267,491	8.2%
Operating expenses	375,911	13.2%	422,912	14.9%	474,160	14.6%	426,211	15.0%	480,984	14.8%
<b>Total expenses</b>	<b>2,821,745</b>	<b>99.1%</b>	<b>2,800,297</b>	<b>98.8%</b>	<b>3,104,312</b>	<b>95.7%</b>	<b>2,804,890</b>	<b>98.9%</b>	<b>3,114,392</b>	<b>95.8%</b>
<b>Profit before income tax</b>	<b>25,391</b>	<b>0.9%</b>	<b>33,908</b>	<b>1.2%</b>	<b>140,636</b>	<b>4.3%</b>	<b>31,781</b>	<b>1.1%</b>	<b>135,959</b>	<b>4.2%</b>
Income tax revenue (expenses)	(294)	0.0%	342	0.0%	(25,266)	-0.8%	341	0.0%	(25,266)	-0.8%
<b>Profit for the year</b>	<b>25,097</b>	<b>0.9%</b>	<b>34,250</b>	<b>1.2%</b>	<b>115,370</b>	<b>3.6%</b>	<b>32,122</b>	<b>1.1%</b>	<b>110,693</b>	<b>3.4%</b>
Other comprehensive income:										
Exchange differences on translation of financial statements in foreign currency (loss)	-		-		-		(6,240)		(2,219)	
Gain (loss) on changes in value of available-for-sale investments	(8,580)		64,428		(24,398)		64,428		(24,398)	
Actuarial gain (loss)	8,403		(5,324)		2,691		(5,324)		2,691	
Income tax effect	36		(11,821)		4,341		(11,821)		4,341	
Other comprehensive income for the year - net of income tax (loss)	(141)		47,283		(17,366)		41,043		(19,585)	
<b>Total comprehensive income for the year</b>	<b>24,956</b>		<b>81,533</b>		<b>98,004</b>		<b>73,165</b>		<b>91,108</b>	
Basic earnings per share (Baht)	0.08		0.11		0.38		0.11		0.37	
Dividend per share (Baht)	0.05		0.07		0.20		0.07		0.20	
Shares	303,000,000		303,000,000		303,000,000		303,000,000		303,000,000	

## Consolidated statements of cash flows

	(Unit : Thousand Baht)				
	Separate financial statement			Consolidated financial statement	
	2016	2017	2018	2017	2018
<b>Cash flows from (used in) operating activities</b>					
Direct premium written	3,074,914	3,388,520	4,103,005	3,390,462	4,107,218
Cash paid for reinsurance	(184,682)	(252,688)	(310,641)	(252,688)	(311,270)
Interest income	46,123	27,250	30,015	27,281	30,302
Dividend income	43,186	39,602	36,215	39,602	36,215
Other investment income	4,063	2,480	2,737	2,480	2,737
Other income	7,480	3,590	1,791	3,758	1,739
Claim incurred on direct insurance	(1,602,361)	(1,816,380)	(2,121,534)	(1,817,464)	(2,124,209)
Loss adjustment expenses on direct insurance	(27,841)	(33,463)	(41,767)	(33,479)	(41,818)
Commission and brokerage on direct insurance	(532,430)	(569,540)	(665,456)	(569,745)	(665,951)
Other underwriting expenses	(117,012)	(224,342)	(266,258)	(224,516)	(266,427)
Operating expenses	(481,575)	(353,112)	(384,639)	(354,855)	(388,026)
Income tax	(25,785)	(7,129)	(20,931)	(7,090)	(20,931)
Investment in securities	(705,663)	(176,911)	(243,183)	(176,911)	(243,183)
Loans	2,975	3,636	(1,454)	3,636	(1,454)
Deposits at financial institutions	757,652	79,135	(50,838)	50,119	(48,102)
<b>Net cash from (used in) operating activities</b>	<b>259,044</b>	<b>110,648</b>	<b>67,062</b>	<b>80,591</b>	<b>66,840</b>
<b>Cash flows from (used in) investing activities</b>					
Investment in subsidiary	-	(67,200)	-	(22,395)	-
Purchases of property, buildings and equipment	(59,938)	(19,263)	(48,691)	(27,348)	(49,000)
Purchases of intangible asset		(846)	(7,593)	(1,044)	(7,781)
Disposals of equipment	863	296	372	296	372
<b>Net cash used in investing activities</b>	<b>(59,075)</b>	<b>(87,013)</b>	<b>(55,912)</b>	<b>(50,491)</b>	<b>(56,409)</b>
<b>Cash flows from (used in) financial activities</b>					
Dividend paid	(16,833)	(15,150)	(21,210)	(15,150)	(21,210)
<b>Net cash used in financial activities</b>	<b>(16,833)</b>	<b>(15,150)</b>	<b>(21,210)</b>	<b>(15,150)</b>	<b>(21,210)</b>
<b>Decrease in translation adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,200)</b>	<b>(98)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>183,136</b>	<b>8,485</b>	<b>(10,060)</b>	<b>11,749</b>	<b>(10,877)</b>
Cash and cash equivalents at beginning of year	143,698	228,895	237,380	228,895	240,644
<b>Cash and cash equivalents at end of year</b>	<b>326,834</b>	<b>237,380</b>	<b>227,320</b>	<b>240,644</b>	<b>229,767</b>

**Financial ratios**

	Separate financial statement			Consolidated financial statement	
	2016	2017	2018	2017	2018
<b>(1) Liquidity ratio</b>					
1.1 Liquidity ratio	0.51	0.50	0.49	0.50	0.50
1.2 Premium receivable turnover ratio	39.73	43.52	43.67	43.50	43.64
<b>(2) Profitability Ratio</b>					
2.1 Retention Ratio	73.89	76.10	78.49	76.09	78.50
2.2 Loss ratio	61.34	57.08	52.44	57.10	52.49
2.3 Gross profit margin ratio	9.59	13.15	18.25	13.11	18.21
2.4 Gross profit to total income ratio	9.12	12.70	18.10	12.65	18.04
2.5 Underwriting expense ratio	42.96	45.22	44.04	45.36	44.24
2.6 Return on investment ratio	4.13	2.81	0.58	2.83	0.66
2.7 Net premium written ratio	2.16	2.37	2.69	2.36	2.68
2.8 Net profit margin ratio	0.88	1.21	3.56	1.13	3.41
2.9 Return on equity ratio	2.28	3.01	9.54	2.81	9.09
<b>(3) Efficiency Ratio</b>					
3.1 Return on assets ratio	0.55	0.68	2.13	0.64	2.04
3.2 Assets turnover ratio	0.62	0.56	0.60	0.56	0.60
<b>(4) Financial Ratio</b>					
4.1 Debt to equity ratio	3.39	3.45	3.52	3.41	3.51
4.2 Policy Liability to Capital Fund	1.85	1.96	2.01	1.94	2.01
4.3 Unearned premium reserve to equity	1.07	1.17	1.32	1.16	1.32
4.4 Unearned premium to assets ratio	26.44	27.79	30.97	27.73	30.96
4.5 Dividend payout ratio	60.37	61.93	52.53	66.03	54.75
<b>(5) Net earnings per share</b>	0.08	0.11	0.38	0.11	0.37
<b>(6) Dividend per share</b>	0.05	0.07	0.20	0.07	0.20
<b>(7) Book value per share</b>	3.65	3.86	4.12	3.90	4.13

## **2. Analysis and Explanation of Management Department**

### **Performance**

Comparison in 2018 and 2017, the company's underwriting income had increased Baht 480 million or 17.5% and investment income decreased Baht 70.4 million or 77.7% due to Thai money market by The stock exchange of Thailand (SET) while the underwriting expenses and operating expenses increased Baht 304 million or 10.9% resulting in net profit increased from prior year.

### **Underwriting revenue and expense**

The company had underwriting income Baht 3,217.3 million that increased 17.5% as compared in 2017 however it had underwriting expenses and operating expense Baht 3,104.3 million, increased 10.9% from 2017. So in 2018 the company had underwriting profit Baht 113 million which increased 279.4% from 2017 due to new innovation development and promotional activities to make more interesting product or service.

For consolidated financial statement, the company and its subsidiary had underwriting income Baht 3,219.8 million that increased Baht 482.2 million or 17.6% and underwriting expenses and operating expense Baht 3,114.4 million or 11%. Therefore, the company had underwriting profit Baht 105.4 million.

### **Investment income**

Besides the underwriting income, the company had a main investment income with investment ratio as the Office of Insurance Commission (OIC) announcement which had the investment amount as of year end 2018 shown in the Financial Statements and recorded as market price Baht 3,223.7 million that increased Baht 233.2 million from 2017. In 2018, the company has decreasing investment income and profit Baht 70.4 million or 77.7% from 2017 due to the current Thai money market.

For consolidated financial statement, the company and its subsidiary had the investment amount as of year end 2018 shown in the Financial Statements and recorded as market price Baht 3,269.5 million which increased Baht 229.2 million from 2017.

**Investment assets as at 31 December 2018**

	Separate financial statement				Consolidated financial statement			
	2017		2018		2017		2018	
	Amount (Million Baht)	Portion %	Amount (Million Baht)	Portion %	Amount (Million Baht)	Portion %	Amount (Million Baht)	Portion %
<b>Types of investment</b>								
Deposits at financial institutions	106	3.5%	156	4.7%	156	5.1%	202	6.2%
Bond and state enterprise	439	14.4%	686	20.9%	439	14.4%	686	21.0%
Debenture	492	16.1%	434	13.2%	492	16.2%	434	13.3%
Commoc stock	409	13.4%	347	10.5%	409	13.5%	347	10.6%
Unit trust	1,538	50.3%	1,593	48.4%	1,538	50.6%	1,593	48.7%
Investment in subsidiary	67	2.2%	67	2.0%	-	0.0%	-	0.0%
Other	6	0.2%	7	0.2%	6	0.2%	7	0.2%
<b>Total investment</b>	<b>3,057</b>	<b>100.0%</b>	<b>3,290</b>	<b>100.0%</b>	<b>3,040</b>	<b>100.0%</b>	<b>3,269</b>	<b>100.0%</b>

**Financial Status**

The company had total assets Baht 5,642.1million increased 8.3% from 2017;cash and cash equivalents Baht 227.3million or 4% of total assets; investment assets included deposits at financial institution, debt instrument, equity instrument, bond,investment in subsidiary and other investmentsBaht 3,290.9 million or 58.3%, reinsurance assets and premium receivables Baht 1,147.5 millionor 20.3%, property, buildings andequipment and other assets Baht 976.4 million or 17.4%

For liabilities, the company had total liabilities Baht 4,394.3 million, increasing 8.8% from 2017. The main itemis insurance contract liabilitiesincluded loss reserves, outstanding claim and premium reserves Baht3,133.9 million, increasing11% from 2017.Furthermore, the company had the reinsurance liabilities and other liabilities Baht 1,260.4 million, increasing3.9% compared with 2017.

The company had total equity Baht 1,247.8 million increased 6.6% from 2017. The company had net profit Baht115.4million and other comprehensive income in gain (loss) on changes in values of available-for-sale investments and actuarial gain (loss) Baht (17.4) million.

For consolidated financial statement, the company and its subsidiary had total assets Baht 5,649.4 million; cash and cash equivalents Baht 219.8 million or 4.1%; investment assets included deposits at financial institution, debt instrument, equity instrument, bond and other investments Baht 3,269.5 million or 57.9%, reinsurance assets and premium receivables Baht 1,146.9 million or 20.3%, property, buildings and equipment and other assets Baht 1,003.2 million or 17.7%

For liabilities, the company and its subsidiary had total liabilities Baht 4,396.8 million. The main item is insurance contract liabilities included loss reserves, outstanding claim and premium reserves Baht 3,135.7 million. Furthermore, the company had the reinsurance liabilities and other liabilities Baht 1,261.1 million.



The company had total equity Baht 1,252.6 million. The company had net profit Baht 110.7 million and other comprehensive income in exchange differences on translation of financial statements in foreign currency (loss), gain (loss) on changes in values of available-for-sale investments and actuarial gain (loss) Baht(19.6) million. However it consisted non – controlling interests of the subsidiary Baht 16.2 million.

In 2018, the company had direct premium written Baht 4,150million with growth rate 117.1% which was higher than total non-life insurance business and in 2018 the company had market share of voluntary motor insurance in the 11<sup>st</sup> ranking.

**Direct insurance premium comparative table**

		(Unit: Million Baht)					
		2018		2017		2016	
		Non life insurance	Thaivivat Insurance Plc.	Non life insurance	Thaivivat Insurance Plc.	Non life insurance	Thaivivat Insurance Plc.
1	Total Direct premium written	233,090	4,150	218,434	3,546	211,813	3,229
	Growth rate	7%	17%	3%	10%	2%	3%
2	Fire	10,165	157	9,850	163	10,233	169
	Growth rate	3%	-4%	-4%	-3%	-5%	0%
3	Marine	5,522	10	5,356	13	5,268	18
	Growth rate	3%	-20%	2%	-26%	1%	14%
4	Motor	136,933	3,244	126,118	2,612	122,188	2,337
	Growth rate	9%	24%	3%	12%	2%	4%
5	Miscellaneous	80,470	738	77,110	758	74,124	706
	Growth rate	4%	-3%	4%	7%	3%	-2%

**Economic condition**

The economic conditions in 2018, the first nine months expanded by 4.3% but the third quarter of 2018 grew only 3.3%. Business overview grew, export production continued to expand, but the group of domestic demand production was relatively stable. Private consumption grew at a slower pace according to purchasing power in the region that was not yet strong. Tourism expanded in all regions of both from Thai and foreign tourists. Although Chinese tourists were shrinking but the situation had improved. The real estate business grew well in Bangkok and the metropolitan area of important tourist provinces. The construction business grew from large projects of government and private sectors, especially in urban areas but quite stable in the region. Most entrepreneurs had still invested to improve efficiency or expanding branches that used the same fund as last year. There were only some large businesses that had invested in large projects with high investment funds and continuous investment plan for many years. Some business sectors grew slow, especially car market that had slightly increased employment. The entrepreneurs in the manufacturing sector have increased demand for labor to support the production expansion but they have brought machinery and automatic systems to use instead of labor resulting an increase of demand for skilled workers working with advanced technology. For the service sector, labor demand has increased as growth of tourism and transportation sectors. The hotel business is adapted to increase the daily employment according to tourism

season instead of regular employment. The real estate and construction business sectors only in Bangkok and vicinity have slightly increased demand for labor.

Private consumption expanded continuously but the overall household spending had a decline sign especially in the south provinces, due to the decrease in purchasing power of agricultural sector as the contraction of agricultural products prices. Spending on durable goods expanded from the main supporting factors in Financial promotion arrangement to help buyers make purchasing decision easily. However, overall car sales slowed down especially pickup trucks that farmers buying in some areas were still affected by low agricultural prices. For motorcycle sales was relatively stable though most spending on semi-durable goods continued to expand only in large cities and in some products such as small electrical appliances and electronic devices that use new technology including Health Gadget products. Good sales of electronic products were the middle-low brands with low selling prices and maintenance costs that reflected no strong purchasing power. For consumer products were slightly expanded in the essential product group because consumers were still cautious in spending. The state welfare card measures helped partially support purchasing power. For services spending expanded in telecommunications, entertainment and advertising in providing digital services rapidly including spending in the tourism category that expanded as number of Thai tourists increase in many provinces However, the consumption expansion was still fragile.

SET Index closed at 1,563.88 points, fell 10.8%. Securities value according to market price was 16.2 trillion Baht, decreased 9.5% Historical P/E 14.75 times, dividend yield 3.35%, average daily trading value 57,673 million Baht, rose 15.1 % Foreign investors sold net 287,696 million Baht Foreign investor sales in the Thai stock market was in the same direction as most Asian markets. For general investors and domestic institutional investors, net buying 120,800 million Baht and 181,549 million Baht respectively. Foreign investors increased from 30.25% to 36.39%, securities company investors increased from 10.45% to 12.28%, general investors decreased from 48.31% to 40.81% and domestic institutional investors decreased slightly from 11.01% to 10.52%

Thai economic outlook in 2019 is expected to grow by 3.5-4.5 % with key support as follows :

- 1) Household spending is likely to expand well and support the economic growth continuously.
- 2) Overall investment improvement is an acceleration of government investment and continuous expansion of private investment.
- 3) Improvement of tourism sector in the Chinese tourists recovery and Indian tourists increase
- 4) The value of product exports is expected to increase 4.6%, private consumption and total investment expansion 4.2% and 5.1% respectively, average inflation 0.7-1.7% and current account surplus 5.8% of GDP.

The growth rate of Manufacturing Production Index (MPI) in 2019 is expected to expand 2-3% with positive factors from the election and public investment from the progress of important investment projects including the implementation of the East Economic Corridor Development Plan (EEC), which is an important infrastructure project under the EEC.

Iron and steel are expected to increase production 1-2% compared to the same period last year. By increasing both products in long steel group and flat steel from the continuous expansion of domestic and foreign consumption such as motor, electrical appliances and construction industries

Electricity is expected to increase production and exports 4% and 5% respectively, compared to the previous year. Due to positive factors both inside and outside country such as measures to stimulate the government products demand in late 2018 and election in 2019 that are expected the new government has an injection measures to economic growth continuously.

Electronics are expected to increase production and exports 6% and 7.5%, respectively, compared to the previous year. Due to an increase demand for accessories and computer components including the global electronic demand.

