

## Corporate Governance Report

The Board of Directors of Thai Union Group Public Company Limited has realized the importance of good corporate governance, which should be provided by the company to support its operations for sustainable growth and wider acceptance in both the domestic and international markets. For this reason, the Board of Directors has been committed to running operations under a good corporate governance framework, which comprises directors and executives who are leaders with visions and responsibilities, and a management structure which controls, monitors, provides checks and balances for fairness, morality and transparency concerning the equity of the shareholders and the stakeholders in order to increase the competitive advantage, which will build confidence among shareholders, investors and stakeholders, to make the company operate with efficiency, stability, and sustainable growth along with added value in the investments for the shareholders in the long term.

Principles/Good Corporate Governance of the Stock Exchange of Thailand	The Company's Explanation
<p>Equitable Treatment of Shareholders:</p> <p>The delivery of the invitation to shareholders 21 days prior to the Annual General Meeting of Shareholders</p>	<p>Due to the preparation of the annual report, we have to wait for the results of operations for 2016 and will be prepared and audited by the Auditor within 60 days of the date of the balance sheet on December 31, 2016. The company has scheduled a board meeting to consider and approve the results of operations on February 21, 2017, which will take at least 14 days to close and compile the shareholders' list which the company has scheduled on March 9, 2017 and take about five days after the closing date to distribute the meeting invitation letter due to the waiting list of shareholders' registrar and postal process on March 15, 2017. As the company has set the date for the Annual General Meeting on April 5, 2017, this will affect sending the invitation letter to shareholders at least 21 days prior to the meeting date.</p> <p>The company understands that the company may defer the Annual General Meeting in order to give shareholders more time to read and study the invitation letter, but due to April having many holidays that results in a large number of SET listed companies holding their meetings after Songkran, then the company considers to set the meeting previously in order to have more shareholders attend.</p>
<p>Board Responsibilities:</p> <p>The Chairman of the company should be an independent director.</p>	<p>The Chairman of the company is Mr. Kraisorn Chansiri, who founded the company and holds the position of major</p>

	<p>shareholder, resulting in a lack of qualifications as an independent director.</p> <p>However, the Nomination and Remuneration Committee had considered, then gave their opinion that he has extensive experience and vision, and can ensure that all directors are expected to participate in a corporate culture that promotes ethical and good governance. All this can be proven by the work of the past 30 years, during which the company has grown from a company with registered market value of THB20 billion to THB100 billion. The company has been steadily growing until now.</p>
<p>An independent director should not remain in the position of Director of the company for more than 9 years.</p>	<p>Although Mr. Sakdi Kiewkarnkha has been an independent director of the company for 17 years, his commitment and his capabilities, which can be verified by the Audit Committee Report, make the Board of Directors feel confident that he will definitely not create the state of being non-independent, not to mention the other three independent directors who have held those roles at the company for not too long, thus the Board believes that checks and balances will be properly implemented.</p>
<p>Each of the company's directors should regularly attend meetings (at least 75 percent of all meetings).</p>	<p>Since one member of the Board of Directors has been appointed by our business alliance of more than 25 years, Mitsubishi Corporation, represented by Mr. Kiyotaka Kikuchi, who resides in Japan, it is unavoidable that he could not attend meetings as scheduled. Nevertheless, the company sent the meeting agendas along with supporting documents to all directors and made opportunities for directors to question and comment directly to the Group Chief Financial Officer of the company before the meetings.</p>
<p>The board should have at least one woman as an independent director.</p>	<p>The company has a policy of diversifying the structure of the Board, professionally and in terms of skills, specializations, and gender, because currently the company has a sufficient number of directors. When the company has the opportunity to nominate directors, it is ready and willing to have an independent woman director on the committee.</p>

The board should appoint Corporate Governance Committee	The company is studying and considering this accordingly.
Companies should provide project grants to executives to purchase shares of the company for the period of three years and set the exercise price higher than the market price at the time of allocation of rights, including no significant concentration up to 5 percent.	The company is studying and considering this accordingly.

## The Rights of the Shareholders

The company follows good corporate governance principles and sets clear business policy by perceiving equitable treatment of shareholders and stakeholders. This can be evident from the fact that the Board and the management cooperate to efficiently deliver work performance while prudently and carefully carrying out their administrative duties for the best interests of the company and shareholders. Operations are transparent and can be verified. Information disclosures are made in a complete, accurate, punctual, and equitable manner to all parties concerned. The company has appropriate and adequate control systems and risk management plans to facilitate well-informed decision making. The company adheres to business ethics as a main pillar to prevent damages to all stakeholders. The Board oversees the company's disclosures of all material information to ensure its accuracy, fairness and timeliness in order to secure investor confidence.

