

# CORPORATE GOVERNANCE POLICY

OSOTSPA PUBLIC COMPANY LIMITED

(APPROVED BY BOARD OF DIRECTORS' MEETING NO. 2/2023 ON 22 FEBRUARY 2023  
WITH EFFECTIVE FROM 23 FEBRUARY 2023)

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### **Message from Chairman of the Board of Directors**

The Board of Directors realizes the importance of good corporate governance and is committed to ensure that the Company operates its businesses by adhering to good corporate governance codes for long term sustainable growth, and supports transparency, with a view to not only building confidence for shareholders, investors, or all stakeholders, but also creating benefits and good business performance for the organization in a sustainable way. As a result, the Board of Directors has therefore established “Corporate Governance Policy” which is based upon codes and guidelines set out in “Corporate Governance Code for Listed Companies 2017” of The Securities and Exchange Commission of Thailand, in order to raise the level of the Company’s existing business performance to a higher level, to establish clear and standardized practical guidelines, to promote understanding and to create a culture of good corporate governance in the Company and the Group of Companies as a whole. Putting these together, the business is expected to grow in a sustainable way accordingly.

*-Signature-*

(Somprasong Boonyachai)

Chairman of the Board of Directors

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## PRINCIPLE 1

### **Roles and Responsibilities of Board of Directors as Leader of Organization to Create Sustainable Value for Business**

#### **Principle 1.1 Key Role as Organization Leader**

The Board of Directors understands and realizes their roles and responsibilities in their capacity as the leader who must supervise the Company to ensure good corporate governance, which covers (1) setting objectives and targets, (2) determining strategies, operating policy, as well as allocating significant resources to achieve the objectives and targets, and (3) monitoring, evaluating and supervising the reporting on the Company's performance in this regard.

#### **Principle 1.2 Corporate Governance for Sustainable Value of Business**

The Board of Directors has the following policies on corporate governance to create sustainable value of business which will then enable the Company to achieve its business targets:

- (1) conducting business with good performance, having regard to the creation of good business value in the long term such that the business will be competitive;
- (2) operating business ethically with respect and responsibilities towards shareholders' rights and stakeholders in all sectors, i.e. the Board of Directors places emphasis on successful and ethical businesses, taking into consideration social and environmental impact in addition to financial performance.

The Board of Directors recognizes the importance of creating and driving corporate culture that adheres to ethics. The Board of Directors will therefore aim to act as a role model leader of the organization and provides the Code of Conduct as a policy and guideline for good corporate governance in writing for directors, executives and employees in the organization to follow. The Board of Directors also provides training, communication and learning for directors, executives and employees in the organization to understand the importance of such matter, in which case performance will be monitored as well as policy and operation will be reviewed on an annual basis.

- (3) operating business, having regard to social benefits in parallel with social and environmental development, as well as contribution in reducing social and environmental impact;
- (4) operating business in a manner which is adaptable to changing factors.

#### **Principle 1.3 Performing Duties Responsibly, Carefully and Honestly for Best Interest of Company**

The Board of Directors has an obligation to supervise directors and executives to perform their obligations with accountability and responsibility, duty of care, and duty of loyalty for the best interest of the Company, as well as in compliance with laws, objectives, articles of association, Board of Directors' resolutions, and Shareholders' Meeting resolutions, including the Company's policies by providing a sufficient mechanism to ensure that the Company's operation is in compliance with relevant laws, objectives, articles of association, Board of Directors' resolutions, and shareholders' meeting resolutions, including the Company's policies such as Related Party Transaction Policy, Anti-corruption Policy, Schedule of Authority and etc.

**Principle 1.4 Key Roles, Duties and Responsibilities of Board of Directors**

The Board of Directors understands their roles, scope of duties, and responsibilities, including to clearly establish the delegation of duties and responsibilities to sub-committees and the Management, as well as to monitor and supervise performance as so delegated.

(1) Key roles, duties, and responsibilities of the Board of Directors

The Board of Directors has key roles in determining business direction, as well as regulating organization management to ensure that it is in compliance with the laws, objectives, and regulations to create sustainable business value and for the best interest of the Company and shareholders in the long term.

Therefore, the Board of Directors has put in place “Board of Directors’ Charter” with the objectives of ensuring the Company’s directors understanding their roles, duties, and responsibilities, and of proving that they will be able to perform such duties efficiently, effectively and transparently. Such charter will be reviewed regularly at least once a year.