Automobile industry in 2019 is expected to produce approximately 2,200,000 vehicles, increases 4.76% from the same period of last year. It is a local selling about 1,050,000 vehicles that increase 5% and export about 1,150,000 vehicles that increases 4.55% The motorcycle production will stabilize approximately 2,000,000 units for local selling about 85-90% and export about 10-15%

Pulp, paper, printing. Pulp production, paper and paper packaging in 2019 are expected to increase continuously as growth of consumer demand in both Thailand and ASEAN. Present Production has innovation and uses high technology such as light weight paper boxes are convenient, reduce transportation costs and can use a variety of packaging to meet consumers needs. They changes to buy more products online and have a tendency to expand continuously resulting growth trends in packaging paper.

Cement production and distribution are expected to increase from positive factors of the government's infrastructure projects in both original and new projects as well as property investment in mass transit project and development accelerating of the EEC area.

Food industry is expected to expand as last year. Thai Baht has weak trend as an upward interest rate direction of the United States together with price increase of agricultural and processed agricultural products such as rice, tapioca flour and canned pineapple including key products expansion such as frozen and chilled chicken, processed chicken, canned tuna and canned sardines. Another important product (fresh and chilled shrimp) is expected to grow due to receiving benefits from major manufacturers (India) to reduce production volume, though the uncertainty risk factors of trade barriers between the United States with major trading partners such as Europe, Japan together with negotiations under USMCA (United States-Mexico-Canada Agreement) trade war between the US-China, risk from BREXIT and fluctuation in oil prices.

Factors that affect investment 2019 in the Stock Exchange are government investment in EEC transportation infrastructure projects such as motor way, train linking three airports, private investment helps to promote domestic consumption and household expenditure expansion. In addition, return of Chinese tourists and other countries such as India and Russia. The foreign capital flows into Emerging markets because they have declined that make current price of Emerging markets is attractive to invest.

In addition, factors that need to be followed from the previous year : Chinese-US trade war of disagreement, Brexit uncertainty and Fed rate hike issue. These factors would make Thai stock market swing within the frame of 1,760-1,530 points, Forward P/E 15.50 times.

The non-life insurance business in 2019 is expected to have a growth rate about 3-4% from the consumers trend pays more attention to their own health and family members together with continuous increase in medical expenses. The acceleration and expansion of government's large investment projects in the transportation

infrastructure, providing incentives to foreign private sector to invest more in the country and to prepare for being an important center of the ASEAN region and coping with global competition.

### **3. Revenue structure**

The company is a non-life insurance business to have the main revenue from insurance premium. When the company receives insurance premium, a part of it is taken to do the reinsurance and another part is kept for our own risk. For the part of our own premium after expenses deduction, the company makes investment to earn income according to the non-life Insurance Act and Office of Insurance Commission announcement about other business investment of non-life insurance company.

Past 3 years of company's income

(Unit: Million Baht)

	Separate Financial Statement						Consolidated Financial Statement			
	2016	%	2017	%	2018	%	2017	%	2018	%
Underwriting income	2,705.4	95.0	2,737.3	96.6	3,217.3	99.1	2,737.6	96.5	3,219.8	99.1
Investment income	121.2	4.3	90.6	3.2	20.2	0.7	92.7	3.3	23.2	0.7
Other income	20.5	0.7	6.3	0.2	7.4	0.2	6.3	0.2	7.4	0.2
<b>Total income</b>	<b>2,847.1</b>	<b>100%</b>	<b>2,834.2</b>	<b>100%</b>	<b>3,244.9</b>	<b>100%</b>	<b>2,836.6</b>	<b>100%</b>	<b>3,250.4</b>	<b>100%</b>

Business operation of each product line

(1) Product or service characteristics

There are 4 main services of company as follows:

Motor insurance

Compulsory insurance

Voluntary insurance is divided into 5 types such as class 1, class 2, class 3, class 4, and class 5 with different coverage.

Fire insurance is making contract to receive disaster risk that the company agrees to pay compensation to the insured in case of the insured property is damaged from fire or lightning or gas explosion of household consumption and has coverage extension to water damage, explosion, riot, strike, hail, flood, earthquake, windstorm, and aircraft etc.

Marine and transportation insurance is making contract to receive disaster risk that the company agrees to pay compensation to the insured in case of the insured property is damaged from transportation.

Miscellaneous insurance includes several kinds of insurance such as personal accident insurance, travel accident insurance, health insurance, compensation indemnity insurance, critical illness insurance, contractor all risks insurance, burglary insurance, health insurance, global travel insurance etc.

(2) Marketing and competitive situation

Policy, important product characteristic and service

Competitive strategy to have rapid and convenient services as well as to create impression to the insured, advertise, use modern communication technology and provide staff training all time.

**Advantage**

To operate the longest motor insurance business of all insurance companies in present which makes the company have experience for giving service to the insured and related person as well as to have the database of complete underwriting

To have a long term relationship with customer base

To have a company culture to understand customer and related person requirements which makes impression to the customer and related person in our services

- The company has a good customer base with risk distribution and a large amount of company fund that makes the company be able to handle risk in high level

**Disadvantage**

All company insurances are come from direct market, not from the captive business

**Target customers**

For the industrial risk, most insurance is an insurance with the insurance company to have relationship in form of investment. Therefore, from the company structure, we have a target to do business with small or medium customer groups which they have high independent to select the insurance company. It is an outstanding in our service and product development that are suitable for consumer needs and enable to have influence on customer decision making.

Competitive situation

Total non-life insurance premiums in 2018 was 233,090 million Baht that increased .67 % from 2017 resulting domestic car sales had continuously increased about 1) %15 million units) compared to sales 871,647 vehicles in 2017. The need for accident and health insurance products

came from the government tax policy to facilitate the purchase of health insurance and consumers realized the importance have more health insurance expenses and the expansion of large-scale government investment projects resulting the insurance business growth clearly together with intense competition to increase market share. The company emphasizes innovation leadership, digital strategy adaptation and taking technology to develop new products for both corporate and retail customers. We sell through various distribution channels to reach the most targeted customers such as agents, brokers, banks (Banc assurance), financial institutions, telemarketing, convenience stores, online channel and claim services improvement via Smartphone applications.

Direct Insurance Premium Table of The Non-Life Insurance System classified by Class of Business

• No.	Class of Business	Direct Premium (Unit : Million Baht)					
		A. Year		2015	2016	2017	2018
		B. Sub Class					
1.	Motor	1.1	Voluntary	104,111	105,508	110,160	118,870
		1.2	Compulsory	16,294	16,680	15,958	18,063
			Total	120,405	122,188	126,118	136,933
2.	Fire	2.	Fire	10,484	10,233	9,850	10,165
3.	Misc.	3.	Misc.	72,970	74,124	77,110	80,470
4.	Marine	4.	Marine	5,338	5,268	5,356	5,522
<b>Grand Total</b>				<b>209,197</b>	<b>211,813</b>	<b>218,434</b>	<b>233,090</b>

(3) Products or services

A. Sources of fund

Non-life insurance business has the major income from insurance premium. Insurance policy is the company product which is made through 3 types as follows:

Selling through Insurance Agent in Non-Life Insurance Act section 4 “Non-Life

Insurance Agent means a person who is delegated by company to convince people to do the insurance policy”.

Selling through Insurance Broker in Non-Life Insurance Act section 4 “Non-Life Insurance Broker means a person who advises or manages a person to do the insurance policy by expecting to get commission”.

Direct selling by the company employees.

B. The ability to maintain the ratio of each business class

The company has maintained the fund of operating non-life insurance not less than Baht 30 million by considering the ratio of fund sufficiency. It calculates the company fund divided by the maintained fund not less than 140%. As of December 31, 2018, the company has the fund as accounting Bah 1,247,754,164.57 baht and there was a level a level of capital adequacy as CAR Ratio 403.03%

C. Liquidity

Liquidity management for insurance premium of the company to the suitable loss ratio, in the year 2018 the loss ratio is 56.71% increasing 5.57% from 2017.

#### **4. Risk factors**

Risk factors of non-life insurance business can be classified as follows:

1. Strategic Risk

It is the overall policy on the business portfolio level, product type, industry, geographic area including the operation plan which increase the company risk such as focusing on quantity growth or market share more than the profit value, increasing on sales volume with competitive insurance premium to take high and low risk insurance, selling high risk product with low profit to keep customers and business alliances, including risk factors that effect company not to achieve the business target.

The company has set up strategies by taking into account of major risks that might affect company performance such as risk from economic fluctuation and regulation changes. In addition, company has periodically reviewed, analyzed and adjusted strategies to match with the current situation.

The company has managed people risk by arranging training program for the staffs periodically and setting up recruitment plan that is in line with company expansion plan. In addition, internal control process is implemented to ensure the transparent operation.

2. Operational Risk

It is the risk that occurs in the working area and operation which caused from

- People Risk such as lack of knowledge, skill, experience and responsibility; carelessness; insufficient staffs that cause human error, fraud of staff including fraud claim from customer or partner such as garage, hospital, etc.

Process Risk such as deficient working system, weak internal operation process, structure organization of inter-control unit, responsibility division in approved person and paid, specification of approval limit. To mitigate the process risk, the company has reviewed its operating process and working manual continuously in order to make the operating process become more effective.

- Technology Risk such as inefficient computer system; incorrect, delay and pirated data. The company invests in up to date hardware and software, sets to have security process, limits to information access for only authorized or approved person.

### 3. Liquidity Risk

It is the risk that occurs from unable to provide enough cash flow for the credit payment and obligation.

- To assess the financial status before appointment to be an agent and broker.
- To collect the motor insurance premium as the Cash Before Cover Principle.
- To create the tracking system for the overdue premium collection from an agent and broker.

### 4. Insurance Risk

It is the financial loss risk of underwriting and liability risk that results from selection and approval of the underwriting risk, ratio between retention and risk transfer including look after the claim management process of company to be concise, systematic, accurate as the actual damage occurred.

- The company has the risk management systematically by starting underwriting, coverage, premium rate suitable to the risk.
- The company provides risk transfer to the reinsurance company that has stable status both domestic and international.
- The company has the correct and fast indemnity payment system according to the coverage, manages to have a low level of loss ratio in each type of insurance.

### 5. Market Risk

It is the fluctuation of investing asset returns which result from the fluctuation of interest rate, equity value, foreign fund etc.

- To build the stable investment return in the long term higher than the inflation rate.



The investment policy of company in asset allocation is the investment mix for diversification by giving the weight of investment of criteria as the Office of Insurance Commission that focuses on safety and careful investment. The company divides investment to different asset classes by considering the investor situation to accept risk on and risk off including decision to choose the asset diversification into low risk such as government bond, debenture, equity of the high stability company to have regular income and profit, not much fluctuation, liquidity and high dividend that help create a high level returns.

- The ways of investment management, to adjust investment plan to be consistent and timely in the worldwide equity market situation that has more connection. The upside inflation and interest trend in market fluctuation increase returns more than the market. To make more active management, adjust investment portfolio to the tactical asset allocation between asset and security selection in order to support changing of financial economy trend not more than 1 year or to have the event risk and adjust to the dynamic asset allocation 1-3 year in order to cope with the economic cycle change such as in the economic recovery period and no inflation problem that increase portfolio in equity investment.

#### 6. Credit Risk

It is the risk of counter parties especially their deteriorate financial status, default risk such as reinsurer, broker, debtor, guarantor. If the customer is unable to fulfill an agreement, it affects the company revenue and operation. We use the Credit Rating to select reinsurers and have an investment as the Office of Insurance Commission's rules. The company has an audit system and constantly monitors to follow up the counter parties in order to minimize credit risk.

### **5. Shareholders**

Major shareholders 10 lists (Data as of 3 MAY 2018)

<b>Shareholders</b>	<b>Amount</b>	<b>Ratio (%)</b>
1. Tungjaimun Co., Ltd.	67,570,840	22.30
2. M.A. International Co., Ltd.	66,384,280	21.91
3. Ms. Jiraporn Buranasombat	18,239,400	6.02
4. BANK OF SINGAPORE LIMITED	15,096,000	4.98
5. Janephan Property Co., Ltd.	15,082,648	4.98
6. Ms. Janejira Asvatanakul	12,600,000	4.16
7. Mr. Thepphan Asvatanakul	12,600,000	4.16

<b>Shareholders</b>	<b>Amount</b>	<b>Ratio (%)</b>
8. Ms. Rojana Theravithayangkura	9,620,000	3.12
9. Mr. Jiraphant Asvatanakul	6,630,400	2.19
10. Mr. Jiraphat Asvatanakul	5,954,400	1.97

(1) Dividend Payment Policy

Company has the policy to pay the dividend not less than 40% of profit after business tax.

Management Structure

names of Board of Directors and Executive Board

1. Mr. Chalaw Fuangaromya Independent Director, Chairman and Chairman of the Investment Committee \*
2. Mr. Phisit Setthawong Independent Director, Chairman of the Audit Committee and Chairman of the Nomination and Remuneration Committee \*
3. Mrs. Pilai Piamphongsarn Independent Director, Audit Committee and The Nomination and Remuneration Committee \*
4. Mrs. Pranee Phasipol Independent Director, Audit Committee and Investment Committee \*
5. Mrs. Supaporn Burapakusolsri Independent Director \*
6. Mr. Jiraphant Asvatanakul Director and Investment Committee
7. Mr. Thawan Viranont Director and Nomination and Remuneration Committee
8. Mrs. Sutepee Asvatanakul Director and Nomination and Remuneration Committee
9. Mrs. Sunee Theravithayangkura Director and Company Secretary

\* Company has defined the Independent Director equal to the minimum regulation of Securities and Exchange Commission and Securities Exchange of Thailand. Independent Director will hold the share not exceed 1% of all voting right share of company Not be an Executive Board member, employee, staff,

consultant. No blood relationship or spouse of Executives. No business relationship. Having independent to work on duty.

The Company has set up a policy which prohibits the Company's directors, advisors, management, staffs or staffs having gained the knowledge of the Company's operating results either directly or indirectly, including relevant parties from selling-buying the Company's shares during the 60-day period prior to the disclosure of the Company's financial statements to the general public. Under such policy, the directors, advisors, management and staffs from managerial level or above who buy or sell the Company's shares must notify the Legal Department by the following day after which such buying-selling takes place to be further reported to the SEC or directly report to the SEC within three days following the acquisition or distribution of such shares. In addition, all securities holding of the Board of Directors, the management and the Auditors must always be reported to the Board of Directors' Meeting.

No members of the Board of Directors or Top Management of the Company had been a staff or partner of an audit firm to which an external auditor of the Company belongs during the past two years.

#### The Board of Directors Qualifications

The Board of Directors of the Company consists of directors with knowledge, experience and abilities that will be beneficial to the Company and can fully devote his or her time and efforts to perform his or her duties as a director of the Company. The following are basic qualifications of the Board of Directors of the Company:

- No. 1 There are not at least 7 members from the Board of Directors and more than half of total member need to have residence in the Kingdom of Thailand.
- No. 2 Let share holder meeting elect directors as the following rules and methods.
  - (1) One share holder has the vote equal to 1 share per 1 vote
  - (2) Each share holder must use all the vote having as (1) to elect 1 person or several persons to be Directors but the vote cannot be separate or distribute to each one.
  - (3) The person that gain the highest vote on descending order will be the one who was elected to be Directors equal to the amount of Director that should to have or should be elected at that time. In case of the second runner up has equal vote to the highest vote person has more than the Director amount that should have or should be elected at that time, Let the Chairman votes for the final decision.

- No. 3 In every annual Ordinary Meeting, 1/3 of the Directors need to be resigned. If the Directors number cannot be divided into 3 parts, the resigning member will try to be the closet to 1/3. Director that must be resigned in first year and second year after company registration has to draw lots which one will resign. For later years onward let the longest in charge Directors be the one to resign.
- No. 4 Besides from term-wise vacate, Director will vacate when
- (1) Decease
  - (2) Resign
  - (3) Disqualify or forbidding characteristic of the law
  - (4) Share holder meeting votes to vacate
  - (5) Convicted by the court to vacate
- No. 5 Any Director will resign from the position, need to submit the resignation to the company. The resignation effective by counting from the date that resignation reached the company.
- No. 6 In case of the there is a vacant Director position by other reasons, except from leaving by term, Board of Director elect a person which qualified by regulation of the law to become Director instead of the next Board of Directors meeting except the term of that Director left less than 2 months. The person who replaces that vacant position will be in the position just equal to the rest of term of that vacant position. The resolution of Board of Directors according to the first paragraph must combine with the vote not less than 3/4 of the rest of Directors.
- No. 7 Shareholders meeting may make a resolution for any of the Director to leave from the position before end of term with the vote note less than 3/4 of the share holders number which come to the meeting and has the voting right and has the total stock count net less than a half of all share holder stock number by the share holders come to the meeting and has the voting right.
- No. 8 Director can be or cannot be the share holders.
- No. 9 Let the Board of Directors elect the one person to become Chairman. In case of by the agreement of Board of Directors, they can elect one or many Vice Chairman. The Vice Chairman will have the responsibility according to the delegation of Chairman.
- No. 10 In the Board of Director meeting, the member should be more than have of all member. In case of Chairman cannot participate in the meeting or unable to be on duty, if there is Vice Chairman let the Vice Chairman become the Chairman. If there is no Vice Chairman or exist but cannot on duty, let the Directors those come to the meeting elect one to be Chairman in the meeting. The final

decision of the meeting is on majority vote. One Director will have one vote except the one who has the conflict of interest will have no right to vote in that agenda. If the vote is equal let the Chairman in the meeting vote as a final decision.