The company's information disclosures to shareholders are made on the basis of equity regardless of share volume owned, status as individual or juristic person - local or overseas. In each meeting of the shareholders, the company places emphasis on and respects the rights of the shareholders by strictly carrying out the meetings pursuant to the Public Limited Companies Act. Also, the company recognizes that the shareholders have the rights to decide, to obtain adequate, complete and timely information and to be encouraged to use their rights and not to have their rights violated, as follows:

### Shareholders' Meeting

- The Annual General Meeting of Shareholders (AGM) has been set annually within four months counting from the annual closing date of its accounting books, i.e, within April 30 of each year. For urgent matters regarding the shareholders' interest or those requiring shareholders' approval, the Board shall call for the Extraordinary General Meeting of Shareholders (EGM). For the year 2017, the company had arranged the Annual General Meeting of Shareholders (AGM) on 5 April, 2017 and with preparations as follows:

### The Preparation for the Meeting and the Delivery of the Invitation to the Meeting

- The Board allowed shareholders to propose a name list of potential director candidates and a meeting agenda including the questions for the 2017 Annual General Meeting of Shareholders. The Company Secretary was assigned to publicize such information by using the electronic media through the communication systems of

the Stock Exchange of Thailand, forwarded to the corporate website 93 days prior to the date of the delivery of the Invitation to the Meeting in order to allocate appropriate time for the shareholders' proposals.

- The company publicized the Invitation to the 2017 Annual General Meeting of Shareholders along with the documents in which details, objectives and reasons had been sufficiently and accurately provided, including the comments of the Directors in each agenda and the proxy forms, comprising of Form A, Form B, Form C, as stipulated by the Ministry of Commerce on [www.thaiunion.com](http://www.thaiunion.com) since 1 March, 2017 – 35 days prior to the Annual General Meeting of Shareholders.
- The company authorized the Thailand Securities Depository Co., Ltd., in its capacity as registrar, to deliver the Invitation to the Meeting to shareholders along with the documents in which details, objectives and reasons had been sufficiently and accurately provided, including the comments of the Directors in each agenda, to make opportunities for the shareholders to appoint their proxy or to authorize any independent director to act as proxy to vote on his/her behalf, and also to deliver the annual report in the form of CD-ROM to shareholders 16 days prior to the date of the 2017 Annual General Meeting of Shareholders.
- The company publicized the Invitation to the Meeting in Post Today newspaper (in Thai) and Bangkok Post (in English) for three consecutive days, seven days prior to the date of the meeting to reassure shareholders' attendance on the scheduled meeting date and time.

#### On-site Meeting Procedures

- The company facilitated all shareholders, including institutional investors, in a fair manner by arranging the officers to welcome and provide sufficient information during the checking of documents before the registration. The company also arranged the AGM voting systems, serviced by Quid Lab Company Limited, to facilitate the Annual General Meeting of Shareholders and to cover the preparation of information regarding shareholders who had the right to attend, the registration of shareholders who attended by printing ballots and the process of counting the votes in the meeting. The Registration was open from 12:00 - 14:00 hrs. of 5 April, 2017 at the well-known and easy-to-commute-to Benjapatchara Room, 2<sup>nd</sup> Floor, Royal Thai Army Radio and Television Station (TV5), Phaholyothin Road, Bangkok. In 2017, there were a total of 1,237 shareholders who attended and proxies whose aggregate shares totaled 3,177,186,355 shares, equivalent to 66.58 percent of the total issued and paid-up shares.
- Chairman of the Board chaired the 2017 Annual General Meeting of Shareholders, in which there were 11 board members in attendance out of the whole board of 12 members, and they were the Chief Executive Officer, the President of the Global Shrimp Business, the Executive Directors and the Audit Committee members who were independent directors. The directors who could not attend were representatives of overseas shareholders who could not make it to the meeting due to the inconvenience of long journeys. However, without their presence, the directors had analyzed the information and expressed their opinions on the issues through the agendas delivered to them prior to the meeting. Moreover, the Group CFO, the General Manager – Group Finance, the General Manger – Group Accounting and Control, the Manager - Investor Relations, and independent auditors from PricewaterhouseCoopers ABAS Limited, attended the meetings to completely

answer questions from the agendas while the Chairman provided appropriate and sufficient time and encouraged the shareholders to express their opinions and queries with equity.

- The Chairman of the meeting assigned the MC to clearly explain the vote-casting and vote-counting procedures for each agenda to the eligible shareholders as well as the procedure of one vote per one share according to the company's Articles of Association No.35. The company's auditors from PricewaterhouseCoopers ABAS Limited and two volunteers from the shareholders were the inspectors of the vote counting. The meeting was conducted in the manner that allowed and encouraged all shareholders to raise questions, express opinions and give suggestions about the issues throughout the entire meeting session. There were eight shareholders who made queries and presented opinions for the 2017 Annual General Meeting of Shareholders.
- In order to preserve voting transparency, the company made available ballots to facilitate the exercise of voting rights by shareholders in case of their disapproval or abstention of any agenda needed to be considered. Such votes were deducted from the total votes of the meeting. The remaining votes were counted as approvals of such agenda. In order to conduct the meeting in a timely manner and to separate the election of the directors, shareholders were allowed to freely cast their votes for each director candidate on an individual basis, not on the whole board of candidates. Vote counts were clearly announced onsite to make known to all attending shareholders immediately following the end of the voting procedure in each agenda. The meeting session was also videotaped for further dissemination on the company's website. Interested shareholders may request a copy of the videotape from Office of the President & CEO.