(2) Sub-committees

The Board of Directors has appointed 4 sub-committees, who are experts in specific areas of work as delegated by the Board of Directors and the roles of such sub-committees are to consider, filter information and give opinion and guideline prior to presentation to the Board of Directors. The sub-committees are as follows:

(2.1) Audit Committee;

(2.2) Executive Committee;

(2.3) Risk Management Committee; and

(2.4) Nomination, Remuneration, Corporate Governance and Sustainable Development Committee

The composition, authorities and responsibilities of the sub-committees are set out in each sub-committee’s charter which serves as benchmark reference against which each sub-committee is to perform. Such charter will be reviewed regularly at least once a year.

(3) Scope of authorities and Responsibilities of Board of Directors and Management

The Board of Directors recognizes the significance of their scope of duties and responsibilities. It has delegated its authorities to the Management and monitored the Management’s performance as so delegated.

(3.1) Key authorities, duties, and responsibilities of the Board of Directors consist of:

(a) to consider, approve and/or provide opinion on significant matters relating to the Company’s operation such as objectives, main targets, visions and etc;

(b) to build corporate culture that adheres to morality as well as to behave as good role model by, for example, drawing up “Group Corporate Governance Policy” in writing and approving such policy, drawing up “Code of Conduct” in writing and monitoring its implementation, drawing up “Whistle Blowing Policy”, “Anti-Corruption Policy” and deliberating transactions that may

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constitute a conflict of interest by establishing clear practices to deal with this issue for the best interests of the Company in particular and shareholders as a whole;

- (c) to oversee the Board of Directors' structure and performance to ensure that they are in order with a view to efficiently achieving objectives and key targets of the business;
  - (d) to nominate directors and to propose remuneration packages of the Board of Directors to shareholders for approval, to evaluate the Board of Directors' performance, as well as to support training and development of directors' competency;
  - (e) to set the remuneration package, and to evaluate the performance, of Chairman of the Executive Committee and CEO;
  - (f) to establish remuneration structure of all employees so as to serve as performance incentives to ensure that their performance will be aligned with the Company's objectives and key targets.
- (3.2) The Board of Directors jointly with the Management shall have the duty to consider, establish and supervise the Company's business operations as a whole such that the operations shall be consistent with the objectives and key targets of the business. The Management is tasked at proposing matters to the Board of Directors for decision and thereafter for the Board of Directors' delegation of such matters to the Management for execution. The Management is responsible for business operations and administration as per the strategies, policies and plans approved by the Board of Directors and is responsible for reporting matters to the Board of Directors on a regular basis:
- (a) to establish and review financial strategies, missions and financial targets as well as business plans and annual budgets;
  - (b) to put in place measures and mechanisms for proper and sufficient internal controls and risk management;
  - (c) to establish authority activities appropriate to the Management's responsibilities such as setting approval authority limit according to the Schedule of Authority etc.;
  - (d) to establish parameters for resource allocation, development and budget, management policy for human resource development, business continuity plan and succession plan as well as information technology development plan;
  - (e) to monitor and evaluate performance as delegated to the Management to ensure it is according to the policies and plans;
  - (f) to have supervisory and monitoring role in ensuring that information disclosure is accurate and reliable to the public in terms of both financial and non-financial information.

The Management is accountable for execution which shall comply with the strategies, policies or plans as approved by the Board of Directors. The Management shall be responsible for making decisions on business operations, marketing, sales, procurements, resource management, human resource management and general administration, etc.

## PRINCIPLE 2

### To Define Key Business Objectives and Targets for Sustainable Business

#### **Principle 2.1 To Define Key Objectives and Targets**

The Board of Directors places great emphasis on the setting of key objectives and targets of the business so that the business can grow in parallel with the society in a sustainable manner, create value and benefits for the organization, customers, partners, employees, shareholders, stakeholders and society as a whole, and build organizational culture within the framework of good corporate governance.