- No. 11 For the Board of Director meeting call, let the Chairman or the designated Director submit the letter of meeting appointment not at least 7 days before the meeting date except in urgent case for the sake of the company. The meeting call will be in other ways and the date can be set earlier.
- No. 12 Directors need to practice on their duty according to the law, purposes, and regulation of the company including the share holders meeting regulation.
- No. 13 It is prohibit to Directors for operate business, be a partner, or be a share holder in other juristic persons with the same state and is a competitor with business of company excepted that was informed to the share holder meeting before a promoted resolution.
- No. 14 Directors must inform company without delay if there is a conflict of interest in the contract with the company or being share holder or hold debenture in more or less manner in the company or group of company.
- No. 15 Let the Board of Directors must set up a meeting once in every 3 months

#### **Scope of powers, duties and responsibilities of the Board of Directors and Executive Committee**

1. To consider and set up Corporate Governance Policy to be implemented by the management, including reviewing the evaluation results of such implementation to determine proper action plan for improvements and report in the Company's Annual Report.
2. To consider the appropriateness, give recommendations and approve the Company's visions, strategies and operational targets proposed by the management, including monitoring and evaluating operational success.
3. To ensure that the Company has proper risk management system, internal control system and audit system.
4. To ensure that the Company has effective nomination process and succession plan for director and top management positions. The Board of Directors shall appoint Chief Executive Officer as the Head of Top Management to be responsible for running the Company's business operations under the guidance of the Board of Directors.
5. To determine the Company's Code of Ethics and Code of Conduct for directors and staffs and ensure

that these practices have been communicated among all relevant parties.

6. To consider the suitability of the appointment of Sub-Committees and related scope of powers, duties and responsibilities.
7. To appropriately authorize powers to Chief Executive Officer in order to resume normal business operations as quickly as possible.
8. To prepare a report which describes the responsibilities of the Board of Directors in preparing financial reports for the Company's Annual Report.
9. To consider and evaluate the performance of the Board of Directors and Chief Executive Director, including ensuring an effective Top Management performance evaluation process.
10. To perform any other tasks required by laws, regulations and the resolutions of the Shareholders' Meeting.

Committee Meeting in 2017 has 6 meetings

- |                                  |   |                      |
|----------------------------------|---|----------------------|
| 1. Mr. Chalaw Fuangaromya        | Independent Director, Chairman and Chairman of the Investment Committee *   | (Attendance 6 times) |
| 2. Mr. Phisit Setthawong         | Independent Director, Chairman of the Audit Committee and Chairman of the Nomination and Remuneration Committee * | (Attendance 6 times) |
| 3. Mrs. Pilai Piamphongsarn      | Independent Director, Audit Committee and The Nomination and Remuneration Committee *                             | (Attendance 5 times) |
| 4. Mrs. Pranee Phasipol          | Independent Director, Audit Committee and Investment Committee *  | (Attendance 6 times) |
| 5. Mrs. Supaporn Burapakusolsri  | Independent Director *  | (Attendance 6 times) |
| 6. Mr. Jiraphant Asvatanakul     | Director and Investment Committee   | (Attendance 6 times) |
| 7. Mr. Thawan Viranont           | Director  | (Attendance 6 times) |
| 8. Mrs. Sutepee Asvatanakul      | Director and Nomination and Remuneration Committee  | (Attendance 5 times) |
| 9. Mrs. Sunee Theravithayangkura | Director and Company Secretary  | (Attendance 5 times) |

## **Sub-Committees**

### **1. The Audit Committee**

The Audit Committee consists of three members and should hold meetings at least once every quarter.

Members of the Audit Committee are as follow:

- |    |                         |                          |
|----|-------------------------|--------------------------|
| 1. | Mr. Phisit Setthawong   | Audit Committee Chairman |
| 2. | Ms. Pilai Piamphongsarn | Audit Committee          |
| 3. | Ms. Pranee Phasipol     | Audit Committee          |

### **Authority, duty, and responsibility of Audit Committee**

1. The Audit Committee has authority as follows :
  - 1.1 Inviting the company directors, executives or officers to attend meeting, clarify or answer questions in the matter about business and company operation, subsidiaries, joint venture companies and joint venture projects in the responsibility of Audit Committee
  - 1.2 Consultation with experts or company consultants (if any) or hire external expert consultants if necessary by company expenses
  - 1.3 Examine and investigate as necessary in various matters for operation under the responsibility of Audit Committee to accomplish well.
2. The Audit Committee has duties and responsibilities as follows :
  - 2.1 Check up company to have the correct financial report and sufficient.
  - 2.2 Check up company to have Internal Control System and Internal Audit System that proper and effective and consider independence of Internal Audit Unit
  - 2.3 To review the Company's risk management system in accordance with the defined risk management framework to ensure system effectiveness which will enable the Company to achieve the determined objective both in terms of performance efficiency and effectiveness.
  - 2.4 Check up the company to perform duty according to the law about Securities and Securities Exchange Market
  - 2.5 Consider to promote a person that has independence for doing accounting audit duty of the company and propose the compensation of that person including participate in audit meeting without management party at least once a year.
  - 2.6 Consider transactions that related or may conflict of interest, to be in law and regulation of Securities Exchange of Thailand in order to be confident that the transactions are reasonable and profit optimistic to the company.
  - 2.7 To review corporate compliance with Anti-Corruption Policy and report to the Board of Directors.

2.8 Provide auditing report and Audit Committee activities by publish in the company annual report that needs to be signed off by the Audit Committee Chairman and at least to have the details as follows:

- (A) Comment about correction and completion to be a reliable of company financial report.
- (B) Comment about the efficiency of Internal Control System
- (C) Comment about obey the law of Securities and Securities Exchange Market, SET regulations or the law related to the company business.
- (D) Comment about the proper of Accounting Auditor.
- (E) Comment about transaction that may have conflict of interest.
- (F) Counting of audit committee meeting and each audit committee participation.
- (G) Comment or overall observation that audit committee was received from perform according to the Charter.
- (H) Other transaction consider that share holder and general investor should be acknowledge under the scope of duty and responsibility delegated from the Board of Directors.

3. The Audit Committee is responsible to the Board of Directors as duties and responsibilities assigned by the Board of Directors. The responsibility of all company activities to third parties are still belong to the Board of Directors.

Board of Directors establish Internal Audit unit being a unit inside company by having Director of Audit Department (Khun Yupin Trongpitakkul) is the responsible person.

Education : Sukhothaithummatiraj University, Bachelor of General Management (1994)

Sukhothaithummatiraj University, Bachelor of Accounting (2004)

Work Experience during the past 5 years:

2014-2018 Deputy Manager, Thaivivat Insurance Public Company Limited

The Audit Committee is responsible for the appointment, transfer and dismissal of the Director of Internal Audit Unit in accordance with the Charter of the Audit Committee.

Audit committee meeting has 6 meetings, all three directors attend all meetings.

## **2. Nomination and Remuneration Committee**

Nomination and Remuneration Committee consists of two Independent Directors and two Executive Directors, each of whom shall hold an office term three years. Nomination and Remuneration Committee has a meeting at least once a year. Members of the Nomination and Remuneration Committee are as follow:



- |                             |  |
|-----------------------------|--|
| 1. Mr. Phisit Setthawong    | Independent Director and Nomination and Remuneration<br>Committee Chairman |
| 2. Mrs. Pilai Piumpongsarn  | Independent Director and Member  |
| 3. Mr. Thawan Viranont      | Member   |
| 4. Mrs. Sutepee Asvatanakul | Member   |

### **Scope of powers, duties and responsibilities of Nomination and Remuneration Committee**

To ensure that the operations of the Nomination and Remuneration Committee are carried out in compliance with good corporate governance principles, the Board of Directors therefore determined the scope of powers, duties and responsibilities of the Nomination and Remuneration Committee as follow:

#### 1. Nomination

- 1.1 To determine appropriate nomination procedure for director position that is line with the Company's business nature such as nominating current directors to continue in office, allowing the shareholders to make nominations, seeking assistance from external firm, considering persons from IOD Chartered Director or asking each director to nominate suitable person, etc.
- 1.2 To consider the nomination list and select those who meet the defined qualification criteria.
- 1.3 To carefully inspect those who have been nominated to ensure they possess the qualifications required by law and regulations of government offices.
- 1.4 To contact persons possessing the required qualifications to ensure they are willing to become a director of the Company if appointed by the shareholders.
- 1.5 To propose nomination list to the Board of Directors for consideration and record in the Notice of Shareholders' Meeting to further be appointed by the shareholders.
- 1.6 Nomination and Remuneration Committee may be assigned to consider the nomination of Top Management, particularly President Position.

#### 2. Remuneration

- 2.1 To review the suitability of current remuneration criteria.
- 2.2 To consider remuneration data of other companies within the same industry.
- 2.3 To determine appropriate criteria to ensure that expected results and fairness can be achieved and to ensure that the persons contributed to the Company's success have been rewarded.
- 2.4 To consider every type of remuneration payment by taking into account the amount and percentage of remuneration payment of each type to ensure they are appropriate. Key principles to consider when

determining payment of each type of remuneration include:

- 2.4.1 Retainer Fee such as monthly allowance, annual allowance, etc. should consider these three factors including: (1) practices applied by companies within the same industry; (2) operating results and business size of the Company; and (3) responsibilities, knowledge, abilities and experience of Director or President required by the Company.
- 2.4.2 The determined incentive should be in line with the values which the Company has created for the shareholders such as profits of the Company or dividend paid to the shareholders.
- 2.4.3 Attendance Fee should be appropriately determined in order to attract responsible directors to regularly attend the meetings.
- 2.5 To ensure that all remuneration payments are in compliance with the criteria set out by government offices or relevant recommendations.

Nomination and remuneration committee meeting in 2017 has one meeting, all four directors attend all meetings.

Nomination and remuneration committee meeting in 2018 has one meeting with attendance as follows:

- |                             |   |                      |
|-----------------------------|---|----------------------|
| 1. Mr. Phisit Setthawong    | Independent Director and Chairman of the<br>Nomination and Remuneration Committee | (Attendance 1 times) |
| 2. Mrs. Pilai Piumpongsarn  | Independent Director and Nomination and<br>Remuneration Committee                 | (Attendance 1 times) |
| 3. Mr. Thawan Viranont      | Director and Nomination and Remuneration<br>Committee                             | (Attendance 1 times) |
| 4. Mrs. Sutepee Asvatanakul | Director and Nomination and Remuneration<br>Committee                             | (Attendance 1 times) |

### **3. Investment Committee**

Investment Committee consists of two Independent Directors and one Executive Director, each of whom shall have an office term of three years. Members of Investment Committee are as follow:

- |                              |   |
|------------------------------|---|
| 1. Mr. Chalaw Fuangaromya    | Independent Director, Chairman of the Board and Chairman of<br>Investment Committee |
| 2. Mrs. Pranee Phasipol      | Independent Director, Member of the Audit Committee and<br>Investment Committee     |
| 3. Mr. Jiraphant Asvatanakul | President and Member of Investment Committee  |

### **Scope of powers, duties and responsibilities of Investment Committee**

1. To determine Investment Policy to be proposed to the Board of Directors for approval.
2. To consider and approve the Company's investment plan which should be in line with the defined Investment Policy and overall Risk Management Policy.
3. To oversee the Company's investments to ensure they are in accordance with the defined Investment Policy, overall Risk Management Policy, including relevant practices, regulations and legal requirements.
4. To ensure corporate governance and transparency within the organization, including preventing potential conflict of interest in relation to the Company's investment transactions.
5. To ensure the adequacy of work system, personnel and information relevant to the Company's investments.
6. To manage investment capital in accordance with the Investment Policy approved by the Board of Directors.
7. To report investment outcomes to the Board of Directors on regular basis.

Investment committee meeting in 2018 has two meetings with attendance as follows:

1. Mr. Chalaw Fuangaromya Independent Director, Chairman and Chairman  
of Investment Committee (Attendance 2 times)
2. Ms. Pranee Phasipol Independent Director, Audit Committee and  
Investment Committee (Attendance 2 times)
3. Mr. Jiraphant Asvatanakul Nomination and Remuneration Committee (Attendance 2 times)

### **4. Risk Management Committee**

Risk Management Committee consists of not less than five members who are directors and executives of the Company and shall hold an officer term of three years. Risk Management Committee must hold meetings at least once every quarter.

### **Scope of powers, duties and responsibilities of Risk Management Committee**

1. To determine Risk Management Policy to be proposed to the Board of Directors for approval. Such policy should cover major risks including strategic risk, insurance risk, liquidity risk, operational risk, market risk, credit risk, compliance risk and any other risks which may impact the business operations of the Company.
2. To evaluate the adequacy of the defined risk management strategy, including the efficiency and effectiveness of the Company's risk management practice.

3. To report on risk management performance to the Audit Committee at least once every quarter, with the exception of significant risks which must be reported to the Board of Directors.
4. To determine Business Continuity Management Policy and prepare Business Continuity Plan.

Risk management committee meeting in 2017 has 6 meetings

1. Mr. Jiraphant Asvatanakul	Chairman	(Attendance 5 times)
2. Mr. Praphid Dhiraprayudti	Vice Chairman	(Attendance 5 times)
3. Mr. Krailoes Hanvivadhanakul	Vice Chairman	(Attendance 5 times)
4. Ms. Rutchanee Wongkijpatana	Director	(Attendance 3 times)
5. Ms. Luspan Teumtongchai	Director	(Attendance 5 times)
6. Mr. Kanokchat Tarvonranan	Director	(Attendance 6 times)
7. Ms. Nantawan Arunpiriyakul	Director	(Attendance 5 times)
8. Mr. Thanawut Boonput	Director and Secretary	(Attendance 5 times)
9. Ms.Dutsadee Wannakhlam	Director and Assistant Secretary	(Attendance 4 times)

Attachment 1 Detail of Committee, Executives, Control Authority and Company Secretary

**The disclosure of biographical**

**Director, Executive, Authority control, and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mr. Chalaw Fuangaromya	Age 81 years
Independent Director	Date appointed April 5, 2012
Chairman	April 8, 2015
Chairman of the Investment Committee	May 12, 2016

**Education / Training**

- B.A. Political Science, Phillips University, USA
- M.A. Political Science, Southern Illinois University, USA
- M.A. Social Science, Birmingham University, UK
- Diploma, National Defence College, The National Defence Course Class 27
- Director Certification Program (DCP) Course (Class 18and Corporate Governance, IOD

**Training Course in 2018** - None

**Company Shareholding (%)**

None

**Family Relationship to Management**

None

**(Working Experience for the Past 5 Years.) Information as December 31, 2018**

2014-2012	Chairman of the audit Committee, Thai re Life Assurance PCL , Insurance
2015-2012	Chairman of the audit Committee, Thaivivat Insurance PCL. , Insurance
2012-2008	Chairman, Professional Waste Technology ( (1999PCL, Professional Services
2018	Committee, The Thai Tapioca Development Institute

**Other positions in Company or any organization in the past year.**

Listed Company

- None

Limited Company - None

Special Activity

- Committee, The Thai Tapioca Development Institute

**The disclosure of biographical**  
**Director, Executive, Authority control, and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mrs. Pilai Piampongsarn                      Age 82 years  
Indepent Director                              Date appointed    June 2, 1999  
The Audit Committee    February 23, 2009  
The Nomination and Remuneration Committee    August 11, 2016

**Education / Training**

- B.A. Commerce and Accountancy, Chulalongkorn Universit.
- Certified Public Accountant (CPA) Thailand
- Certified Internal Auditor (CIA) with honors from The Institute of Internal Auditor
- Director Certification Program (DCP), Thai institute of Directors (IOD)

**Training Course in 2017**                      - None

**Company Shareholding (%)**

None

**Family Relationship to Management**

None

**(Working Experience for the Past 5 Years ) Information as December 31, 2018**

2004-2013              The audit committee, Metrostar Property PCL, Real Estate  
1999-Present              The audit committee, Crown Seal PCL., Packaging  
1996-Present              Chairman, Audit and Management Consultant Co., Ltd, Accounting Office

**Other positions in Company or any organization in the past year.**

**Listed Company**

The audit committee, Crown Seal PCL., Packaging

**Limited Company**

Chairman, Audit and Management Consultant Co., Ltd, Accounting Office (Main Job)

**Special Activity**    - None

**The disclosure of biographical**  
**Director, Executive, Authority control, and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mr. Phisit Setthawong                      Age 74 years  
Independent Director    Date appointed    October 28, 2005  
The Audit Committee    April 5, 2012 - April 8,2015  
Chairman of the Audit Committee    April 8, 2015  
Chairman of the Nomination and Remuneration Committee August 11, 2016

**Education / Training**

B.A. Commerce and Accountancy (with honors), Chulalongkorn University  
M.A. Economics, Michigan State University, U.S.A.  
Ph.D. Economics, Michigan State University, U.S.A.  
Director Accreditation Program (DAP) Thai Institute of Directors (IOD)

**Training Course in 2018**

- None

**Company Shareholding (%)**

None

**Family Relationship to Management**

None

**(Working Experience for the Past 5 Years ) Information as December 31, 2018**

2012-Present    Chairman of The audit committee, Thaivivat Insurance PCL. , Insurance

**Other positions in Company or any organization in the past year.**

**Listed Company** - None

**Limited company** - None

**Special Activity** - None

**The disclosure of biographical**

**Director, Executive, Authority control, and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mrs. Pranee Phasipol	Age 69 years
Independent Director	Date appointed April 8, 2015
The Audit Committee	April 8, 2015
The Investment Committee	May 12, 2016