#### Post-meeting Procedure and Meeting Minutes

- The company publicized the resolutions of all agenda considered in the 2017 Annual General Meeting of Shareholders (AGM) on [www.thaiunion.com](http://www.thaiunion.com) on the date of the meeting, except for questions raised by shareholders and answers given during the meeting session. Complete resolutions of the meeting were subsequently submitted through the Stock Exchange of Thailand communication systems and forwarded to corporate website on 18 April, 2017, or 13 days following the date of the AGM. Shareholders and investors may obtain further information on the meetings or submit their questions in advance by contacting the Company Secretary at 0-2298-0024 ext. 4390, 4392

The hosting of the shareholders' meeting with great emphasis on equitable voting rights has earned the company an excellent performance in the 2017 annual evaluation of the Annual General Meeting of Shareholders conducted by the Thai Investors Association.

#### **Equitable Treatment of Shareholders**

The company perceives the importance of the rights of shareholders, is well aware of its responsibility to ensure equitable treatment of shareholders and therefore has put the following initiatives into action.

- The Board assigned the Company Secretary to prepare data and communicate to shareholders with regards to the company's invitation for shareholders to propose a name list of potential director candidates and a meeting agenda for consideration in the 2017 Annual General Meeting of Shareholders. Such information was publicized electronically through the Stock Exchange of Thailand's communication systems and forwarded to

the investor relations section on the corporate website 93 days prior to the date of meeting invitation delivery in order to allocate appropriate time for their proposals. Although the company has provided shareholders with such these proposal opportunities since 2007, no proposals, however, were submitted for either director candidates or the meeting agenda during the past year. In addition, we do not have the additional agendas that did not notice.

- The Board facilitated shareholders who cannot attend the meeting by assigning any independent directors and proposed the name list of at least two independent directors who were to act as proxies to vote in each meeting agenda on behalf of shareholders. In the 2017 Annual General Meeting of Shareholders, there were 198 shareholders who authorized Mr. Sakdi Kiewkarnkha, Chairman of the Audit Committee, there were 189 shareholders who authorized Mr. Kirati Assakul, Chairman of the Risk Management Committee, to act as proxy and vote on his/her behalf. All of them have been serving as independent directors.
- The Board provided voting cards for the shareholders by the AGM voting system for each agenda separately so that they could vote as appropriate. The voting cards were then collected and calculated together with the votes cast before in the proxy form. The votes were then announced in the meeting room and filed the cards for inspection.
- The Board assigned the Company Secretary to document and file the meeting resolutions in a correct and complete manner and to publicize the resolutions of all agenda considered in the 2017 Annual General Meeting of Shareholders in the investor relations section on [www.thaiunion.com](http://www.thaiunion.com) on the date of the meeting, except for questions raised by shareholders and answers given during the meeting session. Complete resolutions of the meeting were subsequently submitted through the Stock Exchange of Thailand communication systems and forwarded to the corporate website within 14 days following the date of meeting.
- The company imposes preventive measures to guard against the use of internal information for personal gains among the Board and management members by communicating their mandatory duties to report any changes made to the securities ownership of their own, those of their spouses and children below lawful age to the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) pursuant to Section 59 of the Securities and Exchange Act B.E. 2535 on immediate basis and not later than three business days following the date of purchase, sell, transfer or receipt of such securities. The Board or management members or sections with access to, or knowledge of, internal information are not allowed to leak the information to outsiders or other unauthorized persons. In addition, no securities trading by those management is allowed within the period of one month prior to the disclosure of financial statements or any other material information to the public in order to prevent illegal use of internal information undisclosed to the public, which can affect the trading of the company's shares on the Stock Exchange of Thailand. However, this prohibition is exempted in the case of continued fluctuation of securities trading prices driven naturally by overall stock market mechanisms, which encourages those management to trade their securities only in response to the stock market situations and in good faith. Furthermore, the Board and management members are made aware of legal punishment and penalty pursuant to the Securities and Exchange Act B.E. 2535 and relevant regulations.

- The Board assigns the Company Secretary to oversee and follow up items with potential conflicts of interest and connected transactions. The Company Secretary is responsible for preparing a quarterly summary report of those items and transactions and regularly publicizes such reports at year-end in the company's annual report and Form 56-1. Furthermore, the Board and management members, in any Board meeting, are required to comply with good corporate governance policy by not participating in casting votes or giving opinions on any issues sensitive to conflicts of interest or vested interests.
- The Board assigns the Company Secretary to maintain the filing of the report of vested interests as disclosed to the Company by the Board and management members pursuant to the Notification No. Tor.Jor.2/2552 of Capital Market Committee Governing Required Vested Interests Disclosure by Listed Company Directors, Management Members and Connected Persons. With regards to this issue, the Section 89/14 of the Securities and Exchange Act B.E. 2535, as subsequently amended under the authority of the Securities and Exchange Act (No. 4) B.E. 2551, stipulates that the Board and management members must report to the company their vested interests in the company's and its subsidiaries' operations and management, or those of their connected persons. This requirement is aimed to furnish necessary information to the company and to enable the company to comply with its own connected transaction handling procedures, which are established to prevent such items with potential conflicts of interest from leading to possible siphoning of corporate funds and interests from the company and its subsidiaries.