- (1) The Board of Directors has set the organization's key objectives and targets precisely, appropriately and correspondingly with the economic and social condition, in parallel with conducting business ethically, responsibly and transparently and in line with good corporate governance through modern products and innovations under "Vision, Mission, & Values", which has been communicated to everyone in the organization for awareness, understanding and recognizing the significance of such matters.
- (2) The key concepts in designing the business structure for the Group are consisted of being an organization that focuses on life enhancement for consumers and society with the latest products and innovations, having organizational culture that is aimed at achieving performance excellence and observing good governance principles by taking into account the importance of the surrounding circumstances and changing factors, including the use and application of new innovations and technologies based appropriately upon social state, livelihood and demands of consumers and all stakeholders as well as taking into account availability, expertise, and competitiveness of the business, namely:
  - Shareholders: The Company commits to corporate governance with integrity and prudence to protect the interest of the Company and shareholders. The Company treats shareholders equally and fairly. The Company strives to maximize shareholders' satisfaction through growth in the Company's value in long-term with great return under situation and risk factors including disclose information transparently and reliably.
  - Customers: The Company provides innovative products and services for customers' satisfaction and trustworthiness. The Company makes sure that the customers receive quality products and services in reasonable price to maintain a good relationship with the customers.
  - Business Partners and Lenders: Any business relationship with business partners must not harm the Company's reputation and must be lawful. The equality and mutual benefits are considered when dealing with business partners. The selection of business partners must be fairly. The Company believes that business partners are an important factor in building value of customers.

The Company commits to the contract and follows lenders' conditions on paying back loan principle, interest and any collateral.

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- Society, Community, and Environment: The Company organizes projects and activities for community and society development on regular basis. The Company supports activities that benefit society at large and refrain from any violation of laws including supports activities in the local community in which the Company operates by emphasizing environmental impacts.

The Company adheres to a policy to provide products and services which are environmentally friendly and comply with environmental laws including policy to support the production and use of environmentally friendly products.

- Employees: The Company determines to develop employees' skills for fostering the efficient and knowledgeable organization. The Company gives the opportunity to employees to participate and to bring out full potential with determination and responsibility. The Company promotes teamwork, treats employees with polite manner, and respects individual rights.

The Company also concerns for equality of employment, appointment and transferring of employees as well as safety and working environment. The Company protects the privacy of employees in accordance with employees compensation policy and strictly follows the laws under wages determination and employment.

- Competitors: The Company conducts business operations with consideration of fair competition in accordance with relevant laws and regulations and refrain from unethical acts aimed at destroying competitors.

The Company adheres to a policy that prohibits unlawful and unethical collection of information about competitors.

- (3) The Board of Directors has established organizational values in the Code of Conduct that place emphasis upon Integrity, Teamwork, Innovative Thinking and Passion to Win.

**Principle 2.2 Business Strategies and Annual Plans in line with Key Objectives and Targets**

The business objectives, targets and strategies, both annual and medium term, shall be aligned with the key business's objectives and targets by applying appropriate and safe innovations and technologies.

- (1) The Board of Directors shall supervise the organization to ensure that its business strategies and annual plans are aligned with key business's objectives and targets having regard to surrounding circumstances, opportunities and risks acceptable to the Company, and shall support the preparation of medium-term strategies (3 to 5 years) so as to be assured that the annual strategies and plans take into reasonable consideration longer-term impact and predictability.
- (2) In determining the strategies and annual plans, the Board of Directors shall supervise and ensure that there is an analysis of surrounding circumstances and risk factors that may impact relevant stakeholders throughout the value chain, as well as risk factors that may have effect on achieving the Company's key targets using mechanism to understand the needs of all stakeholders.
- (3) In setting the strategies, the Board of Directors shall supervise and ensure that innovation is nourished and, in conjunction with technologies, applied to enhance competitiveness so as to satisfy the needs of all stakeholders while continuing to be socially and environmentally responsible.
- (4) The targets to be established shall be suitable for the business environment and competency of the organization. The Board of Directors shall establish both financial and non-financial targets and such targets must be achieved through the conduct of business with integrity, honesty and transparency.
- (5) The Board of Directors shall supervise and ensure that the organization's key objectives and targets shall be communicated to everyone in the organization through vision, mission and values, as well as strategies and plans so that everyone in the Group shall be made aware of, and understand, their importance.
- (6) The Board of Directors shall supervise and ensure that resources be allocated and operations be controlled appropriately, as well as the implementation of the annual strategies and plans be monitored.

### PRINCIPLE 3

#### To Strengthen Board of Directors Effectiveness

##### **Principle 3.1 Structure, Composition and Qualifications of Directors**

The Board of Directors has the duties and responsibilities to establish and review the Board of Directors' structure in terms of composition, qualifications, expertise, experience and appropriate number of directors for the business, the proportion of independent directors that is appropriate and necessary to accomplish the established objectives and key targets. Details relevant to these are described in the Board of Directors' Charter.