**Education / Training**

- B.A. Major: Accounting (Second Class Honors), Thammasat University
- M.A. Accounting, Thammasat University
- Diploma, National Defence College, The Joint State - Private Sector Course, Class 2003-2004
- Diploma in Public Law, Batch 9, Thammasat University and The Office of the Council of State
- Top Executive Program in Commerce and Trade, Batch 2, Commerce Academy, UTCC
- Certificate of Civil Service Executive Development Program,
- Course 1, Batch 30, Office of the Civil Service Commission
- Certificate of Change Management, Ripa International, UK
- Certificate of Distance Learning Course for Insurance Supervisors (Module 2), World Bank
- Certified Public Accountant
- Director Certification Program 10/2001, Thai Institute of Directors (IOD)
- Advance Audit Committee Programs

**Training Course in 2018**            None

**Company Shareholding (%)**

None

**Family Relationship to Management**

None



**(Working Experience for the Past 5 Years) Information as December 31,2018**

Present Independent Director, Audit Committee, Compensation Committee and Governance and Nomination Committee, Dusit Thani PCL. , Tourism & Leisure

Present Independent Director , Chairman of The audit committee and Chairman of the Nomination and Compensation Committee, SCI Electric PCL. , Energy

2017 - Member of Foreign Business Commission, Ministry of Commerce

2017 - The audit committee The Support Arts and Crafts International Center of Thailand

2017 - Member of Life Insurance Fund Commission, Life Insurance Fund

2017 - Chairman of Ethics /Committee and Member of CPA Examination Committee, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King

2018 - 2001 Qualified Person in Finance and Account, Office of the Civil Service Commission

**Other positions in Company or any organization in the past year.**

**Listed Company**

Independent Director, Audit Committee, Compensation Committee and Governance and Nomination Committee, Dusit Thani PCL. , Tourism & Leisure

Independent Director, Chairman of The audit committee and Chairman of the Nomination and Compensation Committee, SCI Electric PCL. , Energy

**Limited Company**

None

**Special Activity**

- Board Advisory, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King

- Sub-Committee , Federation of Accounting Professions Under the Royal Patronage of His Majesty the King

- Qualified Person in Finance and Account, Office of the Civil Service Commission

**The disclosure of biographical**

**Director, Executive, Authority control, and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mrs. Supaporn Burapakusolsri                      Age 65 years  
Independent Director                                  Date appointed    November 14,2016

**Education / Training**

- BA. Accounting (Honors), Thammasat University
- MA. Accounting, Thammasat University
- Certified Public Accountant (CPA), Thailand Registration No. 2800
- Public Economy Management for Senior Executive, Class 7, King Prajadhipok's Institute
- Director Certification Program (DCP) DCP172/2013, IOD
- Director Accreditation Program (DAP) DAP87/2011, IOD
- Role of the Compensation Committee Program (RCC) 13/2011 , IOD
- Royal Thai Air Force Air War College (RTAF.AWC.) Class 35,Royal Thai Air Force
- Chief Financial Officer Certification Program Class 4, Federation of Accounting Professions
- Thailand Insurance Leadership Program Class 2 - OIC Advance Insurance Institute
- Strategic Airport Development Program, Germany
- Airport Mangement Commercial Program, Singapore
- Advance Audit Committee (AACP23/2016) , IOD

**Training Course in 2016**

- Tax law knowledge – PwC Thailand
- Financial Reporting Standards For businesses that do not have public interest - Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- Tales of fraud and wrong news, accounting standards of listed companies, Class 1/61
- Accounting Standards Training Year 2018 – PwC Thailand
- Audit Committee Forum 2018, Learn, unlearn and relearn – Audit Committee in the Age of Disruption- IOD

**Company Shareholding (%)**

None

**Family Relationship to Management**

None

**(Working Experience for the Past 5 Years ) Information as December 31, 2018**

2017 - Present	Independent Director, Chairman of The Audit committee, S N Service Solution Company Limited, Food Drink and Service
2015 – Present	Independent Director, Chairman of the Audit Committee, Member of Nomination and Remuneration Committee, Chewathai Public Company Limited, Real Estate
2015 – 2015	Independent Director, Chairman of the Audit Committee , Chewathai Company Limited , Real Estate
2008 – 2013	Senior Executive Vice President, Planning and Finance Chief Financial Officer (CFO) Airport of Thailand Public Company Limited , Transportation & Logistics
2008 – 2012	Director Suvarnabhumi Airport Hotel Company Limited , Hotel

**Other positions in Company or any organization in the past year.**

**Listed Company**

-Independent Director, Chairman of the Audit Committee, Member of Nomination and Remuneration Committee, Member of Corporate Governance Committee, Chewathai Public Company Limited, Real Estate

**Limited Company**

- None

**Special Activity**

- None

**The disclosure of biographical**

**Director, Executive, Authority, control and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mr. Jiraphant Asvatanakul	Age	59 years
Director	Date Appointed	May 12, 1986
The Investment Committee		May 12, 2016

**Education / Training**

- B.A. Economics, Thammasart University
- Master in Professional Accounting, University of Texas at Austin, U.S.A.
- Diploma, National Defence College, The National Defence Course Class 56
- Thailand Insurance Leadership Program Class 1 - OIC Advance Insurance Institute
- Top Executive Program in Commerce and Trade, Batch 8, Commerce Academy, UTCC
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)
- Top Executives Program Class 22, Capital Market Academy

**Training Course in 2017**            None

**Company Shareholding (%)**

8,781,128 shares 2.89%

**Family Relationship to Management**

- Mrs. Sutepee Asvatanakul's spouse
- Brother in Law of Mrs. Sunee Theravithayangkura

**Working Experience for the Past 5Years ) Information as December 31, 2018(**

1983- Present	CEO and President Thaivivat Insurance PCL. , Insurance
-1992Present	Director ,Member of the nomination and Remuneration Committee, Thai Reinsurance PCL. , Insurance
2016- Present	Independent Director , Member of the audit committee, Member of the nomination and Remuneration Committee , Vichitbhan Palmoil PCL., Agribusiness

- 2000Present Vice Chairman ,Chairman of The Investment Committee,  
Road Accident Victims Protection Co., Ltd. , Insurance
- 2010Present Director T.I.I. Co., Ltd. (Thailand - Insurance Institute), Education
- 20142017 Director Thai General Insurance Association
- 2014Present Director, The Federation of Insurance Company in Thailand
- 2015-2014 Director, The Re Life Assurance PCL. , Insurance
- 20142017 Board Treasurer, Thai Chamber of Commerce
- 2017 – Present Director, Thai Insurer Datanet Co., Ltd. , Insurance support business
- 2017- Present President, Thai General Insurance Association
- 2017 – Present Secretary General, Thai Chamber of Commerce

**Other positions in Company or any organization in the past year.**

**Listed Company**

- Director ,Member of the Nomination and Remuneration Committee, Thai Reinsurance PCL. , Insurance
- Independent Director , Member of the audit committee, Member of of the nomination and Remuneration Committee , Vichitbhan Palmoil PCL., Agribusiness

**Limited Company**

- Vice Chairman ,Chairman of The Investment Committee, Road Accident Victims Protection Co., Ltd. , Insurance
- Director T.I.I. Co., Ltd. (Thailand - Insurance Institute) , Education
- Director, Thai Insurer Datanet Co.,Ltd. , Insurance support business

**Special Activity**

- President, Thai General Insurance Association
- Director, The Federation of Thai Insurance Organizations
- Secretary General, The Thai Chamber of Commerce and Board of Trade of Thailand

**The disclosure of biographical**  
**Director, Executive, Authority control, and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mr. Thawan Viranont                      Age 70 years

Director    Date Appointed                      April 29, 1993

The Nomination and Remuneration Committee                      August 11, 2016

**Education / Training**

- B.A. Law, Thammasart University

- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

**Training Course in 2018**

None

**Company Shareholding (%)**

18,000 shares 0.01%

**Family Relationship to Management**

None

**(Working Experience for the Past 5 Years ) Information as December 31, 2018**

2015- Present      Advisor of CEO Thaivivat Insurance PCL. , Insurance

1999-2014      Executive Vice President Thaivivat Insurance PCL. , Insurance

**Other positions in Company or any organization in the past year.**

**Listed Company**

- None

**Limited Company**

- None

**Special Activity**

- None

**The disclosure of biographical**

**Director, Executive, Authority control, and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mrs. Sutepee Asvatanakul	Age 58 years
Director	Date appointed June 18, 1986
The Nomination and Remuneration Committee	August 11, 2016

**Education / Training**

- B.A. Liberal Arts, Thammasart University
- Master of Business Administration, Tarlenton State University (U.S.A)
- Thailand Insurance Leadership Program Class 2 - OIC Advance Insurance Institute
- Director Certification Program (DCP), Thai Institute of Directors (IOD)
- Top Executive Program in Commerce and Trade, Batch 11, Commerce Academy , UTCC

**Training Course in 2018** - None

**Company Shareholding (%)**

4,725,384 shares 1.56%

**Family Relationship to Management**

- Mr. Jiraphant Asvatanakul's spouse
- Sister of Mrs. Sunee Theravithayangkura

**(Working Experience for the Past 5 Years) Information as December 31, 2018**

-2004-Present Managing Director, Thaivivat Insurance PCL., Insurance

**Other positions in Company or any organization in the past year.**

**Listed Company**

- None

**Limited Company**

- None

**Special Activity**

- None

**The disclosure of biographical**

**Director, Executive, Authority control, and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mrs. Sunee Theravithayangkura Age 67 years

Director Date appointed June 18, 1986

Company Secretary August 20,2008

**Education / Training**

- B.A. Law, Thammasart University

- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

**Training Course in 2018**

None

**Company Shareholding (%)**

18,000 shares 0.01%

**Family Relationship to Management**

- Sister of Mrs. Sutepee Asvatanakul

- Sister in Law Mr. Jiraphant Asvatanakul

**Other positions in Company or any organization in the past year.**

**Listed Company** - None

**Limited Company** - None

**Special Activity** - None

**The Corporate Secretary has the following Responsibilities:**

1.Preparing and keeping documents below.

a) Registration of The Committee.

b) Notice and Minutes of Board Meeting and Annual Report of the Company

c) Notice and Minutes of Shareholders Meeting

2.Keeping the report of the interests of directors, executives, under Section 89/14 the report to chairman and Chairman of the Audit Committee within seven days from the date of receiving the report.

3.Other actions According to the notification of the Capital Market Commission.



Attachment 2            Detail of Committee of Subsidiary Companies

**The disclosure of biographical  
Director, Executive, Authority control, and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mr. Viphet Sihachakr                            Age 52 years

Chairman

**Education / Training**

Master Degree, Union of Soviet Socialist Republics (U.S.S.R.)

**Training Course in 2017**

None

**Company Shareholding (%)**

-

**Family Relationship to Management**

None

**(Working Experience for the Past 5 Years) Information as December 31, 2018**

2017- Present    President            Laovivat Insurance

Personal Business

**Other positions in Company or any organization in the past year.**

**Listed Company**

- None

**Limited Company**

- None

**Special Activity**

- None

**The disclosure of biographical**  
**Director, Executive, Authority control, and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mr. Thawan Viranont                      Age 70 years  
Vice President

**Education / Training**

- B.A. Law, Thammasart University
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

**Training Course in 2017**

None

**Company Shareholding (%)**

-

**Family Relationship to Management**

None

**(Working Experience for the Past 5 Years ) Information as December 31, 2018**

2017-Present    Vice President    Laovivat Insurance  
2015- Present    Advisor of CEO    Thaivivat Insurance PCL. , Insurance  
1999-2014       Executive Vice President    Thaivivat Insurance PCL. , Insurance

**Other positions in Company or any organization in the past year.**

**Listed Company**

- None

**Limited Company**

- None

**Special Activity**

- None

**The disclosure of biographical**  
**Director, Executive, Authority control, and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mr. Pasatxay Philaphandeth                      Age 54 years  
Vice President

**Training Course in 2016**

None

**Company Shareholding (%)**

-

**Family Relationship to Management**

None

**(Working Experience for the Past 5Years ) Information as December 31, 2018**

2017- Present    President              Laovivat Insurance

**Other positions in Company or any organization in the past year.**

**Listed Company**

- None

**Limited Company**

- None

**Special Activity**

- None

**The disclosure of biographical**  
**Director, Executive, Authority control, and Corporate Secretary**

**Name / Age / Position / Date appointed**

Mr. Pongsapoj Piamcharoen                      Age 54 years

Director

**Training Course in 2018**

None

**Company Shareholding (%)**

-

**Family Relationship to Management**

None

**(Working Experience for the Past 5Years ) Information as December 31, 2018**

2017- Present    President              Laovivat Insurance

**Other positions in Company or any organization in the past year.**

**Listed Company**

- None

**Limited Company**

- None

**Special Activity**

- None

## Company Secretary

To promote Company Secretary depends on consideration of Board of Directors in finding proper person responsible for this position. In Board of Directors meeting No. 3/2008 on 13 August 2008, we agreed to promote Ms. Sunee Theerawithayangkul to be in Company Secretary position and effected since 14 August 2008 onward until now.

Mrs. Sunee Theravithayangkura Age 66, % Holding = 0.006%

Director Appointed from 18 June 1986 – Present

Company Secretary Appointed from 14 August 2008 – Present

Family relationship between director and executive – Sister of Ms. Sutepee Asvatanakul

Sister-in-law of Mr. Jiraphant Asvatanakul

Education / Trainings

Bachelor of Law, Thammasat University

Diploma in Director Accreditation Program (DAP) (IOD)

Work Experience during the Past 5 Years

2013-2018 Director and Company Secretary, Director of Benefits Department (Thaivivat Insurance Plc.)

The Board of Directors has determined the roles and responsibilities of Company Secretary as follow:

1. To prepare and keep the following documents:
  - 1.1. Directors' Registration
  - 1.2. Notices and minutes of the Board of Directors' Meeting and the Company's Annual Reports
  - 1.3. Notices and minutes of the Shareholders' Meetings
2. To keep all the records of stake holdings reported by the directors or executives, including sending a copy to the Chairman of the Board and Chairman of the Audit Committee within the period of seven days counting from the date on which such report has been received.
3. To perform any other tasks required by SEC.

## Head of Corporate Compliance Operation

Ms. Nanthawan Arunpiriyakul    Position    Benefits Department Manager

### Education

Bachelor of Law, Thammasat University

Master of Business Administration, Ramkhamhaeng University

### Work Experience during the Past 5 Years

2013-2018    Benefits Department Manager, Thaivivat Insurance Public Company Limited

## **Scope of powers, duties and responsibilities**

### 1. To ensure compliance with the laws

1.1 To be the central point for collecting the laws, rules and regulations of external agencies regulating non-life insurance business such as OIC, SEC and AMLO.

1.2 To be the central point in overseeing and ensuring legal compliance of every internal unit within the organization and informing them of any updated or newly issued laws, rules, regulations, orders and notifications, including preparing a summary of newly issued laws, rules and regulations.

1.3 To prepare Basic Legal Compliance Handbook in a form of database to provide updated information on important laws, rules and regulations for operational benefits and to be used a reference while carrying out the operations of various internal units within the organization.

1.4 To monitor and ensure that all internal operations are in compliance with relevant laws, rules and regulations.

1.5 To give advice, suggestion and opinions in relation to various laws, rules, regulations, policies or notifications pertaining to non-life insurance business.

1.6 To perform specific duties which included being the central point in ensuring compliance with laws in relation to anti-money laundering and combating the financing of terrorism (AML/CFT).

1.7 To support risk management operations concerning legal compliance by providing information and data gathered from monitoring legal compliance of internal units, including giving opinions and suggestions on the Company's internal control in relation to legal compliance in order to conduct analysis and prepare relevant risk management plan.

2. To coordinate with both external and internal agencies

2.1 To make coordination in obtaining permit from external agencies in order to carrying out certain operations of the Company or to consult on legal matters to ensure clear understanding before being implemented by internal units of the organization.

External agencies to which Corporate Compliance Office must contact and coordinate with include:

- (1) Office of Insurance Commission (OIC)
- (2) Anti-Money Laundering Office (AMLO)
- (3) The Securities and Exchange Commission (SEC)
- (4) Other governmental agencies which the Audit Committee deemed appropriate

2.2. To coordinate, on behalf of the Company, with the Office of Insurance Commission (OIC) or other regulators required by law.

2.3. To coordinate, on behalf of the Company, with the Office of Anti-Money Laundering and Combating the Financing of Terrorism (AMLO) or other governmental agencies concerning AML/CFT matters.

2.4. To coordinate with the internal units in preparing reports required by external agencies or by laws.

2.5 To provide legal knowledge and prepare information on non-life insurance laws or any other interesting laws or laws concerning key transactions of the Company in order to provide trainings to organizational staffs.

#### Directors and Executives Compensation

Board of Directors consider and permit Directors and Executives Compensation before propose to approve from share holders meeting by compensation criteria is in the level as paid in the business. Suitable for duty and responsibility including having evaluation of performance every year and take the receiving results as a factor to consider the compensation in number.