## **Roles of Stakeholders**

The company perceives the importance of the rights of all stakeholders and equitable treatment, as the company foresees the importance of their support and the mutual cooperation between the company and the various groups of stakeholders in that it can secure long-term business wealth, employment and financial stability. Therefore, the company adheres to equitable treatment of all stakeholders as well as ensures that effective administration of internal controls and compliance controls are established and maintained, as summarized below.

### **- Shareholders**

The company is determined to represent all shareholders efficiently through generating maximum long-term returns on investment and is committed to conducting business with transparency, to put in place reliable financial and accounting systems, and to deliver optimum shareholder satisfaction with regular and sustainable strong operational performance and continued growth. The executive board and all employees shall perform duties with integrity and make decisions in good faith and in fairness to major and minor shareholders alike, as well as for the good of relevant parties. They shall refrain from any activities that could cause conflicts of interest and serve self-interest. Confidential information shall not be divulged to outside parties while simultaneously paying attention to accurate, complete and punctual disclosure of material information to all shareholders in response to their unwavering trust and support given to the company and provide the investment returns that satisfy the shareholders the most.

## - Employees

The company treats employees equitably and fairly with no discrimination against nationality origin, religion, gender, marital status, language, or workforce rank, not associating with forced labor, child labor, human trafficking, and not supporting bribery or any form of corruption.

The company has an employee compensation management policy to retain capable employees who are attracted towards the organization and focus on performance-based compensation in consideration of fairness within the organization, throughout the competitiveness in the labor market, as well as cultural, rules and regulations to be consistent with the mission and values of the organization.

The company sets the appropriate compensation comparable to compensation paid in the same industry by considering knowledge, experience and performance of individual employees, combined with parity within the company's evaluation based on responsibility, task complexity, work experience and skills. In addition, the company has set the compensation management policy based on the employee's performance and operation's performance as motivation for performances.

The payouts policy for both short and long term is consistent with the results of the company's operations by targets and measures each year in accordance with the company's long-term strategic plan, called Enterprise Objective. The measurement has four elements as follows:

1. Drive Superior Financial Performance - driving excellence in financial management and capital efficiency usage.
2. Accelerate Growth - focused on current business's breakthrough growth and investment acquisition and expansion.
3. Drive Global Integration and Talent Development - marshal a global organization to increase the competitiveness of the business and to develop high-potential employees.
4. Build Differentiated Capabilities - to be a leader of the industry of sustainable development, innovation and quality.

The company has determined the executive compensation as follows:

- Overall compensation to be in line with the same industry.
- The rate of bonus payments for the targeted achievement for both employee and company, the Executives will receive the bonus money at the rate of 25-30 percent of annual salary.

The company has provided fringe benefits which exceed the legal requirements i.e. provident fund, annual health check, health insurance plans, life insurance, accident insurance, gym, recreational activities so that employees can relax from work. The company has allocated significant long-term benefits that help employees and their families of livelihood after retirement from the job in the form of a retirement pension and the most important thing is that each year the company sets aside funds to ensure that the company can pay the compensation to employees in accordance with their rights in the future to encourage employees to prepare financially in advance before entering retirement. Furthermore, the company has joined with the Social Security Office to hold a training course on the philosophy of the sufficiency economy and saving for retirement for employees. Employees would be protected by extending the



coverage of insurance policies to cover employees' income which would be affected by the suspension of business operations.

Compensation of employees is as follows:

1. Compensation relating to the short-term business performance including salaries, which have increased at a rate of one time per year, annual bonus, provident fund that is available to employees at all levels through contributions from 2.5 percent to 10 percent of salary depending on the length of employment. In 2017, the company contributed a total of THB41.72 million to the provident fund for employees.
2. Compensation relating to the long-term business performance, including of retirement paid to the conditions set forth in the Employee Handbook. The company has set aside money for retirement for 2017 at the amount of THB71.78 million, and in 2017 the company paid a total of THB8.14 million for employee retirement.

### Human Capital Development

The policy of the development of employees is to help unlock the potential in people and improve the value of resources of the organization. We believe that all personnel have the ability or an advantage of their own. The company will help every employee to bring out their strength for the benefit of themselves and the organization, so that everyone has an opportunity for self-development and career advancement.

Moreover, the company stresses the importance of communicating information concerning its business to all employees, such as when the CEO meets employees every six months to announce the annual targets, which also helps life spirits and morale.

### **- Customers**

The company's policy is to treat customers with the following responsibilities:

- The company has produced quality food under Food Safety and traceability under standardized manufacturing process technology and appropriate technology, including the development of new products and processes to ensure customer benefits and satisfaction.
- The company determines the price of goods and services at an appropriate level of detail and quality of customers' products and services demand.
- The company runs as reasonable cost as possible while maintaining quality of service standards, according to the company's customer requirements.
- The company delivers high quality products and services to meet or exceed customer expectations and on-time delivery adhering to commitments given to customers.
- The company treats customers politely, hospitably and honestly, pays attention to every customer with fairness and equality without bias.
- The company complies with the contract terms or conditions, and if not viable, will inform customers in advance and find a solution to prevent irreversible damage to stakeholders.