- (1) Members of the Board of Directors are consisted of competent individuals who play an important role in setting the Group's policies by working together with the Management to lay down short term and long term operational plans, as well as setting the financial policy, risk management and overview of the organization, play an important role in regulating, monitoring and evaluating the Company's performance and top executives' performance to ensure that they are in line with the laid-out plan.

The Board of Directors is consisted of directors and independent directors in the number and qualifications as required in relevant rules and notifications of the Securities and Exchange Commission and the Capital Market Supervisory Board, all of whom can be appointed or removed by shareholders' meetings.

The Board of Directors shall supervise and ensure that the Board of Directors' members are consisted of qualified directors in terms of skills, experience, competency and specific attributes, as well as gender, age, nationality, ethnicity, and religion necessary to accomplish the organization's key objectives and targets. This is to ensure that the Board of Directors as a whole has appropriate qualifications and comprises at least 1 non-executive director who has experience in key business or industry that the Company is currently conducting.

- (2) The Board of Directors shall fix the number of directors appropriate for the size, type and sophistication of the Company's business so that they can perform their duties efficiently. The Board of Directors must comprise at least 5 directors and at least half of the total number of directors must have domicile in Thailand.
- (3) The Board of Directors shall have both executive and non-executive directors in proportionate number that can check and balance each other. The majority of the directors shall be non-executive directors who are allowed to comment on the Management's operation independently, while the number and qualifications of independent directors shall be as required in the relevant rules of the Securities and Exchange Commission and the Stock Exchange of Thailand. Mechanism shall be put in place such that independent directors can efficiently work with all the remaining directors in the Board of Directors and are free to give opinion independently.
- (4) The Board of Directors shall disclose policies that demonstrate the diversity of the member composition of the Board of Directors, as well as each director's such information as their age, gender, educational background, experience, shareholding proportion, number of years in service, and director position in other listed companies in Form 56-1 One Report and on the Company's website.

**Principle 3.2 Roles and Duties of Chairman of the Board of Directors, Chairman of the Executive Committee and Chief Executive Officer**

The Board of Directors shall select suitable persons to be the Chairman of the Board of Directors and ensure that Board of Directors' member composition and operation facilitate the exercise of discretion in making independent decisions.

(1) Chairman of the Board of Directors, Chairman of the Executive Committee and Chief Executive Officer shall have different duties and responsibilities. In this regard, the Board of Directors has already defined the roles and authorities of Chairman of the Board of Directors, Chairman of the Executive Committee and Chief Executive Officer relatively clearly so as to avoid any member to have unlimited authority.

(2) Division of Duties and Responsibilities of Chairman of the Board of Directors, Chairman of the Executive Committee and Chief Executive Officer:

(2.1) Roles and Duties of Chairman of the Board of Directors

- (a) to call and to set the agenda for the Board of Directors' meeting and to be the leader of the Board of Directors in supervising, monitoring and ensuring that the Board of Directors' performance is efficient and achieves the organization's key objectives and targets;
- (b) to support all directors to participate in promoting ethical organizational culture and good corporate governance;
- (c) to fix agendas for the Board of Directors' meetings by discussing with the Chairman of the Executive Committee and Chief Executive Officer and put in place a regulating measure to ensure that all significant matters are included in the meeting agendas;
- (d) to focus on any transactions with conflict of interest by following the process with Arm-length Basis and to make sure that such transactions is taken care in accordance with related regulation bases on the best interest of the Company;
- (e) to allocate sufficient time for the Management to present matters and to discuss significant agendas thoroughly and to encourage each director to exercise their discretion prudently and express opinion independently;
- (f) to set the self-assessment process for the Board of Directors and to encourage the Directors to regularly improve their potential;
- (g) to promote good relationship between executive and non-executive directors, and between each member of the Board of Directors and the Management.