Company Directors receive compensation in term of attendance fee and bonus in the year 2018 are as following

Name	Position	Meeting Attendance	Attendance fee	Bonus	Total
Mr. Chalaw Fuangaromya	Independent Director, Chairman of the Board And Chairman of the Investment Committee	6/6	205,000	420,000	625,000
Mr. Phisit Setthawong	Independent Director, Chairman of the Board Audit, Nomination and Remuneration Committee Chairman	6/6	230,000	430,000	660,000
Ms. Pilai Piamphongsarn	Independent Director, Audit Committee Nomination and Remuneration Committee	5/6	210,000	420,000	630,000
Ms. Pranee Phasipol	Independent Director, Chairman of the Board And Chairman of the Investment Committee	6/6	250,000	420,000	670,000
Mrs. Supaporn Burapakusolsri	Independent Director	6/6	115,000	210,000	325,000
Mr. Jiraphant Asvatanakul	President And investment committee	6/6	150,000	30,000	180,000
Ms. Sutepee Asvatanakul	Director and Nomination and Remuneration Committee Chairman	6/6	130,000	30,000	160,000
Mr. Thawan Wiranont	Nomination and Remuneration Committee Chairman	5/6	110,000	210,000	320,000
Ms. Sunee Theerawittayakul	Director Company Secretary	6/6	95,000	210,000	305,000
<b>TOTAL</b>			<b>1,495,000</b>	<b>2,380,000</b>	<b>3,875,000</b>

A. Company Executive from Department Manager level onward of the company total 25 persons received compensation in term of 2018 salary and bonus 71,538,105 Baht



Human Resources

In 2018, we have all employee as 593 persons, compensation in the form of salary and bonus 310,128,792 Baht including provident fund 12,751,732 Baht.

<b>The Share holding of Directors and Top Managements in 2017</b>				
<b>Name</b>	<b>Position</b>	<b>January</b>	<b>July</b>	<b>December</b>
Mr. Chalaw Fuangaromya	Independent Director, Chairman and Chairman of the Investment Committee	-	-	-
Mr. Phisit Setthawong	Independent Director, Chairman of the Audit Committee and Chairman of the Nomination and Remuneration Committee	-	-	-
Mrs. Pilai Piamphongsant	Independent Director, Audit Committee and The Nomination and Remuneration Committee	-	-	-
Mrs. Pranee Phasipol	Independent Director, Audit Committee and Investment Committee	-	-	-
Mrs. Supaporn Burapakusolsri	Independent Director			
Mr. Jiraphant Asvatanakul	Director and Investment Committee	8,781,128	8,781,128	8,781,128
Mr. Thawan Viranont	Director and The Nomination and Remuneration Committee	18,000	18,000	18,000
Mrs. Sutepee Asvatanakul	Director and The Nomination and Remuneration Committee	4,752,384	4,725,384	4,725,384
Mrs. Sunee Theravithayangkura	Director and Company Secretary	18,000	18,000	18,000
Mr. Suraphong Theravithayangkura	Senior Executive Vice President	476,040	476,040	476,040
Mr. Praphid Dhiraprayudti	Senior Executive Vice President	50,264	50,264	50,264
Mr. Thepphen Asvatanakul	Executive Vice President	12,600,000	12,600,000	12,600,000
Ms. Janjira Asvatanakul	Executive Vice President	12,600,000	12,600,000	12,600,000
Mr. Pimol Chantaveerakul	Vice President	-	-	-
Mr. Chalernpol Saiprasert	Senior Director of Innovation	-	-	-
Mr. Somkrit Suracheevakit	Vice President	-	-	-

## 6. Corporate Governance

6.1 The Board of Directors of Thaivivat Insurance Public Company Limited recognizes the importance of fostering good corporate governance as it helps to ensure efficient, transparent and verifiable management system within the organization which will in turn help to build stronger credibility and confidence among the shareholders, investors, stakeholders and relevant parties. At the same time, it is an essential tool in building corporate stability. Hence, corporate governance principles and related practice have therefore been established as per the following details:

### 1. Rights of Shareholders

The Company prioritizes and respects the rights of the shareholders by promoting equitable rights among all major and minor in accordance with the laws. This shall include the rights to buy-sell or transfer shares, profit sharing, have sufficient access to the Company's business information, be notified of the Shareholders' Meeting, including the rights to attend meetings to cast a vote, the rights to ask questions at the meeting or submit questions in advance of the meeting, the rights to appoint or remove directors, the rights to determine remuneration for the Board of Directors and the rights to appoint an Auditor and determine Auditor's Fee as well as other matters that may affect the Company such as dividend allocation and capital increase or decrease, all of which must be in compliance with legal requirements.

The Company supports the rights of shareholders by encouraging and promoting every group of shareholders as well as institutional shareholders to attend the Shareholders' Meeting, including ensuring the disclosure of related information, date, time, place and agenda of the meeting as well as providing explanations accompanying each meeting agenda or meeting resolution stated in the notice of General Shareholders' Meeting and Extra General Shareholders' Meeting or any enclosed documents thereof.

The Company also gives the shareholders the opportunity to submit in questions prior to the day of the meeting. All questions must be written clearly and must be notified to the shareholders through meeting notice.

The Company prepares Proxy Form B for the shareholders to be able to determine the direction of voting, including allowing at least one Independent Director to be an alternative proxy holder of the shareholders. At each Shareholders' Meeting, each item must be voted separately in case there are more than one items on the agenda such as an agenda to consider and approve the appointment of directors.

The Company also requires the use of ballots for important agenda such as connected transaction or transaction relating to acquisition or disposition of assets to ensure transparency and verifiability in case of later disputes.

During the meeting, the Chairman should manage the time appropriately and encourage all shareholders to express their opinions and raise questions relevant to the Company's business.

The Company prepares meeting minutes and discloses meeting resolution to the general public regarding the number of votes for each agenda at every General Shareholders' Meeting and Extra General Shareholders' Meeting via SEC website and the Company's website on the following day.

In 2018, the Company held General Shareholders' Meeting on April 20, 2018. The meeting was attended by seven directors.

The Company assigned Thailand Securities Depository Company Limited, the registrar of the Company's shares, to deliver meeting notices to the shareholders fourteen days in advance of the day of the meeting. The Chairman equally allowed all shareholders attended the meeting the right to inspect the business operations of the Company, including the right to ask questions and express opinions, all of which had been recorded in the prepared meeting minutes.

## 2. Equitable Treatment among Shareholders

By realizing great importance of shareholders, the Company has therefore continuously supported equitable treatment among all shareholders, whether they are major or minor shareholders, foreign shareholders or institutional investors, by upholding the following practices:

The Company allows minor shareholders to make nominations for director position, including proposing additional agenda prior to the day of the Shareholders' Meeting within appropriate timeframe.

The Company allows those shareholders who are unable to attend the meeting to grant the power of attorney to his or her representative so that they can attend the meeting and cast a vote on their behalf.

The Company requires its directors and executives to disclose information in relation to their stakeholding and that of relevant parties so that the Board of Directors may consider those business transactions with potential conflict of interest and make decision to ensure the overall benefits of the Company. Those directors and executives having stakeholding in any transaction relevant to the Company should not participate in the decision-making process of such transaction.

The Company formulated Insider Trading Policy in order to prevent the use of internal information that may affect buying-selling of securities of the Company. This policy aims to prevent directors or executives from improperly using internal information to achieve personal interests or interests of others. No directors, advisors, executives or staffs having gain advance knowledge of the Company's operating results either directly or indirectly, including relevant parties are allowed to buy or sell the Company's shares during the 60-day period prior to the disclosure of the Company's financial statements to the general public. Throughout the past year, the Company's directors and executives have strictly complies with such policy and no buying-selling of shares had been observed during such period. Moreover, executives or departments that have authorized access to internal information are prohibited from disclosing such information to external parties or irrelevant persons as per the details disclosed in Insider Trading Section.

### 3. Roles of Stakeholders

The Company places great importance on the rights of both internal and external stakeholders and shall avoid every action that may violate the rights of stakeholders. The Company shall continuously ensure equality among all parties and has therefore determined the roles of the stakeholders as follow:

Customers The Company recognizes the importance of good service quality as it is an essential key to building customer satisfaction and reliability in providing the Company's services. At the same time, the Company focuses on developing high quality products capable of satisfying customer demands to ensure highest customer satisfaction.

### 4. Information reveal and transparency

The Board of Directors is the one who responsible for Financial Statement of company. Financial Statement will be made up according to the Accounting Standard certified by overall in Thailand. By using Accounting Policy that suitable and practice in a regular way and carefully use discretion and good estimation in the making. Including enough information reveal in the remark combined to the Financial Statement.

The Board of Directors provide the company to have Internal Control for making sure that accounting information keeping is correct and complete together with establish the Audit Committee which includes member that not an Executives to be the person responsible for financial report and Internal Control System by represent the report of Audit Committee in the Annual Report.

Company has defined a clear policy of committee compensation. The compensation will be at the same level in the industry and high enough to retain the member that has the qualification as required which was approved from the share holder meeting. In the part of compensation to the Executives will follow the principle and policy that defined by Board of Directors which related to the company performance outcome and performance of each Executives. Financial compensation was identified in the page 34-35 but not reveal the compensation of the member that is the Executives in the part of being received from become other company committee because it is not the company information.

Board of Directors are aware of company's information that affect to the decision of investor and stakeholder of company. Then, we focus and practice with the Executives about information reveal that complete and reliable.

### 5. Responsibility of Board of Directors

There are 9 members of Board of Directors combined with 4 members that is executive, 1 members that is non-executive and 5 independent members. In the part of Chairman is independent member. No any relationship with the management part and the same person with President. For duty separation to define the policy of control and routine management, the company just only has the Executives committee and Audit committee which has assigned member and responsibility in detail at page 24-30

Committee has set up the meeting every 2 months by clearly define the agenda in advance and has the routine operation result follow up session. Company Secretary Department has organized meeting invitation letter with meeting agenda and documents before the meeting for 7 days to have the committee study the information before go to the meeting. The meeting will take about 2 hours and was noted down in writing and keep the past minute of meeting that was accepted from the committee.

Company foresees the important of Internal Control System both in the management level and operation level. Then, we have defined the duty, operation authority of management and operation in the form of writing. There is the control of company asset usage to create benefits and duty separation of operation, controller, and including evaluation to create a cross check mechanism between each other in an explicit way. Company has the Internal Audit department responsible for audit the main working operation and financial activity of company that it was perform in the way that was defined. Abide by the law and regulation that related to the company (Compliance Control). Committee was assigned the Internal Audit to report directly the audit result to the Audit Committee and receive evaluation result from the Audit Committee for having independent to the Internal Audit and enable to fully perform the audit responsibilities.

#### Performance evaluation report of the Board of Directors and Sub-Committees

In 2018, the Board of Directors evaluated the performance of the Board of Directors by dividing the assessment topics into 6 categories. Each director gave score each topic, added each topic scores of all directors and divided by number of directors to get the result as follows :

	<b>Average score</b>
1. Structure and qualifications of the Board of Directors	3.55
2. Roles, duties and responsibilities of the Board of Directors	3.71
3. Board meeting	3.72
4. Directors' duties	3.83
5. Relationship with management	3.80
6. Self-development of directors and executive development	3.81

An overview of the self-assessment of the Board of Directors on an individual basis was at Fa good level with an average score of 3.79 from 4.00, equivalent to 94.75% The highest score of

Evaluation topic was the roles, duties and responsibilities of the Board of Directors and the lowest score was the Board of Directors meeting including the performance evaluation of individual

sub-committees by dividing into 3 categories: the structure and qualifications of the sub-committee meetings and roles, duties and responsibilities of sub-committees by using the same performance evaluation of the Board of Directors. The results were as follows:

Audit Committee got an average score 3.30 from 4.00, equivalent to 82.50%

	<b>Average score</b>
1. Structure and qualifications of the Board of Directors	3.62
2. The Board of Directors meeting	3.56
3. Roles, duties and responsibilities of the Board of Directors	3.52

Nomination and Remuneration Committee got an average score 3.66 from 4.00, equivalent to 91.45%

	<b>Average score</b>
1. Structure and qualifications of the Board of Directors	3.46
2. The Board of Directors meeting	3.50
3. Roles, duties and responsibilities of the Board of Directors	3.58

Investment Committee got an average score 3.59 points from 4.00, equivalent to 89.78%

	<b>Average Score</b>
1. Structure and qualifications of the Board of Directors	3.71
2. The Board of Directors meeting	3.56
3. Roles, duties and responsibilities of the Board of Directors	3.52

#### Performance evaluation of Chief Executive Officer and President

The Board of Directors evaluated performance of the Chief Executive Officer and President by dividing topics into 10 categories. Each director gave score each topic, added each topic scores of all directors and divided by number of directors. The results of all categories were 3.85 points from 4.00, equivalent to 96.24%.with details as follows :

Average Score

1. Leadership	4.00
2. Strategy formulation	3.89
3. Compliance with the strategy	3.91
4. Financial planning and performance	3.83
5. Relationship with the Board of Directors	3.87
6. External relations	3.96
7. Administration and relationship with personnel	4.00
8. Succession	3.96
9. Knowledge of products and services	4.00
10. Personal features	4.00

By Category 2: CEO Development, the Board of Directors had an opinion that the key strength of CEO in business depth knowledge and innovative development strategies was important to the industry, leadership, understanding others and compromise in finding resolution in various matters. The issue that CEO should develop more in appropriate time allocation next year.

**Trade Partners** The Company is committed to perform its business with fairness and ensure equitable treatment among all trade partners as well as strict compliance with the terms and conditions set forth by the trades and agreements in which the Company is engaged. The Company shall also emphasize on selecting appropriate trade partners that possess a keen sense of morality, professionalism and good reputation.

**Shareholders** The Company is committed to achieve good operating results to ensure good profits and satisfaction among the shareholders.

**Employees** The Company recognizes its employees as the most valuable resource and has therefore continuously carried out personnel development to ensure that its employees are ready to move forward together with the Company. In addition, suitable remuneration and staff welfare policies equivalent to similar businesses had been established.

**Competitors** The Company shall compete in a manner which demonstrates a keen sense of morality and shall not violate or obtain any trade secrets of its competitors by unlawful methods. The Company shall strictly uphold fair competition and shall not attempt to seek any trade secrets of its competitors by inappropriate means or discrediting its competitors.

**Creditors** The Company shall pay all debts within the specified timeframe, strictly comply with agreement terms and conditions and ensure equitable and fair treatment among all creditors, particularly in terms of guarantee terms and conditions and capital management. In the event of failure to comply with the established terms and conditions and resulted in defaults, the Company shall immediately notify relevant creditor in advance without concealing any facts in order to jointly seek fair and reasonable solutions, including ensuring appropriate capital management structure in order to maintain reliability among creditors.

**Debtors** The Company shall strictly comply with the agreement terms and conditions. In the event any debtor fails to comply with the agreement terms and conditions and resulted in defaults, the Company shall conduct negotiation in order to seek fair and reasonable solutions.

**Society and Environment** The Company recognizes the importance of corporate social responsibility and is therefore committed to continuously support and participate in social and community development activities.

**Human Rights** By realizing the importance of human rights, the Company therefore set up human rights-related policy which provides equal rights and freedom among every employee in performing his/her duties, including career growth in accordance with the Company's regulation. The Company shall also share some knowledge and understanding on basic human rights to be applied in intellectual property-related works. The Company shall strictly comply with intellectual property laws. It also established a policy which prohibits the support of any operations that may result in the violation of any type of intellectual property rights. Meanwhile, every employee shall be responsible for securing the confidentiality of all information in relation to the Company's intellectual property whether it be insurance products, computer system, operation manual or any other items developed by the employees during operation as assigned by the Company and must not use any intellectual property of others without the owner's consent.

**Anti-Corruption** The Company has determined anti-corruption policy and related practice, all of which has been approved by the Board of Directors and disseminated among the employees, trade partners and general public to be strictly followed.

### **Performance Evaluation of the Board of Directors and Sub-committees**

In 2017, the Board of Directors evaluated the performance of the Board of Directors.

It was divided into 6 topics: Structure and Qualification of the Board; Roles, duties and responsibilities of the Board; the Board Meeting; Director action; Relationship with Management and the self-development of directors and executive development. The evaluation allows each director independently to rate each topic, add scores of each topic of each director and divided by the number of directors. The average score was 3.65 points from total of 4 points or 91.25 percent. The Board had also evaluated the sub-committees performance which are divided into 3 topics: Structure and Qualifications of the Sub-committee; the Sub-committee; roles, duties and responsibilities of sub-committees.

It was the same Board evaluation, the result was as follows:



- the average score of Audit Committee was 3.62 points from total of 4 points, or 90.5%.
- the average score of Nomination and Remuneration Committee was 3.49 points from total of 4 points, or 87.25%
- the average score of Investment Committee was 3.95 points from total of 4 points, or 98.75%.

### **Performance Evaluation of President**

Board of Directors evaluated the President which was divided into 10 topics: Performance Measurement, Strategic Specification, Practice and follow up strategy, Planning and Financial Performance, the Board Relationship, External Relationship, Management and staff relationship, inheritance, Product and Service Knowledge and private features. The evaluation method allowed each director to rate each topic independently, took each rating of total directors, added and divided by the number of directors. The results of all topics are average 3.95 points from 4 points or 96.25 percent. CEO Development of topic 2, the directors had the opinion that CEO key strength should maintain the leadership and vision. The CEO should develop more to accelerate the planned work and follow up the results closer next year.

#### 6.2 Nomination and Appointment of Directors and Executive

The Board of Directors assigned Nomination and Remuneration Committee to be responsible for seeking suitable persons to become the Company's directors, including considering the nomination list and selecting those having met the defined qualification criteria, checking whether the nominated candidates have the qualifications required by law and the regulations of government offices, proposing the nomination list to be considered by the Board of Directors and included in the shareholders' meeting notice to be further considered and appointed by the shareholders. The Nomination and Remuneration Committee may be assigned to consider the nomination of Top Management Position, particularly President Position.