- The company provides information regarding the instructions on the product features and specifications of goods and services, as well as how to use. The company also keeps customers informed about the products and other services so there is no misunderstanding about the quality or condition of any products or services.
- The company focuses on maintaining the confidentiality of customer information, not disclosing customer's confidentiality or use for their own benefit.
- The company also sets aside a special unit or appoints persons in charge of handling customer complaints and responding to those complaints without delay.
- The company will not receive bribes from customers.

#### - **Business Partners**

The company treats suppliers equitably and fairly in line with commercial conditions, is open to hearing their opinions and suggestions to forge stronger business relations and places much attention on their commercial confidentiality.

All Thai Union partners must agree to the company's Business Ethics and Labor Code of Conduct, which includes issues about Environment, Health and Safety, and energy savings. The company uses these criteria in selecting its vendors. In addition, the company must have a price comparison or a bidding process that is approved and authorized by the company, ensuring transparency in the procurement process.

Routine engagements have been channeled to various business functions such as marketing teams versus customers, procurement teams versus trading partners and suppliers, human resources versus employees, government relations and administrative functions versus government and local communities, finance teams versus financial markets and institutes, investor relations versus capital markets and investors, corporate communication versus media and public sectors, etc. In addition, some new key initiatives have been launched during the year, namely, deploying sustainability features and capabilities to innovate as new sources of inspiration for customers, investing in resource sustainability in partnership with international NGO(s), collaborating with academic institutions and government to strengthen the basic knowledge and science of seafood products, participating together with customers, trade associations, and business partners in various taskforces in order to tackle the challenges in natural resource and labor protection, and exchanging views and experiences about sustainable development with private institutions and regulators, etc.

#### - **Creditors**

The company honestly and strictly adheres to loan agreement commitments given to respective creditors and financial institutions so as to ensure the availability of proper and fair returns on their loan investments. Furthermore, the company works to minimize its exposure to potential conflicts of interest with creditors by not omitting information or facts that may damage creditors. If the company cannot respect the conditions of the contracts, it must notify its creditors in advance to jointly solve the problems.

#### - **Competitors**

The company competes with competitors under fair commercial competition, with business ethics and in compliance with applicable legislation. The company does not seek information such as its competitors' trade secrets by dishonest means, thereby having no trading disputes with any competitor.

## Corporate Social Responsibility

The company supports corporate responsibility for the environment in society and the community and for natural resources conservation. In turning its nature-care spirit into action, extensive corporate support is given to communities around the plants in terms of both safety and environment. Among our corporate social responsibilities is the “Seaelect See Love” volunteering camp recently launched to promote employees’ participation in community and social works; Hometown Community Development Program, which has been running on a continued basis with clear objectives of promoting community strength and fostering pride in hometowns among employees; and “Blood Donation” organized for ten consecutive years with accumulated blood donated to the Thai Red Cross Society.

In addition, Thai Union Group's policy must comply with the legal requirements and other commitments relating to the Group. The Group's targets in 2020 are to reduce its greenhouse gas emissions by 30 percent, reduce water use by 20 percent and reduce waste to landfill by 20 percent, giving the necessary education and training. The action plan can be summarized as follows:

1. The Environmental Policy Occupational Health and Safety with focus on capacity development, as well as the involvement of employees in preventing the negative effects on the environment.  
(<http://www.thaiunion.com/en/about/environment-health-and-safety>)
2. The establishment of the excellence in Environmental, Health and Safety Center. The investment budget of THB 20 million, which has established a device comparable to international standards for the collection of knowledge about the environment, health and safety and a training center for employees.
3. Training before starting work and during operation. This training is organized to suit the nature of the staff and to ensure that employees have a better understanding of how to protect themselves from harm and reduce the environmental impact of the practice on their own.
4. Assessment of compliance with the law continued to ensure that employees have been trained or qualified by law. From 2017 onwards, the company will have additional training requirements by local law to begin the process of evaluating employee's potential on environmental, health and safety to ensure their appropriateness and effectiveness and how they compare to international standards.

## Respect of Copyrights and Intellectual Property Rights

The company respects copyrights and intellectual property rights of others by forbidding employees from using illegal programs or software and ensuring they strictly comply with the Copyright Act B.E.1994.

## Anti-Corruption

The company has received the Collective Action Coalition Certificate from Thailand's Private Sector Collective Action Coalition Against Corruption on 12 February, 2018. Hence, the company has issued an Anti-Corruption Policy and Code of Conduct for Anti-Corruption, which details strict guidelines to prevent and/or deal with any corrupt activities. Further, the process of reviewing our policies and procedures are implemented on a periodic basis, in order to make sure our guidelines are up-to-date and responsive to new developments in the current business as well as changing laws, rules and regulations to which the company is subject, and to make sure that our integrity and ethical business conduct is upheld; and by which all board members, management and employees must abide. Board members,

management and employees shall perform their duty in compliance with this policy and communicate the policy to external stakeholders for corruption-related risk prevention. The company shall provide protection to board members, management and employees who act against corruption in accordance with this Policy and respective Code of Conduct.