(2.2) Roles and Duties of Chairperson of the Executive Committee

- (a) to be the leader of the Management, to be Chairperson and to conduct the Executive Committee meeting including to encourage the collaboration as well as to dedicatedly work with Executive Committee and Executive for sustainability achievement of the organization;
- (b) to monitor, audit, and control performance of the Company, its subsidiaries, and/or associated companies to ensure good performance according to the targets, and report the same to the Board of Directors on a quarterly basis in order to enhance and improve business performance;

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- (c) to focus on any transactions with conflict of interest by following the process with Arm-length Basis and to make sure that such transactions is taken care in accordance with related regulation bases on the best interest of the Company;
- (d) to allocate sufficient time for the Management to propose agendas and for the Directors to discuss essential issues thoroughly including to encourage the Directors to exercise prudent discretion and to give the comment independently;
- (e) to report the Executive Committee's meeting result to the Board of Directors regularly;
- (f) to set the self-assessment process for the Executive Committee and to regularly improve the Executive's potential with the collaboration of Directors, Executive Committee and Executive.

(2.3) Roles and Duties of Chief Executive Officer

- (a) to oversee the Company's business operation and/or daily management and directly report to Chairperson of the Executive Committee by working with the Executive Committee in preparing and reviewing policies, strategies, missions, financial targets, business plans and annual budgets before proposing to the Board of Directors for consideration and approval;
- (b) to manage, supervise and perform regular work according to normal business for the interest of the Company, and in accordance with the key objectives and targets, visions, missions, policies, strategies, financial targets, business plans, and budgets as assigned and/or approved by the Board of Directors and/or shareholders' meetings;
- (c) to issue orders, rules and notifications relating to the Company's operation to ensure consistency with the Company's policies and for the purpose of the Company's efficient management;
- (d) to issue appropriate orders, regulations, rules, procedures, and practices, and supervise personnel in various divisions to operate according to the strategic plans and targets of each division efficiently and effectively, including to keep developing personnel continuously;
- (e) to develop the organization to ensure good operation and business performance, and regularly and continuously improve for sustainable growth of the Company;
- (f) has the authority to execute, operate and manage any actions under the Company's Schedule of Authority;
- (g) to monitor, inspect and control to ensure good business performance according to the targets, and report overall business performance of the Company, its subsidiaries, and/or associated companies to the Executive Committee on a regular basis, and report to the Board of Directors on a quarterly basis, as well as find opportunities to improve or develop business performance;
- (h) to evaluate investment opportunities in new projects by conducting technical and financial studies carefully and prudently to support decision making;
- (i) to sub-authorize and/or delegate any other persons or group of persons to perform certain specified tasks on behalf of the Chairman of the Executive Committee and Chief Executive Officer, in this regard such sub-authorization and/or delegation must be under the scope of authority specified in the Power of Attorney, rules, procedures, or resolutions of the Board of

Directors' meetings. However, the above delegation cannot be made if it would allow the Chairman of the Executive Committee and Chief Executive Officer or any authorized attorney who has a conflict of interest or a personal conflict with the Company to approve such transaction. In this case, the Chairman of the Executive Committee and Chief Executive Officer shall have no authority to approve such transaction and must propose such transaction to the Board of Directors' and/or shareholders' meetings (as the case may be) for consideration and approval, except for the case that such transaction is an ordinary transaction and of arm's length nature in compliance with the principles already approved by the Board of Directors;

- (j) to perform any other operations as assigned and authorized by the Board of Directors and the Executive Committee and Chairperson of the Executive Committee.
- (3) In the case where the roles and authorities of the Chairman of the Board of Directors, the Chairperson of the Executive Committee and Chief Executive Officer are not distinctly segregated, the Board of Directors shall promote the check and balance authority between the Board of Directors and the Management.
- (4) The Board of Directors has the policy that the tenure of independent directors serving in the Board of Directors should not exceed 9 consecutive years from the date of the first appointment. However, the Board of Directors may propose re-appointment for such independent director if the Board of Directors is of the view that such independent director has qualifications, competency, experiences, and necessary attributes which shall be useful to the Company's business operation.
- (5) To ensure that all significant matters shall be considered thoroughly, the Board of Directors has appointed sub-committees to consider specific matters, screen information, and recommend criteria prior to the presentation of such matters to the Board of Directors. These sub-committees comprise of Audit Committee, Executive Committee, Risk Management Committee and Nomination, Remuneration, Corporate Governance and Sustainable Development Committee. The member composition, authorities and responsibilities of these sub-committees are outlined in each sub-committee's charter.
- (6) The Board of Directors shall supervise and ensure that the roles and duties of Board of Directors, sub-committees, number of meeting, attendance of each director in the previous year's meetings, as well as performance reports of each sub-committee shall be disclosed as required by laws and relevant notifications.