##### 6.2.1 Director and Independent Director Qualifications

###### 1. Director Qualifications

The Company's Board of Directors consists of members who are directors with keen sense of knowledge, experience and abilities that are beneficial to the Company, regardless of his or her gender, and must have clear understanding regarding the duties and responsibilities of directors as well as the Company's business nature and can fully devote his or her time and efforts to being a director of the Company.

###### 2. Independent Director Qualifications

Apart from completely meeting the required qualifications as directors of the Company, Independent Directors shall also possess the following characteristics:

- 1) 1. Holding not more than 1.0% of the total voting shares of the Company, its subsidiary, associated company, major shareholder or controlling person, with the number of shares held by related parties being counted.

2) 2. Being a director who is not or has never been an executive director, employee, staff member, salaried advisor or controlling person of the Company, its subsidiary, associated company, same-level subsidiary, major shareholder or controlling person, unless such characteristics have lapsed for at least two years before being appointed. These prohibited characteristics shall exclude cases in which Independent Director had been a civil servant or an advisor of a government office who was a major shareholder or controlling person of the Company.

3) 3. Being a director who has no relationship whether by blood or by legal registration under the status of a father, mother, spouse, sibling, and child, including the spouse of the child of other executives, major shareholders, controlling persons or persons who are being nominated for appointment as executive or controlling person of the Company or its subsidiary.

4) 4. Being a director who does not have or has never had a business relationship with the Company, its parent company, subsidiary, associated company, , major shareholder or controlling person in a manner that may hinder the exercise of his or her independent judgment, and not being a person who is or has been a significant shareholder or controlling person or a person with business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless such characteristics have lapsed for at least two years before being appointed. The prescribed business relationship shall also include normal trading transactions for the purpose of business operations, rental or lease of immovable property, transaction related to assets or services, or granting or receiving financial assistance by receiving or giving loans, guarantee, using assets as debt collateral, including other similar acts that result in the Company or the party thereof being liable to pay the other party by the rate of 3% or more of net tangible asset or Bt 20 million or more, whichever is smaller. The calculation of such liabilities shall be in accordance with the method of connected transaction calculation specified in the Capital Market Supervisory Board Notification Re: Criteria on Undertaking Connected Transactions, mutatis mutandis, with the liabilities occurring during the one-year period prior to the date of business relationship with the same person being included.

5) 5. Being a director who is not or has never been an external auditor of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, and must not be a significant shareholder, controlling person or partner of an audit firm to which an external auditor of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person belongs, unless such characteristics has lapsed for at least two years before being appointed.

6) 6. Being a director who is not or has never been a provider of any professional service including legal advisory service or financial advisory service with the service fee thereof exceeding Bt 2.0 million per year from the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, and must not be a significant shareholder, controlling person or partner of the provider of such professional service, unless such characteristics have lapsed for at least two years before being appointed.

7) 7. Being a director who is not appointed as representative of a director, major shareholder or a shareholder holding relationship with a major shareholder of the Company.

8) Not undertaking a business of the same nature and in significant competition with those of the Company or its subsidiary, nor being a significant partner of a partnership or an executive director, employee, staff member, salaried advisor with over 1.0% of the total voting shares of another company undertaking a business of the same nature and in significant competition with those of the Company or its subsidiary.

9) Not having any other characteristics that may hinder the exercise of his or her independent judgment about the Company's business operations.

### 3. Audit Committee Qualifications

Members of the Audit Committee must have the following characteristics:

- 1) Completely met all independent director qualifications
- 2) Must not be a director who had been assigned by the Board of Directors to make decisions concerning the business operations of the Company, its parent company, subsidiary, associated company, same-level subsidiary or juristic person with potential conflict of interest.
- 3) Must not be a director of the parent company, subsidiary or same-level subsidiary that is a registered company.
- 4) At least one member of the Audit Committee must have adequate knowledge and experience to ascertain the integrity of the Company's financial statements.

### 6.3 Nomination process for directors and executives

Board of Directors assigned the Nomination and Remuneration Committee to act as a recruiting person to hold director position suitable to the organization nature. Consider the names of persons who have been nominated and select persons who are qualified in accordance with specified qualification criteria. To verify that the nominated person has qualification as laws and regulations. The official nominates for committee to consider and contain the names in the shareholders' meeting notice for the shareholders to appointment consideration.

#### 6.3.1 Rights of Minor Shareholders Concerning the Appointment of Directors

To ensure the protection of rights and equitable treatment among minor shareholders, the Company therefore allows the shareholders to nominate persons who possessed the required knowledge and abilities as well as meeting the defined qualifications to be considered for appointment as director in advance and shall notify all shareholders via the communication channel provided by SET and the Company's website [www.thaivivat.co.th](http://www.thaivivat.co.th). Nomination Criteria and related forms are also disclosed on the Company's website.

#### 6.3.2 Executive Nomination Process

The Board of Directors assigned the Nomination and Remuneration Committee to conduct the nomination procedure and consider the succession plan for director and top management positions to ensure effectiveness and the Executive Committee shall be responsible for the appointment of President and Chief Executive Officer positions to be responsible for running the Company's business operations under the supervision of the Board of Directors.

In respect to the appointment of top management of each department following the defined organizational structure, the President and Chief Executive Officer shall be responsible for the selection and appointment of such position.

#### 6.4 Supervision of subsidiaries operations

The Company has a subsidiary, Laovivat Insurance Company Limited, which is a non-life insurance company established in Lao People's Democratic Republic. In supervising the subsidiary operations, the company has appointed executive to be director in subsidiary. The company directors consider to select a person to be a subsidiary director and propose for the Board of Directors approval. The appointed person as director in a subsidiary has duties to perform for the best benefit of the subsidiary and is approved by the Board of Directors before voting on important matters.

#### 6.5 Insider Trading

The Company established Insider Trading Policy in order to prevent the use of internal information that may affect buying-selling of securities of the Company as follow:

1. No directors, advisors, executives or staffs of the Company are allowed to use any internal information for the benefits of buying-selling securities as it shall be treated as violation of the law and against the defined conflict of interest principle as well as unfair treatment to other shareholders. Any disclosure of internal information to third parties or irrelevant persons is also strictly prohibited.

2. All directors, advisors, executives and staffs of the Company must strictly comply with the laws, rules and regulations concerning insider trading, including laws in relation to securities and stock exchange and other related requirements.

3. No directors, advisors, executives or staffs having gain advance knowledge of the Company's operating results either directly or indirectly, including relevant parties are allowed to buy or sell the Company's shares during the 60-day period prior to the disclosure of the Company's financial statements to the general public.

4. All directors, advisors, executives and staffs from manager level or above who buy or sell shares of the Company must notify Legal Department regarding such buying or selling within the following day in order to be further reported to the SEC or directly report to the SEC within 3-day period starting from the date of acquisition or disposition of such shares. The securities holding of each member of the Board including the executives and the Auditor of the Company must always be reported at each Board of Directors' Meeting. Throughout the year 2016, the Company had strictly followed the defined regulation.

#### 6.6 Account Auditor compensation

Ernst & Young Office Co., Ltd. is the well known company and accepted in international level that agreed from The Securities and Exchange Commission and take part in giving advisory to the Office of Insurance Commission in starting to use Risk Based Capital (RBC) including the accounting audit experience to other disaster insurance company. Even more, there is no relationship and/or conflict of interest between auditor and the company/executives/major share holders. In fiscal year of 2018, the

Accounting has the compensation of account auditor totally as 2,390,000.- Baht with the following detail:

1. Annual audit fee	1,095,000.-	Baht
2. Three quarters accounting review	765,000.-	Baht
3. RBC transaction audit second quarter	160,000.-	Baht
4. Annual RBC report review fee	370,000.-	Baht
6.7 Compliance with good corporate governance policy 6		

The company has complied with policies and guidelines specified in good corporate governance policy which details are published on the company website [www.thaivivat.co.th](http://www.thaivivat.co.th)

Adopting good corporate governance principles for Listed companies in 2017 to apply, the Board of Directors has determined to improve the corporate governance principles of the company in accordance with the principles of good corporate governance for listed companies in 2017 and requiring regular review of compliance with good corporate governance principles at least once a year

## **7. Social Responsibility**

Thaivivat Insurance Public Company Limited prepared this Corporate Social Responsibility Report for the year 2018 to reflect its policy, strategy, thinking process and its business operation in the capacity as a finance institution which contributed to the development of Thai society in terms of financial stability for Thai people and Thai business through insurance business transaction of the Company as well as the disclosure of its operating results to interested parties, not only in the financial aspect, but also in the aspect of social and environmental issues. The Company had the policy of running its business under the ethical principles and good business governance, taking into account the social and environmental responsibility at the distant and immediate level. It therefore plunged into the CSR-in-process and the CSR-after-process continually.

### **Guidance for Reporting**

This Report covered the operation in 2018. The information was compiled from its previous operations, particularly, centering on its operation at the head office, the principal office, to lay down the policy, strategies and the operations as a whole of the Company. Moreover, mentions were of the guidelines for development of the company and its personnel to be ready for the responsibility according to the mission assigned as well as the data in relation to its internal operations along the CSR line concerned.

Thaivivat Insurance PCL was aware of its limitation and its readiness to declare the information in the Report. However, this report applied the guideline on preparing a report based on the corporate social responsibility of Stock Exchange of Thailand as a reference framework for consistency with the standard of a listed public company in the Stock Exchange of Thailand in which the Company was listed since 1993.

### **Criteria for Reporting Content Selection**

The Company had considered matters in relation to Corporate Social Responsibility (CSR) based on the nature of the Company's business which is being the number one provider of non-life insurance service

that is most widely trusted by the customers and determined corporate vision of offering stable security for Thai society. The Company's corporate missions are as follow:

- Development of the organization to strong financial standing and management based on good corporate governance.
- Development of the products to be more cost-effective enabling the reduction of risks and alleviation of loss of the public appropriately.
- Development of service to good standard, thus fairly enhancing the customer satisfaction and trading partners.

All of which are the keys to steering corporate performance in relation to economic, social and environmental aspects in the direction that will help to ensure the mutual interests of the stakeholders at every level.

Since 2015, the Company began to create mutual values in addition to the existing corporate vision and missions in order to instill common operational practice from theoretical to operational level to ensure consistency and concrete implementation of the defined corporate vision and missions. The Company also tried to promote personnel engagement to create a sense of unity within the organization. This includes:

Trusted Upholding professionalism to build customer trust	1. Conduct business with fairness 2. Promote anti-corruptions 3. Disclosure of information and reports
Progressive Continuously develop products and services to address every consumer demand	4. Responsibility toward consumer 5. Develop products and services that will help to uplift the quality of life and society
Innovative Using latest innovation to deliver service excellence	
Togetherness Demonstrate compassion and care for others as if they were part of the family	6. Personnel Benefits 7. Carry out community and social development 8. Conduct environmental management

In order to categorize the level of importance of each CSR aspect, the Company had also taken into account the opinions of the stakeholders.

Important for interested persons	Very important	Social and community development Respect for human right	Responsible to consumers (production and service) Operate business with fairness Anti-fraud Disclosure of information and report
	Important	Use of resources (management of environment)	Care for personnel ( fair treatment of labor) Corporate good governance Risk management
	Important		Very important
Important to Thaivivat Insurance			

**Engagement with the Stakeholders**

Stakeholder	Expectation	Practice	Contact Channel
Customer	<ul style="list-style-type: none"> <li>- Well-defined products that are able to provide the required protection and are highly understandable</li> <li>- Excellent sale and after-sale service quality</li> <li>- Fair compensation</li> <li>- A highly stable insurance company capable of paying compensation when an incident occur</li> </ul>	<ul style="list-style-type: none"> <li>- Sales promotion</li> <li>- Excellent sale and after-sale service quality</li> <li>- Provide protection as per the given insurance policy</li> <li>- Develop high quality products that can serve customer demands</li> <li>- Deliver fair, accurate and quick compensation payment</li> <li>- Manage insurance related risk in accordance with regulation of Office of Insurance Commission (OIC)</li> </ul>	<ul style="list-style-type: none"> <li>- Satisfaction Survey</li> <li>- Provide channel (s) for comments/suggestions</li> <li>- Head Office and Branches</li> <li>- Customer Relations Tel. 1231</li> <li>- Claim Hotline Tel. 1231 Ext.2</li> <li>- Website: thaivivat.co.th</li> <li>- Facebook: <a href="http://www.facebook.com/thaivivat">www.facebook.com/thaivivat</a></li> </ul>
Trade Partner	<ul style="list-style-type: none"> <li>- Follow the trade agreement</li> <li>- Increase the quantity/value of products and services</li> </ul>	<ul style="list-style-type: none"> <li>- Conduct business with fairness</li> <li>- Equitable and fair treatment among all trade partners</li> <li>- Strict compliance with trading terms and conditions including the established agreement</li> </ul>	<ul style="list-style-type: none"> <li>- Policy and Code of Business Ethics</li> <li>- Site visit and evaluation</li> <li>- Website: thaivivat.co.th</li> </ul>

Stakeholder	Expectation	Practice	Contact Channel
		<ul style="list-style-type: none"> <li>- Select appropriate trade partner that demonstrates ethics, professionalism and good reputation</li> <li>- Establish clear procurement procedure</li> </ul>	
Personnel	<ul style="list-style-type: none"> <li>- Fair compensation</li> <li>- Follow Code of Ethics in relation to labor</li> <li>- Ensure safety of life and properties</li> <li>- Offer opportunity for knowledge development and professional career path</li> <li>- Balance between work and life</li> </ul>	<ul style="list-style-type: none"> <li>- Support skills and knowledge training</li> <li>- Has a policy on providing appropriate staff compensation and welfare and equivalent to that of other businesses of similar nature</li> <li>- Career stability and good career path</li> <li>- Pleasant and safe working environment</li> <li>- Activities for building corporate bond</li> </ul>	<ul style="list-style-type: none"> <li>- Communicate with personnel regarding staff welfare</li> <li>- Satisfaction Survey</li> <li>- Meetings by function</li> <li>- Complaints Handling Unit, HR Department</li> <li>- Directly raise complaint to the Management</li> <li>- E-mail: <a href="mailto:hrdept@thaivivat.co.th">hrdept@thaivivat.co.th</a></li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>- Business growth</li> <li>- Good corporate governance</li> <li>- Rights and equality of shareholders</li> <li>- Anti-corruption</li> <li>- Access to accurate information</li> </ul>	<ul style="list-style-type: none"> <li>- Long-term and continuous returns</li> <li>- Conduct business based on the principles of good governance and corporate governance</li> <li>- Disclose reports as per defined schedule and the regulation of SET</li> </ul>	<ul style="list-style-type: none"> <li>- Annual Report</li> <li>- Shareholders' Meeting</li> <li>- Contact Investor Relations Tel.1231 ext. 5938</li> <li>- E-mail: <a href="mailto:nantawan_aru@thaivivat.co.th">nantawan_aru@thaivivat.co.th</a></li> <li>- Website: <a href="http://thaivivat.co.th/th/investor_contact.php">thaivivat.co.th/th/investor_contact.php</a></li> </ul>
Competitor	<ul style="list-style-type: none"> <li>- Compete in business with a sense of morality</li> </ul>	<ul style="list-style-type: none"> <li>- Compete with morality</li> <li>- Must not seek trade secrets of competitors through unacceptable means</li> <li>- Must not damage the reputation of competitors through discredits</li> </ul>	<ul style="list-style-type: none"> <li>- Website: <a href="http://thaivivat.co.th">thaivivat.co.th</a></li> </ul>
Creditor	<ul style="list-style-type: none"> <li>- Prompt debt payment</li> <li>- Compliance with the defined terms and conditions</li> </ul>	<ul style="list-style-type: none"> <li>- Strictly follow debt payment deadline and the agreement terms and conditions</li> <li>- Comply with the terms and conditions in relation to guarantee and capital management</li> <li>- In case of failure in following the agreed terms</li> </ul>	<ul style="list-style-type: none"> <li>- Contact Finance Department Tel. 1231</li> <li>- Website: <a href="http://thaivivat.co.th">thaivivat.co.th</a></li> </ul>



Stakeholder	Expectation	Practice	Contact Channel
		and conditions which resulted in defaults, the Company shall immediately notify the creditor in advance and shall completely disclose all information to jointly seek proper solution - Ensure appropriate capital management structure existed to maintain creditor confidence	
Debtor	- Compliance with relevant requirements and conditions - Interest rates are in accordance to the law	- Strict follow the agreement terms and conditions - In case debtor fails to follow the agreed terms and conditions which resulted in default, the Company will negotiate with that debtor in order to seek fair and reasonable solution	- Contact Finance Department Tel.1231 - Website: thaivivat.co.th
Society and Environment	- Conduct business with responsibility - Carry out community development - Legal compliance - Cooperate in government projects	- Recognize and demonstrate accountability toward the economic, social and environmental impacts resulting from the Company's business operations - Conduct business based on the principle of good corporate governance and under the supervision of government agencies - Support, assist and participate in various social and community development activities	- Contact the Company Tel. 1231 - Website: thaivivat.co.th - Contact the Company's Secretary Office

**GOOD CORPORATE GOVERNANCE AND FAIR BUSINESS OPERATION**

**Policies and Guidelines**

In the aspect of corporate governance for business transparency, verifiability, the company followed the principles of good corporate governance. For this purpose, the company set up a supervisory unit to ensure that various operations went properly according to various regulations and the provisions of the law of the Office of Insurance Commission (OIC) and other supervisory organizations concerned, namely, the Stock Exchange of Thailand (SET) and the Office of Securities and Exchange Commission (SEC) and the Anti-Money Laundering Office (AMLO).