Anyone who violates this Policy and Code of Conduct shall be subject to disciplinary action in accordance with the company's rules and regulations.

#### Role and Responsibility

- 1) The Board of Directors are responsible for making sure that the business conduct is transparent, accountable, and strictly in accordance with Anti-Corruption policy, respective code of conducts and procedures. The Audit Committee is responsible for:
  - Overseeing internal controls, both financial and operational, of accounting and documenting procedures including all other anti-corruption related procedures,
  - Providing channel(s) for complaints or reports of corrupt activities,
  - Providing advice on the implementation per Anti-Corruption Policy and Code of Conduct, and
  - Reporting finding(s) to the Board of Directors on a regular basis.
- 2) Management is responsible for implementing this Anti-Corruption Policy, including communication and awareness-raising among internal and external stakeholders. Proper management systems and measures must be put in place and periodically reviewed to ensure effective governance and implementation in alignment with the intent and new developments in the current business conduct as well as changing laws, rules and regulations.
- 3) Management and employees at all levels are responsible for mitigating and preventing corruption-associated risks in their assigned duties, and are responsible for reporting of corrupt activities.

#### General Provisions

- 1) Board members, management and employees must agree to perform their duties and services in compliance with the company Anti-Corruption policy; and must not allow any person, whether directly or indirectly, to exert influence on their behalf so as to engage in any corrupt practice, with the purpose of obtaining any personal or undue advantage.
- 2) In addition to carrying on their duties as assigned, they shall agree not to engage in any corrupt practices as mentioned in section 1, which also include:
  - Giving or accepting gifts or hospitality
  - Giving or accepting cash or its equivalents
  - Bribing government officials or third parties or accepting or soliciting bribery
  - Embezzling company assets or working hours
  - Laundering money
  - Obstructing or impeding due administration of justice or judicial proceedings

- Making any political contributions, whether in cash or in kind, including offering goods and services or contributing for advertising purposes, etc.
- Donating to charitable causes, and
- Sponsoring

For a personal or other undue advantage.

#### Gifts, Hospitality, and Expenditures

- 1) Board members, management and employees must not demand, accept, or offer any gift or hospitality, either in the form of money, gifts, goods and services to, from or for business partners, agents, creditors, third parties or the company's competitors if doing so can be perceived as bribery or as personal or undue advantage of business partners, agents, creditors, and third parties.
- 2) Any offers or receipt of gifts and hospitality as per customs and traditions shall conform to the company's rules and regulations. In other cases where the company's rules and regulations cannot be applied, they must be proportionate, transparent and legitimate with no hidden agenda, as stated above.

#### **Whistle-Blowing and Complaints**

The company provided the channel for whistle-blowing or complaint-making that stakeholders are or may be affected by the damage caused by the company's operation, or the employees are involved in unlawful, dishonest acts or corruption by directly submitting the case or via post to:

Chairman of the Audit Committee, or Internal Audit Manager, Audit Unit  
Thai Union Group Public Company Limited  
23<sup>rd</sup> floor, S.M.Tower, Samsennai, Phayathai, Bangkok 10400  
Telephone 02 298-0024 ext. 4340 Facsimile 02 298-0024 ext. 4369

The whistle-blowers or filers of complaints that are employees, customers, individuals hired for work by the company or other groups of stakeholders who are whistle-blowers, will have their rights protected and defended according to the law or the guidelines set by the company.

#### **Information Disclosure and Transparency**

The Board devises policy on correct, complete and punctual disclosure of material financial and non-financial information through dissemination channels of the Stock Exchange of Thailand and the investor relations section on the corporate website in both English and Thai languages so as to provide equitable and credible access for shareholders, institutional investors and any persons interested in obtaining such information.

The Board stands behind the company and its subsidiaries consolidated financial statements and financial information presented in the company's annual report. The said financial statements are prepared in accordance with generally accepted accounting standards by applying appropriate accounting policy on a regular and carefully considered basis. Material information is sufficiently disclosed in the notes to the financial statements.

The Board has provided a report indicating its responsibilities to prepare financial statements. Such a report is exhibited alongside the auditor's report in the company's annual report to ensure a true and fair presentation of the financial statements regularly following the generally accepted accounting standards and accounting policy.

The Board's opinion is that there is effective administration of internal controls in the company and that the reasonable fairness is assured for the financial statements for the period ending 31 December, 2016, for which the company's auditors have conducted the audits on generally accepted auditing standards.