**Principle 3.3 Nomination of Directors**

The Board of Directors shall supervise and ensure that the process of director nomination for each committee is transparent and clear and that the qualifications of each member of the Board of Directors and sub-committee meet with the specified criteria.

- (1) The Board of Directors has appointed the Nomination, Remuneration, Corporate Governance and Sustainable Development Committee to find suitable persons to become the Company's directors. In this regard, the Chairman as well as the majority members of this sub-committee shall be independent directors.
- (2) The Nomination, Remuneration, Corporate Governance and Sustainable Development Committee shall hold a meeting to consider rules and processes to recruit directors with suitable expertise, diversity,

gender, age, nationality, ethnicity, and religion for the Board of Directors, as well as to consider background of such person and give their opinion to the Board of Directors prior to the presentation of such person to the shareholders' meeting for appointment annually. Further, in order for shareholders to be sufficiently informed for decision-making purposes, the shareholders shall be provided with sufficient information relating to such person who has been so nominated.

- (3) The Nomination, Remuneration, Corporate Governance and Sustainable Development Committee shall conduct a review of director nomination rules and processes for recommendation to the Board of Directors for consideration prior to the selection of new directors in replacement of directors retiring following the fulfilment of their terms. In the case where the Nomination, Remuneration, Corporate Governance and Sustainable Development Committee nominate the retiring director, the performance of such retiring director shall be examined.
- (4) In cases of any person being appointed as an advisor of the Nomination, Remuneration, Corporate Governance and Sustainable Development Committee to give advice and recommendation on the above rules and processes, information on such advisor shall be disclosed in Form 56-1 One Report, including whether or not such advisor is independent and free from any conflict of interest.

#### **Principle 3.4 Director Remuneration**

The shareholders' meetings have authority to approve remuneration of directors. Therefore, in proposing the remuneration of directors to the shareholders' meetings, the Board of Directors shall consider the remuneration structure and rate that are suitable for the responsibilities and serve an incentive for the Board of Directors to lead the organization to reach short-term and long-term goals.

- (1) The Board of Directors has appointed the Nomination, Remuneration, Corporate Governance and Sustainable Development Committee, the chairman and majority members of which are independent directors, with a view to performing the duty of considering policies and requirements regarding the remuneration for both Board of Directors and sub-committees.
- (2) The remuneration of directors shall be consistent with the Company's long-term strategies and targets, experience, duties, scopes, roles, accountability and responsibility, as well as the benefit that the Company expects to derive from each director. Those directors who have been assigned with additional duty and responsibility (such as acting also as sub-committee members) will be considered for additional remuneration proportionately in comparable to such remuneration typically paid by those business operators in the same industry and of similar organizational size.
- (3) The shareholders have authority to approve the remuneration structure and rates for directors, either in monetary or non-monetary forms. The Board of Directors has the duty to fix appropriate amounts of rates, whether in fixed amounts (e.g. retainer fee, meeting allowances) or variable amounts based on business performance (e.g. bonus and pensions) by linking with value that the Company has created for shareholders, in line with the business/industry of similar type, and not at the level that is too high to the extent that it only focuses on short-term performance.
- (4) The Board of Directors shall arrange for the disclosure of policies and rules for determining the remuneration of directors that reflects the duties and responsibilities of each director, as well as the form and amount of such remuneration. The disclosed amount of remuneration shall also include remuneration that each director receives from being a director in any sub-committee (if any).

- (5) In cases of any person being appointed as an advisor of the Nomination, Remuneration, Corporate Governance and Sustainable Development Committee to give advice and recommendation on the above rules and processes, information on such advisor shall be disclosed in Form 56-1 One Report, including whether or not such advisor is independent and clear of any conflict of interest.

**Principle 3.5 Director's Functions and Sufficient Time Allocation**

The Board of Directors shall supervise to ensure that each director is responsible for their own duties and allows sufficient time to fulfil such duties.