Thaivivat Insurance PCL took into account equality, fairness, avoidance of taking unfair advantage and the honesty in running the insurance business through protection of the interest in collaboration with persons involved who would be treated fairly in the course doing business by strict compliance with the law and rules jointly formulated; espousing business ethics in doing business, not demanding for, not receiving and distributing any interest in bad faith in trading with the trading partners according to the principles of good governance.

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As of December 18, 2017, Thaivivat Insurance Public Company Limited received the Thai Chamber of Commerce Business Ethics Standard Test Award 2017 (TCC BEST Award). The award presentation ceremony held to honor companies with excellent policies and practices on good corporate governance, transparency, and corporate social responsibility.

### **Corporate Governance Related Agencies**

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The Compliance Department was established under control of the Benefits Department as a center of compilation and tracing data and information of relevant external regulations. The regulations are translated and/ or summarized for benefits of company's departments and personnel to comply with those relevant regulations.

Moreover, an internal audit unit was set up as an independent organization, to report directly to the Audit Committee and the Company's Board of Directors, to have the duty to audit, review internal activities, operations within the company; to provide counseling, propose opinions and advice on remedying, improving the operation properly and efficiently. As regards the report on good governance, it was already reported in the Form of Items of Annual Data 2018 (Form 56-1) on the heading of "Management." And on website [www.thaivivat.co.th](http://www.thaivivat.co.th)

### **ANTI-CORRUPTION**

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Thaivivat Insurance PCL was aware of problem of corruption which affected the Company's ability for competition and sustainable development to the extent it increased the cost of business operation, resulting in lowered operating efficiency, thus failing to create maximum benefits for consumer. The company therefore attached importance to anti-corruption of all forms, not only in the light of violating the law, but it was contravening the good moral virtues and ethics; it was therefore unacceptable behavior.

By recognizing the importance of preventing corruption and supporting anti-corruption operation in wider scale, the Company therefore developed Anti-Corruption Policy and Code of Conduct for Anti-Corruption and has continuously carried out transparency and operational performance review and audit on yearly basis, including ensuring that the Company's operational performance in all aspects are in compliance with the determined operational standard. The Company's Anti-Corruption Policy shall be reviewed on two-year basis as deemed appropriate or whenever significant changes are required.

Based on recent audit results, Thaivivat Insurance Public Company Limited had fulfilled the requirements of Private Sector Collective Action Coalition Against Corruption Council by having fully developed and adopted Anti-Corruption Policy and Code of Conduct for Anti-Corruption throughout the organization, allowing the Company to become an official member of Collective Action against Corruption on October 18, 2017. Since Private Sector Collective Action against Corruption is under the support of the Thai Government and Office of the National Anti-Corruption Commission (NACC), the Company therefore worked closely with the government sector as well as civil society and mass media sector in setting transparency and anti-corruption standard within the business industry, including taking part in developing the country.

The Company also regularly communicates its Anti-Corruption Policy and Code of Conduct for Anti-Corruption among its personnel via various channels, provides in-house personnel capacity development training programs and even communicates with its trade partners and external agencies through notices which require their cooperation in avoiding acceptance of gifts of every kind. The Company also determined Whistle Blowing Policy which provides several channels for whistle blowing or complaints as follow:

	Sunee Theravithayangkura. Director and Company Secretary		
E-letter	<a href="mailto:nantawan_aru@thaivivat.co.th">nantawan_aru@thaivivat.co.th</a>	Telephone	1231 Ext. 5938
	Nantawan Arunpiriyakul, Compliance Section		
E-letter	<a href="mailto:sunee_non@thaivivat.co.th">sunee_non@thaivivat.co.th</a>	Telephone	1231
Letter	Thaivivat Insurance PCL		
	71 Din Daeng Road, Samsen Nai Sub-district, Phya Thai District, Bangkok 10400		

**In respect to whistle blower protection scheme, the details are provided in the Company's Anti-Corruption Policy which is accessible through the Company's website.**

#### **Disclosure of Information and Reports**

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The company was aware of the data of the company that it had effect on the decision-making of investors and interested parties of the Company, it therefore emphasized the disclosure of correct, complete, reliable key information about the company to the public; both of the financial information and non-financial information according to the requirements of the SET and as per the Notification of the Office of Insurance Commission (OIC) Re: Criteria, Method and Conditions in Relation to Disclosure of Statements of Financial Position and Operating Results of Non-Life Insurance Company B.E. 2551 (2008) which requires accurate, complete and on-time disclosure of relevant information to ensure equitable information access among all shareholders. Apart from disclosure of information within the organization and among relevant organizations, the general public as well as the stakeholders can also access the Company's information via the Company's website.

The information made available on Company's website ([www.thaivivat.co.th](http://www.thaivivat.co.th)) include:

- The Articles of Association
  - Corporate Governance Handbook and Principles
  - Code of Business Ethics
  - Important Financial Information and Financial Statements (yearly and quarterly)
  - Annual Registration Statement (Form 56-1)
  - Annual Report
  - CSR Report
  - Shareholders' Meeting Notices and Minutes
  - Anti-Corruption Policy
  - Code of Conduct for Anti-Corruption
  - Notice for Non-Acceptance of Gifts
  - Laundering Prevention and Suppression Policy
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## **RESPONSIBILITY TO CONSUMERS**

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Thaivivat Insurance Public Company Limited is committed to create the insured's satisfaction for its products and services given its responsibility to the insured by delivering good quality services at reasonable price following the regulations of the Office of Insurance Commission (OIC). For example, the form and message in the insurance policy must be consistent with the insurance premium determination and have clear meaning, and the definitions being used must correctly follow academic rules in order to prevent legal interpretation in case of any claims. On top of this, the Company offers insurance premiums which are appropriate and at the rates approved by the registrar.

In addition, the Company has developed and improved various insurance policies to meet the changing demand of the Thai society including continuous service improvement in tandem with changing technology in order to increase the speed in providing services to the insured and to consistently maintain lasting customer relationship.

### **The Company's Indemnity Capability Upon Claiming**

The stability of an insurance company is vital to the credibility of its insurance products. As a financial institution, insurance companies directly affect the insured and the overall economy, especially by its ability to compensate insurance claims. Therefore, Thaivivat Insurance PCL recognizes the importance of maintaining its financial position as required by the laws and regulations of the regulatory bodies such as the OIC. In 2018, the Company had the capital adequacy ratio (CAR) in the third quarter of more than 300%, indicating its high ability to compensate insurance claims.

### **Compensation Service**

The Company has developed policy for claim payment to ensure fast and timely service that can truly help the people. The Company makes the decision to pay the claims within 14 days after the claim has been accepted in order to ensure timely response that meets the need of the insured. The Company strictly adheres to the terms and conditions in its agreement with customers to prevent possible litigations that may arise.

The Company has introduced innovation and new information systems in its insurance services. The Company has used E-Claim for full claim management service to increase its efficiency in servicing customers in accident and enhance the service potential of claims inspectors enabling them to print out repair orders at the accident spot 24 hours across the country. Apart from this, the Company has opened 27 branches throughout the country and offered repair notification service for the insured of motor insurance at car service centers that have joined the program to ensure the convenience of the insured in making claims and to provide the insured necessary advice and assistance.

### **Product Development and innovation in insurance**

The Company is committed to developing products to meet consumer demand in the past years. In 2018, the Company received the following awards in innovation:

On Friday 7 September 2018, the Company received the 2018 Prime Minister's Insurance Awards at "THAILAND INSURANCE EXPO 2018" organized by the Office of Insurance Commission (OIC). In this occasion, Mr. Jiraphant Asvatanakul, CEO and Managing Director of Thaivivat Insurance PCL, received the award "Technological Innovation Excellence for Insurance" from Mr. Apisak Tantiworawong, the Minister of Finance. The honorary award will encourage us to continuously develop our insurance products and innovation to meet consumer demand.

On 5 October 2018, the Company received an award and certification as an innovative organization under the program to promote innovation in SET listed companies from Mr. Wichet Tantiwanich, National Innovation Committee, National Innovation Agency (Public Organization) at the seminar "Innovative Organization for Sustainability in the Stock Exchange of Thailand (SET)" jointly organized by the National Innovation Agency (Public Organization) (NIA) and SET and mai. The event intended to strengthen the competitiveness of listed companies and allow the companies to understand its potential, leading to more innovation that can serve consumer needs and corporate sustainability.

#### **Product Development – "Thaivivat Active Health" Health Insurance**

Many Thai people are facing health problem. One of the causes stems from our negligence to exercise or pay attention our health. As an insurance company that has always focused on the importance of consumer health, the Company is committed to promoting good health and sustainable well-being. In 2018, the Company developed and introduced a new health insurance product called "Thaivivat Active Health Insurance" to encourage healthy consumer lifestyle using health and wearable technology with an aim to promote exercising and good discipline as well as to change consumer behavior in the long term, especially for those who have just started exercising.

Aside from being an insurance policy that promotes healthy and disciplined living for the users, Thaivivat Active Health is an insurance policy which encourages users to exercise regularly through the use of IoT connected to Smart Watch and wearable technology which can track exercise information as well as the use of Thaivivat Health Application which has been designed for use with the health insurance in providing information on health and daily exercise. This helps the users in making a health plan and creates awareness for the users by using their exercise information to calculate monthly discount on premium up to 40 percent, encouraging users to exercise on a regular basis.

#### **Product development – Pay-Per-Use Motor Insurance**

In 2018, the Company continued to introduce innovation in its insurance products. Pay-Per-Use Motor Insurance is one of the products that have been consistently innovated in terms of service and function in order to meet consumer needs. To ensure consumers receive the best service and highest benefit, the application has been developed with on-off function and accident notification service using GPS without requiring users to explain the directions. The users can track the claim staff's route, find the nearest garage, police station, hospital, and fire station, and renew insurance policy through the application without contacting the staff, allowing for increased convenience and fast contact in case of emergency.

The Company developed a tool that can connect to the application for automatic on-off function and introduced the use of TBeacon and USBTBeacon to enable fast connection by just installing the tool in the car and connecting it to Thaivivat application, allowing for convenient on-off of insurance.

#### **Product development – “Travel Insurance On-Off”**

In 2018, the Company stepped up its innovation to a higher level by introducing travel insurance product that meet the needs of today’s consumers called “Travel Insurance Plus On-Off” which enhances service convenience and serves technology need of today’s users in their daily life. The travel insurance focuses on value for money for travelers by allowing them the flexibility in planning their trip. Travelers pay the premium only for the period they actually take the trip which helps save travel expenses. The travel insurance allows travelers to top up or adjust their travel duration. The remaining days can be credited to the next trip, meeting the lifestyle of frequent and business travelers. Travelers can use the application “Thaivivat Travel” to check the insurance coverage and contact for assistance in case of medical or travel emergencies anywhere in the world 24 hours, giving confidence on all your journeys.

#### **Development of Diverse Purchase and Premium Payment Channels**

In terms of service, the Company has improved access to its insurance products and constantly enhanced its insurance-related services. The Company offers diverse purchase channels to allow consumers convenient access to its products including through agents, brokers, department stores, convenient stores, and website [www.thaivivat.co.th](http://www.thaivivat.co.th) which has been certified by the Department of Business Department for its standards on online purchase and payment system, allowing customers to choose from a variety of premium payment options including credit card, bank counters, and mobile payment.

#### **Other Services**

Customer relations center to provide convenience for the insured, there are competent staff who will provide advice, help customers understand, solve and follow up with the problems of the insured, ensuring that the insured are being serviced accurately and efficiently.

In addition, customer relations center is the department which keeps information on customer satisfaction. The information on customers’ problems which have been reported to the center will be used to improve service quality and operations. Custom relations center can be contacted at Tel No. 1231 during business hours (Monday-Friday 8.00-18.00 hrs.) through the Company’s website [www.thaivivat.co.th](http://www.thaivivat.co.th) and Facebook: [www.facebook.com/thaivivat](http://www.facebook.com/thaivivat).

Claim Service Center to provide fast assistant service to our insured customers, especially motor and health insurance customers, the Company has a center that receives claims and inspects car accidents 24 hours every day with the use of real-time tracking and GPS. Staff at the center can send information to the claims inspector who is closest to the accident spot to ensure quick service and customer confidence. On top of this, customers who have registered and installed Thaivivat mobile application can report accident by pressing the button “Emergency Report” without dialing and can send the location to the Company without having to explain the directions.

**Claim Service Center can be contacted at 1231 ext.2. 24 hours every day.**

- Roadside Assistance Service is a service for customers whose car has broken down on the way which might be caused by engine or equipment failure. The Company provides staff who can assist customers by providing technical advice and solving the situation. The Company also provides onsite technicians to provide basic help at the accident spot as well as car towing service to the repair center. The service is available 24 hours by contacting the Claim Service Center.

## **Products and Services**

### **for Community and Social Development**

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Community and social development is a key element of sustainable business development. Today, there is a demand for all business sectors to increase corporate social responsibility. The Company, therefore, needs to focus on community and social development which is an important factor for sustainable growth of insurance business.

The Company recognizes the importance of insurance and mass access to insurance. As a result, the Company operates through micro-insurance program and emphasizes on-the-road damage minimization in line with the Company's motor insurance which is its core product. The Company carried out Excellent Service Program during 2018 New Year and Songkran as outlined below:

#### **Micro-insurance**

The Company carried out work for community and social development following the policy of the Office of Insurance Commission (OIC) in the Insurance Development Plan No. 3 (2016-2020), particularly in promoting knowledge and access to insurance. The Company promoted insurance products for micro-level customers to ensure that people have insured security in their lives and assets, alleviating government burden in remedying people and engaging in Thailand's social development.

The Company provided insurance service in various forms, taking into account the needs of the people which continue to change in tandem with the society and economy. The Company recognizes the importance of insurance system access of people at every level. As a result, the Company has a policy to promote micro-insurance with simplified coverage, affordable premium, and wide and easy access through its purchase channels. The Company's key micro-insurance products are as follows:

#### **1. Cancer Micro-insurance**

Thaivivat collaborated with Counter Service to offer micro-insurance at more than 6,000 counter services throughout Thailand to allow greater access to needed insurance products. These products consist of:

1. "Jai Pum Micro-Insurance for Cancer" covering all types of cancers except skin cancer at a premium rate of 711 baht per year and total coverage amount of 70,000 baht and 2. "Jai Pum Micro-Insurance for Cancer" covering all types of cancer except malignant melanoma and skin cancer

2. Rice Insurance for 2018 harvest year

Thaivivat is 1 out of 22 companies which participated in the government's In-Season Rice Insurance Project with an objective to create income stability for rice farmers in 30-Million-Rai targeted areas and reduce the costs and risk associated with rice yield. The farmers will be insured for seven types of natural disasters including flood or heavy rainfall, drought or intermittent rainfall, storm or cyclone, freezing weather or frost, hail and fire on which farmers are covered for 1,260 baht per Rai. For weed and disease outbreak, farmers are covered for 630 baht per Rai. In-season rice insurance is available at the Bank of Agriculture and Agricultural Cooperatives so that rice farmers across the nation can gain access to insurance products.

3. "200" Micro-insurance

Thaivivat is an insurance company which joined the "Insurance Policy 200" Project initiated by the Office of Insurance Commission (OIC). The Insurance 200 for people with 20 to 60 years of age is a personal accident micro-insurance which covers the insured for 1,000 baht in case of death, amputation, eyesight loss, or permanent disability caused by accident, for 50,000 baht in case of homicide, and for 10,000 baht in case of death from illnesses by paying an insurance premium of 200 baht per year. Its objective is to provide opportunity for people at all levels to gain access to affordable accident insurance products.

4. Fire Micro-insurance for Residential

Thaivivat is an insurance company which participated in the "Fire Micro-Insurance Policy for Residential" Project initiated by the Office of Insurance Commission (OIC). With only an annual premium of only 400 baht, the fire micro-insurance covers damage on resided property caused by four types of incidence including fire, lightning strike, explosion (insurance coverage amounting 300,000 baht for half-concrete-half-wooden house, 150,000 baht for wooden house, and 50,000 for small wooden property) and natural disasters (storm, flood, earthquake, and hail – combined coverage amount not exceeding 10,000 baht). If the damage makes the insured unable to reside in their property and need to find a temporary place to stay, the Company will compensate for rent up to 300 baht per day but for no more than 30 days. Its objective is to provide opportunity for people at all levels to gain access to affordable fire insurance products.

5. Field corn insurance

The Company is one out of 14 companies participating in the "Field Corn Insurance" Project with an objective to create stability for farmers in 2-Million-Rai target areas in 33 provinces. It aims to support farmers in growing field corn after rice growing season in order to avoid oversupply and price drop of rice as well as to mitigate the costs and risk from yield. Farmers are insured for eight types of disasters including flood or heavy rainfall, drought or intermittent rainfall, storm of cyclone, freezing weather or frost, hail, fire, and elephant attack with coverage of 1,500 baht per Rai and insured for weed and disease outbreak with coverage of 750 baht per Rai. Field corn insurance is available at the Bank of Agriculture and Agricultural Cooperatives so that farmers across the nation can gain access to insurance products.

**"Excellent Service" Program during New Year and Songkran Festival**

Both public and private agencies recognize the importance of road accidents in Thailand which is ranked among the highest in the world causing loss of lives and assets and preventing the country from advancing. In response, several campaigns and projects have been continuously carried out to reduce the number of road accidents and loss of lives due to road accidents. Among these efforts, car insurance plays a



vital role in non-life insurance industry; as a result, the Company created a campaign called “Excellent Service during New Year and Songkran Festival 2018” by working with the Department of Highways and the Expressway Authority of Thailand to facilitate both the citizens and government officials in performing their duties during the holidays with an aim to prevent accidents. The Company also provided motor insurance service during New Year and Songkran seasons on which the number of commuters traveling on the roads and road accidents are at its highest.