#### Remuneration for Directors and Management

- Directors are remunerated in the form of a monthly retainer, meeting allowance, and director's bonus comparable in average to the general practice in the industry, suitable for the scope and amount of assigned responsibilities, and with shareholders' approval. Aside from the preceding meeting allowance, directors are not additionally remunerated from the company's subsidiaries.
- Executive directors are remunerated in the form of a monthly retainer, meeting allowance, salary, provident fund matching contribution and annual bonus based mainly on the operational performance of the company and work performance of each director.
- The management team is remunerated in the form of salary, provident fund matching contribution and annual bonus based mainly on the operational performance of the company and work performance of each management member. Overall compensation will be in line with the industry. The rate of bonus payments for the targeted achievement for both employee and company, the Executives will receive the bonus money at the rate of 25-30 percent of annual salary.
- Aside from the preceding monetary remuneration, there is health insurance coverage up to 700,000 baht (for directors who are younger than 70-years-old and a resident in Thailand only).

Name of Director	Position	Monthly retainer, Meeting allowance, and Director's bonus
1. Mr. Kraisor Chansiri	Chairman	3,087,692.00
2. Mr. Cheng Niruttinanon	Executive Chairman	1,513,846.00
3. Mr. Thiraphong Chansiri	President & CEO	1,623,846.00
4. Mr. Chuan Tangchansiri	Executive Director	1,543,846.00
5. Mr. Rittirong Boonmechote	President of Global Frozen and Related Unit	1,543,846.00
6. Mr. Shue Chung Chan	Executive Director	1,623,846.00
7. Mr. Kiyotaka Kikuchi (Start 7 Nov 16)	Non-Executive Director	1,498,846.00
8. Mr. Ravinder Singh Grewal Sarbjit S	Non-Executive Director	1,543,846.00
9. Mr. Sakdi Kiewkarnkha	Independent Director	2,383,846.00
10. Dr. Thamnoon Ananthothai	Independent Director	2,188,846.00

#### บริษัท ไทยยูเนี่ยน กรุ๊ป จำกัด (มหาชน)

THAI UNION GROUP PUBLIC COMPANY LIMITED

Tax ID & Registered no. 0107537000891 website: [thaiunion.com](http://thaiunion.com)

Head Office: 72/1 Moo 7, Sethakit 1 Road, Tarsrai Sub-District, Muang Samutsakhon District, Samutsakhon Province, 74000 Thailand

Tel: 66 (0) 34816500 Fax: 66 (0) 34816499

BKK. Office: 979/12 M Floor, S.M.Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Thailand

Tel: 66 (0) 2298 0537 - 41 Fax: 66 (0) 2298 0550

Name of Director	Position	Monthly retainer, Meeting allowance, and Director's bonus
11. Mr. Kirati Assakul	Independent Director	1,753,846.00
12. Mr. Nart Liuchareon	Independent Director	1,843,846.00
		<b>22,149,998.00</b>

The company considers the total amount of annual remuneration paid to the Board and management members as not high when compared to the average amount paid by other listed companies on the Stock Exchange of Thailand, due to the company's attention to the best interests of shareholders. The remuneration paid to the Board and management members in 2017 in comparison with its counterparts in 2016 is set forth below:

Unit: Million baht	2016		2017	
	Board of Directors	Management Team	Board of Directors	Management Team
Number (Person)	12	10	12	11
Monthly Retainer/Meeting Allowance	7.52	-	7.15	-
Director's Bonus	15.00	-	15.00	-
Salary/Annual Bonus	-	99.79	-	141.81
Provident Fund Matching Contribution	-	5.44	-	6.42
<b>Total</b>	<b>22.52</b>	<b>105.23</b>	<b>22.15</b>	<b>148.23</b>

#### Information Discloser

The Board perceives the importance of correct, complete and transparent information disclosure to all shareholders, investors and all parties concerned on an equitable treatment basis. Information on operations and financial status is communicated clearly and timely under relevant laws to provide target groups with a correct understanding of the company, thereby creating acceptance and investment sentiment among investors. The communication also allows the company to gain insight into the public's view on the company's operations, which will be a part of considerations for future goal and strategy setting. The Investor Relations Unit is officially set up, the company clearly assigns the management and other personnel to assist in communicating with the public as follows:

1. Mr. Thiraphong Chansiri                      President & CEO
2. Mr. Joerg Ayrlle                                      Group CFO
3. Mr. Bunlung Waiyanont                      Investor Relations Manager

The communications of operational performance, financial and non-financial information to stock analysts, investors and shareholders during 2017 were as follows:

- Approximately 43 company visits by investors and stock analysts
- 44 conference calls
- 5 analysts' meetings

#### บริษัท ไทยยูเนี่ยน กรุ๊ป จำกัด (มหาชน)

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- Participated in 4 Opportunity Day's by the SET
- 5 plant visits by stock analysts and investors
- 2 plant visits by minor shareholders
- 13 overseas investor conferences
- 8 local roadshows

In addition, the company provides the public with written information dissemination through its corporate website, <http://www.thaiunion.com> and printed media as follows:

- Investor notes, a press release giving information on operational results issued to investors and stock analysts on a quarterly basis
- Presentation issued to investors and stock analysts on a quarterly basis
- IR-Newsletters, a quarterly corporate newsletter delivered to shareholders and investors to regularly report new information and updates on the company's operations
- IR calendar, raw material prices, and the details of debt payments on the company website
- Annual report for shareholders, investors and other interested general public
- Report or notification of any corporate changes in need of public disclosure pursuant to the Notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand

Due to continued strong adherence to transparent information disclosure, the company achieved several awards as follows:

Multiple awards in FinanceAsia's 2017 Best Managed Companies Poll:

#1 Best Managed Company in Thailand

#1 Best CEO in Thailand, Mr. Thiraphong Chansiri

#1 Best CFO in Thailand, Mr. Joerg Ayrle

No.1 ranking among ASEAN corporations in Consumer/Staples sector by 2017 All-Asia (ex-Japan) Executive Team rankings by Institutional Investor: Best CEO, Mr. Thiraphong Chansiri\* and Best CFO, Mr. Joerg Ayrle\*

Multiple awards from FinanceAsia's 2017 Best Managed Companies Poll:

#1 Best at Investor Relations in Thailand

#1 Most committed to corporate governance in Thailand

Stock Exchange of Thailand Award 2017 for Outstanding Investor Relations. Thai Union's Investor Relations team has delivered efficient, responsive and accurate IR services to the investment community, thus winning the Outstanding Investor Relations Awards for a company with market capitalization above 100,000 million.

IR Magazine Awards – South East Asia 2017 for Best Investor Relations in Consumer Staples Sector. Thai Union's Investor Relations effort has been well-recognized among leading consumer staple companies in South East Asia.

Institutional Investor's Thailand Most Honored Company. This recognition is underpinned by significant and actionable feedback from over 3,000 investors.



## Business Code of Conduct

The company has created a code of ethics or statement of business conduct for all directors, the management team and employees. The code serves as guidelines for their honest and equitable work operations and is made known to all directors, the management team and employees to ensure their awareness, understanding and compliance. The company believes that such practice will improve the standards of good corporate governance and promote investor confidence in the company's management as well as preserve justice and credibility in the capital market. The code of conduct covers the following areas:

- |   |   |
|---|---|
| 1) Responsibility to shareholders                   | 8) Compliance with laws, rules and regulations                      |
| 2) Responsibility to customers                      | 9) Anti-corruption  |
| 3) Responsibility to employees                      | 10) Safeguarding the company's assets                               |
| 4) Responsibility to business partner and creditors | 11) Intellectual property   |
| 5) Responsibility to trade competition              | 12) Conflicts of interest   |
| 6) Responsibility to society and the environment    | 13) Related transactions within the group                           |
| 7) Responsibility to the company                    | 14) Use of inside information and trading of the company's security |
|   | 15) Distribution of information to the public                       |

## Controlling System and Internal Audit

The company has established an audit unit that functions as an independent unit. The current head of this unit is Mr. Pongpol Plipuch. He holds a Bachelor's Degree in Audit from the University of the Thai Chamber of Commerce, and is a Certificated Public Accountant (CPA) No. 8549. He also attended training of the Anti-Corruption: The Practical Guide 2013 & 2016 conducted by the Thai Institute of Directors (IOD).

The internal Audit Unit regularly oversees the internal controls system, to inspect significant items including operations, compliance controls, risk management and extraordinary items, to ensure the effectiveness of the controlling system for greater credibility of the financial statements. They report directly to the Audit Committee and administratively to the President & CEO. The internal audit unit has adopted a risk-based approach in the annual audit plan which focuses on key business risks of the company and subsidiaries that might have an impact on business goals and the accuracy of financial reports. The Audit Committee reviews the annual audit plan and the audit results and progress reports continuously.

The past internal audit reports indicated that the company's operations have been in line with the planned systems, possessed efficient internal controls, risk assessment, risk management and prevention measures, compliance control and shown no significant non-compliance in its operations.

## Risk Management

The Risk Management Committee assigns the management team to regularly identify internal and external risk factors as well as to conduct an assessment of their impacts on the company's business. The risk management team is diversely composed of management members and top executives who are directly responsible for the work areas

where risk factors are identified. The risk management team analyzes target risk factors in order to determine root causes and create countermeasures. The countermeasures are turned into practical guidance to either prevent or minimize potential impacts of those risks. In addition, the risk management team also follows up and ensures that taken corrective and preventive actions are in line with its directed countermeasures, and reports the performance of countermeasure implementation to the Audit Committee for subsequent address in the Board meeting.

#### The Handling of Insider Information

The company imposes preventive measures to guard against the use of internal information for personal gains among the Board and management members by communicating their mandatory duties to report any changes made to the securities ownership of their own, those of their spouses and children below lawful age to the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) pursuant to Section 59 of the Securities and Exchange Act B.E. 2535 on an immediate basis and not later than three business days following the date of purchase, sale, transfer or receipt of such securities. The Board or management members or sections with access to, or knowledge of, internal information are not allowed to leak the information to outsiders or other unauthorized persons. In addition, no securities trading by those management is allowed within the period of one month prior to the disclosure of financial statements or any other material information to the public in order to prevent illegal use of internal information undisclosed to the public, which can affect the trading of the company's share on the Stock Exchange of Thailand.

The Company Secretary reports every change in the company's securities held by directors and management to the Chairman of the Board and Chairman of the Audit Committee, and also provides the report of any changes made to the securities held by directors and management for year to the Board meeting.