- (1) The Board of Directors has a mechanism to assist directors in understanding their own roles and duties. The Company shall provide an orientation session for new directors to introduce business overview, operational guideline, as well as other useful information for new director's performance of their duties.
- (2) The Board of Directors has a policy to lay down a rule for each director to follow in serving as a director in other listed companies to ensure that those directors will be able to dedicate their time to perform their duties in the Company adequately, and shall provide a system for reporting and disclosing other positions of directors.
- (3) In the case where any director also serves as director or executive, or has indirect or direct interest in other conflicting businesses conflict, or is in a position to exploit opportunity or information of the Company for their own interest, the Board of Directors shall establish adequate preventative measures and notify shareholders appropriately, i.e. the Company's directors and executives have the duty to report their interest and related persons according to the rules and possesses for interest reporting as required by the Board of Directors to prevent any potential conflict of interest. In addition, such directors or executives are prohibited from considering and approving the Company's potential transactions in which they have interest.
- (4) The Board of Directors has a policy to support each director to attend at least 75 percent of all Board of Directors Meetings held in each year.

**Principle 3.6 Subsidiaries and Associated Companies' Governance**

The Board of Directors has provided the framework and mechanism for regulating policies and operation of subsidiaries and associated companies which fit in with their respective businesses, as well as to ensure that subsidiaries and associated companies have the same understanding on the following matters:

- (1) Management Structure of Subsidiaries and Associated companies

The Company has set up the management structure to be adopted by subsidiaries and associated companies so that the management and responsibility for their own business performance shall be monitored efficiently, as well as having a mechanism to monitor the business operation of subsidiaries and associated companies with a view to protecting and preserving the Company's investment as follows:

- (1.1) Nomination of Individuals as Directors of Subsidiaries and Associated Companies

The Company shall nominate individuals who have qualifications and competency suitable for the business operation of subsidiaries and associated companies to be directors of subsidiaries or associated companies in numbers at least according to the shareholding proportion of the Company

in such subsidiaries or associated companies. The Board of Directors shall assign the Executive Committee to nominate suitable individuals to be the Company's representative as directors in such subsidiaries and associated companies.

(1.2) Scope of Duties and Responsibilities of Directors in Subsidiaries and Associated companies

Those directors who have been appointed to serve in each subsidiary or associated company shall have the scope of duty and responsibility as those required in the objectives, articles of association and resolutions of the Board of Directors' meeting, as well as those required in the resolutions of shareholders' meetings of that subsidiary or associated company. They also have the duty to supervise executives and employees of subsidiaries and associated companies to ensure that their conduct is in accordance with the objectives, articles of association and resolutions of the Board of Director's meetings, and resolutions of shareholders' meetings of the Company.

The directors of subsidiaries have the duty to comply with business operation policies in supporting the Group to achieve long-term objectives and targets, and must exercise discretion in managing of subsidiaries for the interest of subsidiaries and the Group as a whole, as well as to report the progress of business performance for presentation to the Executive Committee or Board of Directors for acknowledgement and consideration on a regular basis.

The directors of subsidiaries must perform in accordance with the Code of Conduct and policies, as well as Corporate Governance Policy established by the Company, and has the duty to supervise subsidiaries to ensure that they have internal control and risk management systems that are sufficiently proper, efficient and comprehensive.

(2) Disclosing Information of Subsidiaries

Subsidiaries must report to the Company any plan for business operation, business expansion, major investment projects, as well as joint investment participation with other operators. In this regard, the Company may request subsidiaries to provide explanation or submit documents to back up its consideration of such plan after which the subsidiaries must strictly comply immediately. In the case where the Company finds any significant issue, the Company may notify subsidiaries to provide further explanation and/or submit further documents for the Company's consideration.

(3) Using Inside Information of Subsidiaries

Directors, executives, employees, staff or assignees of subsidiaries including their spouse, person who lives together as husband and wife and immature children, as well as any individual who is related to those persons are prohibited from using inside information of the Company and its subsidiaries, either obtained from performing their duties or by any other means, which has or may have significant impact on the Company and/or subsidiaries, for their interest or others' interest, either directly or indirectly, and whether or not there is anything given or obtained in return.

(4) Transactions executed by Directors, Executives or Individuals who are related to Subsidiaries

Directors, executives or individuals who are related to subsidiaries must strictly comply with the Company's policy on transactions that may lead to a conflict of interest with the Group.

(5) Financial Control on Subsidiaries

Subsidiaries are required to submit monthly performance and financial statements as required by law, as well as information supporting the preparation of such financial statements of subsidiaries, and

consent that the Company may use such information to support the preparation of consolidated financial statements or the Company's performance reports. Subsidiaries have the duty to report any major financial problems to the Company when such problems are detected or after any requested is made by the Company to perform an audit and report on the same.