**“Excellent Service during New Year and Songkran Festival 2018” took the following steps:**

1. Deployed accident inspection and operation staff to be stationed at service locations in various provinces across the country with maximum number of service staff in areas with heavy traffic, major highways, and popular tourist attractions.
2. Increased the number of customer service and operational staff to sufficiently meet customer demand during the festive seasons.

**Knowledge and Access to Insurance**

Knowledge and understanding of insurance among consumers is a vital issue. Even though technology is increasingly being used to provide information, there remain some consumers who lack access to insurance information. As a result, these consumers become unaware of the benefit of insurance in helping reduce life and property risk in case of unexpected incidence. As an insurance company, Thaivivat plays a role in promoting the news, knowledge, and understanding about insurance by developing the following details:

1. Created content and published insurance knowledge including on motor insurance, health insurance, travel insurance and other insurance through online channels such as website and other social media.
2. Collaborated with key opinion leaders to create awareness and encourage consumers to recognize the importance of insurance in reducing life and property risk.

**Employee Benefits**

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Thaivivat recognizes that employees are the most valuable resource who must receive care and capacity development to efficiently perform their work. The Company focuses on developing employees at all levels on a continuous basis to enhance their knowledge, capability, skills, and positive attitude. The Company emphasizes knowledge enhancement, especially for technical knowledge, by providing both in-house and outsourced trainings. In terms of remuneration, the Company puts an emphasis on fair compensation with biannual evaluation and keeps track of the industry’s average salaries to ensure appropriate salary structure. In terms of benefits and welfare, besides annual sick and vacation leaves, Thaivivat pays a special attention to employees’ health and living quality as well as their family members. All the benefits given to employees are intended to create workplace happiness for employees which will lead to employee productivity.

Once employees pass the trial period, the employees will officially become full-time employees. All the Company's employees are full-time employees who receives remuneration and benefits from the Company as outlined below:

### **Welfare for Good Quality of Life**

- **Provident Fund**

Thaivivat has a policy to ensure that all employees have retirement savings after they leave the Company. The Company established a provident fund for employees who have been with the Company for at least three years. Once employees become members of the fund, they will contribute 5 or 10 or 15 percent of their monthly salary to the fund and the Company will contribute another 7.5 percent of the employee's monthly salary. The Company's provident fund is managed by a fund management company who is the fund manager.

- **Welfare Loan**

Employees who have been with the Company for at least three years are eligible to apply for the Company's welfare loan for residential, medical, or educational purposes.

- **Financial Aid for Employees and Their Family Members**

For wedding and parents' funerals

- **Medical Treatment**

Aside from providing social security insurance for all employees in accordance with the labor law, Thaivivat offers basic medical service by Chulalongkorn Hospital's team and preliminary diagnosis before transferring to hospital in case of severe conditions. The service can be accessed every work day at the Company's headquarters where most employees work.

- **Accident Insurance**

For employee welfare, Thaivivat provides personal accident insurance for employees in case of accidents that lead to death in order to alleviate the burden for the employee's family.

- **Health Insurance**

To ensure convenience for employees, Thaivivat offers health insurance to employees covering medical expenses that are not already covered by social security.

### **Employee Benefit and Development**

Thaivivat continuously provides trainings for employees both on insurance knowledge and other skills which are necessary for insurance and service operations. In 2018, the organizational restructuring separated Personnel Development Department from HR Department to achieve greater personnel development efficiency.

At the start, the Company provided new employees with basic insurance knowledge through the 2018 training program called "Get to Know Insurance Business" at ThaiRe Services Co., Ltd. Ratchadapisek Road, Bangkok.

#### **Class 1: 12 December 2018 with eight new employees.**

After completing the program, the Company provided additional trainings which were intended for further skill enhancement. In 2018, the training programs comprise:

- “Essential HR Functions for Non HR people” by Assistant Prof. Dr. Tuchpong Settabut at Thaivivat Building, 6th Floor Meeting Room with an aim to increase knowledge and understanding of the roles and basic concepts of organization and human resource management

**Class 1: 6 October 2018 with 45 participants**

- Coaching Skill-Management in the new era “Agile Scrum” by Ajarn Santitat Paimai on 3 November 2018 at Thaivivat Building, 6th Floor Meeting Room for 50 supervisors with an aim to create better understanding of the synergy which can result from teamwork and to apply the new technique to team management
- “Microsoft Excel for Work” by Ms. Anyamane Arakwanich on 7 December 2018 at Thaivivat Building, 6th Floor Meeting Room for 40 participants with an aim to enhance knowledge and understanding of pertinent Excel work

Apart from internal training programs, Thaivivat provides employees with trainings on work-related knowledge and skills organized by external organizations. The Company selects participants based on relevancy and provides work-related trainings for eight hours per employee on average.

**Career Opportunity for the Disabled**

Thaivivat is pleased to offer suitable jobs to people with disabilities with standard remuneration and equal career advancement opportunity.

From 2018 to now, Thaivivat has recruited six disabled people as follows:

Visual impairment	1 person
Hearing impairment	4 persons
Motion impairment	1 persons

**Employee Relations Activity**

Thaivivat organizes employee relations activities every year with a focus on fostering relationship between employees and across departments as well as promoting teamwork and coordination to ensure good collaboration. The Company also promotes exercising and engagement among its employees.

**Workplace Safety**

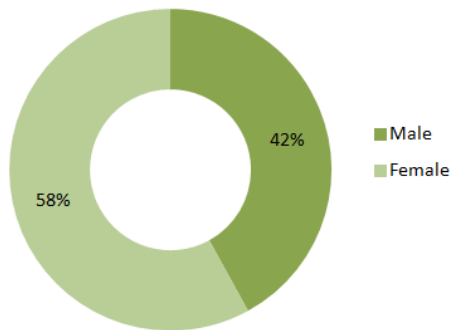
Thaivivat is committed to ensure employee welfare and safety since it believes that welfare and safety will lead to good quality of life and is one of the factors which promote work efficiency and confidence in job performance. The Company has accurately and properly prepared key measures in case of emergency as outlined below:

- The Company implements preventive and fire safety awareness measures and organizes fire evacuation drill on an annual basis. The Company also checks its fire distinguishers and alert system consistently to ensure employees’ awareness in case of possible incidence. In 2018, the Company organized a fire prevention training on 1 December 2018 by inviting a fire fighter team from Sutthisan Fire Station, Fire Division 3, Office of Disaster Prevention and Mitigation to give basic theoretical and technical knowledge. The 2018 fire evacuation drill was organized on 7 December 2018 at Thaivivat Building with supervision by the fire fighter from Sutthisan Fire Station.

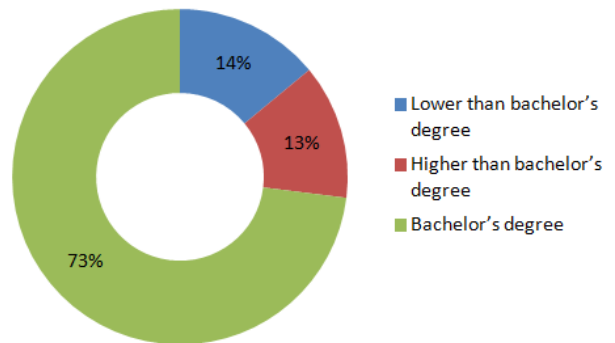
- The Company established policies and principles on safety practices for operational and claims inspectors. For employees who frequently use cars or motorcycles for work, especially claims inspectors, customer service staff, and insurance agents, the Company issues rules and regulations on individual safety (driving safely, and wearing proper uniforms with bright-colored strap as well as helmet and seat belt) and vehicle safety (using the Company’s cars which have been checked, installing camera in the cars, and wearing GPS) as well as strong penalty. In 2018, there were four accidents which occurred during work with four claims inspectors who were injured but now recovered.

### Overview of Thaivivat Insurance’s Personnel 2018

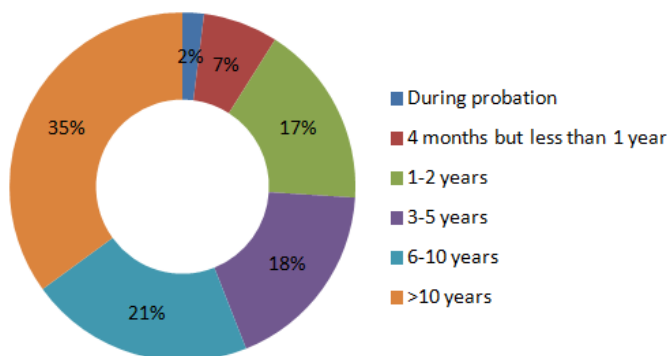
**Male – Female Personnel**



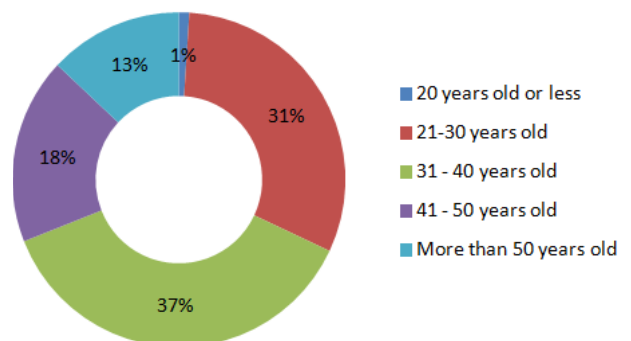
**Education**



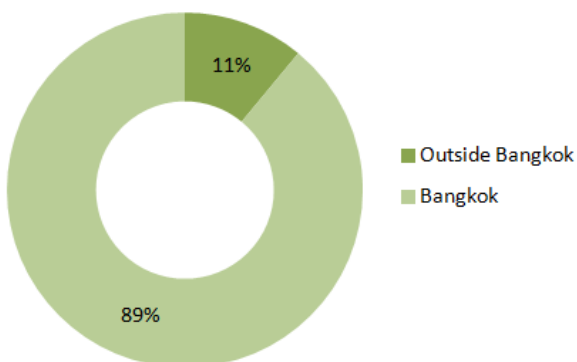
**Employment Period**



**Age**



**Province**



## **Community and Society Development Activities**

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Thaivivat recognizes the importance of community and social development based on human rights principle both in business operations and community and social development activities such as human resource development which is key to business development and sustainability. The Company has a policy which emphasizes equal treatment of employees and stakeholders with discrimination against color, race, gender, religion, ethnicity, nationality, income level, or disability and accepts and respects differences in ideas, societies, legal environment, and culture (more details in “employee care”). In 2018, the Company promoted community and social development through the following donations and charities:

### **Educational Promotion Activity**

Thaivivat continuously supports equal treatment of human rights for all peoples in the society, particularly right to basic education as the Company realizes that human resource development aimed at enhancing people’s knowledge, skills, competence, and morale is vital to national development and sustainability. In 2018, the Company provided the following educational support:

- On 30 December 2018, the Company contributed financially and donated gifts and prizes to Police General Pow Sarasin Foundation at Baan Tawan Mai under the New Year’s project for children to support the nation’s child revitalization and development in an effort to ensure quality human resource for the Thai society.
- On 13 January 2018, the Company contributed financially and gave scholarship to children of police officers at Din Daeng Police Station on National Children’s Day. The event was held at Din Daeng Police Station and was aimed to increase child engagement and teach children how to live happily in the society and be a good citizen of the nation.

## **Contributions to Community and Society Development Activities**

### **Society and Community**

The Company contributed to the following organizations and agencies in 2018:

- Throughout 2018, the highly competitive environment led Thai people across the country to have different opinions on various issues. These differences have led to violence and divisiveness in the society. However, in times of crises, we often witness love, unity, and altruism among Thais. The phrase “Thai people love each other” rings true in our nation and our blood. Thaivivat as a company that promotes love and unity among the people in the nation has always recognized its role in helping the society. Therefore, the Company sponsored the charitable event “Thai people love each other” in collaboration with Dara Daily Newspaper. There were activities for good cause and merchandise selling whose proceeds were donated to 14 foundations in an effort to create unity in the society from 29 -30 September 2018.

- On 7 October 2018, the Company supported accident insurance for participants in the “Run, Family, Charity Ramathibodi’s Surgery”. The proceeds from the event were donated to purchase equipment and media tools for medical education at the Department of Surgery, Ramathibodi Hospital. The event was aimed at fostering family relationship through exercise for good health and well-being.

### **Innovation**

For the past years, Thaivivat has focused on cultural preservation and promoted Thai arts and culture. To promote understanding and love of Thai culture and increase people’s engagement in protecting national treasure, the Company sponsored “Unique Running” which aimed to promote a good image for Thailand as well as its culture and traditions which are globally recognized. The sponsorships included:

- The Company provided accident insurance for runners at the “Ayuddhaya Marathon 2018” held at Ayuddhaya Historical Park (Old City Hall) on a route packed with cultural and architectural beauty of Ayuddhaya.
- The Company provided accident insurance for runners participating in “Baan Chiang Marathon” held at Baan Chiang Ancient Village which is a historical site in Nong Han District, Udonthani, offering us a journey to the pre-historical era of about 5,000 years ago.

- **Sports, Religion, and Culture**

In 2018, the Company contributed to the following organizations and agencies to support religion, culture, and sports:

- On 17 November 2018, the Company was part of the “Bangkok Marathon” event by providing accident insurance to over 27,000 runners with an effort to promote exercising for good health. The event was the biggest marathon race in Thailand with both Thai and international runners participating in the event, helping promote tourism in the country.
- On 23 September 2018, the Company sponsored “YOLO Run Bangkok 2018” to promote health awareness through exercise as well as family activity.
- On 23 December 2018, the Company provided accident insurance to runners in the “Farm Chokchai Run de Farm” to promote health awareness through exercise and support eco- and agri-tourism as well as forest protection.

### **Environmental Management**

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In 2018, the Company contributed to the following organizations and agencies to support religion, culture, and sports:

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- On 23 September 2018, the Company sponsored “YOLO Run Bangkok 2018” to promote health awareness through exercise as well as family activity.
- On 23 December 2018, the Company provided accident insurance to runners in the “Farm Chokchai Run de Farm” to promote health awareness through exercise and support eco- and agri-tourism as well as forest protection.

#### **Product Development in Technology for Environment (Paper Usage Reduction)**

- In 2018, Thaivivat enhanced and increased its business development in electronic form to preserve the environment through paper usage reduction. In Thailand, there are 34 kilograms of paper usage per person per year or 2 million tons per year. The growth of paper usage continues to rise at 15 percent per year (Source: Bureau of Hazardous Waste Management). As a result, the Company pays special attention to the optimization of paper usage to reduce the amount of paper waste and the use of natural material and energy in paper production by taking the following steps:
  1. PR/Promote practices to reduce paper usage through activities including:
    - Paper reuse (2-sided paper usage)
    - Paper sorting for recycle (paper with blank page, used colored paper, and used white paper)
  2. Develop electronic purchase system. Customers can choose our products such as motor insurance and travel insurance via online purchase channels without the use of paper. Customers can also choose to obtain policy via electronic channels including email and mobile application rather than obtaining a paper policy in an effort to reduce paper usage and promote energy and environmental conservation.

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

The company has provided internal control and risk management system effectively. The Board of Directors and management have duty and responsibility to provide and maintain systems of internal control and risk management. The management proceeds to evaluate an adequacy of internal control system and assigns the Audit Committee to carry out duty and responsibility for adequacy review of the internal control system based on the adequacy evaluation of internal control system in the Securities and Exchange Commission that covers as follows :

##### **Control Environment**

1. The company has a value commitment of integrity and morality.
2. The Board of Directors are independent from management, work oversight and develop an internal control proceeding.
3. Management provides the report structure, determines power and responsibility to reach the company

objective under the Board of Directors oversight.

4. The company shows commitment to motivate, develop and maintain competent personnel.
5. The company assign personnel to have duty and responsibility in the internal control in order to achieve the company objective.

#### **Risk Assessment**

6. The company has a clear objective in order to identify and evaluate the risks that relate to achieve the company objective.
7. The company identifies and analyzes all risks that might affect objective throughout the organization.
8. The company considers opportunity to have fraud in risk assessment to the company objective.
9. The company can identify and evaluate changes that affect the internal control system.

#### **Control Activities**

10. The company has control measures to reduces risk in an acceptable level.
11. The company selects and develops the control activities with technology system to help support company objective.
12. The company provides control activities through a policy which defines expectation and procedure to practice information and communication systems.
13. The company has related and quality data to support the internal control that can be carried out as specified.
14. The company communicates internal data including objective and responsibility in the internal control that can be proceeded.
15. The company communicates with external agencies about issues that may affect on internal control.

#### **Monitoring activities**

16. The company monitors and evaluates the internal control to ensure that it has still been proceeded completely.
17. The company evaluates and communicates the defect of internal control in time to the responsible persons including senior management and the Board of Directors.

The Executive Committee has evaluated the company's internal control and has an opinion that the company has the suitable and appropriate internal control system and risk management to operate effectively.

#### **The Audit Committee Opinion**

The Audit Committee has evaluated an adequacy of company internal control system based on the Securities and Exchange Commission, has the opinion that the company has the suitable and appropriate internal control system and risk management to operate effectively.



In the year 2018, Audit Committee has performed the duties as delegate by the company's Board of Directors and has the Internal Audit working unit operated as the scope, duty, and responsibility defined in the Internal Audit Operation Manual of company.

**9. Related Transactions**

None