**Principle 3.7 Performance Evaluation of Board of Directors**

The Board of Directors has a policy to conduct an annual performance evaluation of the Board of Directors, sub-committees and each individual director. The evaluation result will be used in improving their performance.

- (1) The performance of Board of Directors and sub-committees will be evaluated at least once a year in order to jointly deliberate problems and to make improvement. The specific criteria shall be established and set as benchmark comparing against performance.
- (2) The performance evaluation must at least contain a self-evaluation or may consider to use cross-evaluation method as appropriate. The rules, procedures and overall evaluation results shall be included in Form 56-1 One Report.
- (3) The Board of Directors may consider engaging any external advisor to assist in determining guidelines and recommend issues in the performance evaluation and disclose such advisor engagement in Form 56-1 One Report.
- (4) The result of performance evaluation of the Board of Directors and sub-committees will be used in support of considering appropriate member composition of the Board of Directors and each sub-committee.

**Principle 3.8 Promoting Skills and Knowledge Development Program for Directors**

The Board of Directors shall supervise and ensure that each director has knowledge and understanding in their roles and duties, business operation manner and laws relating to the business operation, as well as support every director to constantly develop skills and knowledge required for their performance of duties.

- (1) The Board of Directors shall supervise and ensure that any person appointed as a new director will receive an orientation session and useful information for their performance of duties, which include understanding of the objectives, targets, visions, missions, values, business manner and business operation guidelines.
- (2) The Board of Directors shall supervise and ensure that directors receive trainings and develop necessary knowledge constantly, through the implementation of a policy to promote and support directors and top executives of the Company to participate in seminars and attend various useful training courses organized by Thai Institute of Directors Association ("IOD"), the Securities and Exchange Commission, the Stock Exchange of Thailand and other relevant organizations, as applicable the scope of responsibilities and duties assigned to such director and top executive.
- (3) The Board of Directors shall support and promote every director to have understanding in relation to the laws, rules, risk standards and business environment relating to the business operation, as well as to be updated on the same on a regular basis.

- (4) The Board of Directors shall ensure that such information on the Board of Directors' trainings and continuous development programs shall be disclosed in Form 56-1 One Report.

**Principle 3.9 Board of Directors' Meetings**

The Board of Directors shall supervise and ensure that Board of Directors' operation shall be smooth and they can gain access to necessary information and have the Company Secretary who has appropriate knowledge and experience necessary to support the Board of Directors' operation.

- (1) Schedule of Meetings and Numbers of Meetings

The Board of Directors shall consider the number of meetings suitable for the Board of Directors' duties and responsibilities and the manner in which the business operation of the Company is engaging. They shall schedule a meeting of the Board of Directors at least once in every quarter and there should be at least 6 meetings of the Board of Directors per each fiscal year. Meeting schedules will be set in advance for the entire year to allow directors to make themselves available to attend the meetings.

- (2) Agendas, Meeting Invitation and Meeting Documents

The Board of Directors shall arrange meetings according to the laws, articles of association and relevant rules and meeting agendas shall be clear outlined for each meeting. There may be special agendas as necessary. Each director as well as the Management shall be given an opportunity to propose any matter that is useful to the Company to be included in the agendas. The Chairman of the Board of Directors or Company Secretary as assigned by the Chairman of the Board of Directors shall send meeting invitations and meeting documents (either in hard copies and/or in electronic form) to every director prior to the meeting date as required by the articles of association pursuant to the laws, so as to allow the Board of Directors to receive the documents and have time to study the documents prior to the meeting date.

- (3) Meeting, Presentation and Minutes of Meeting

- (3.1) At the Board of Directors. meeting, the minimum quorum during the time of resolution, there must be the Directors in the meeting not less than two-third of the total of the Board of Directors.

- (3.2) In each meeting, the Board of Directors may invite the Management, top executives, or persons relating to a particular agenda to join the meeting to answer questions and provide additional information in their capacity as the person being related to the matter in question, and to allow Board of Directors to have the opportunity to know the Management and top executives for the sake of succession plans.

- (3.3) The Board of Directors may access additional information necessary from Chairperson of the Executive Committee, Chief Executive Officer, Company Secretary, or other top executives assigned within the required scope of policies. If necessary, the Board of Directors may, at the cost of the Company, arrange for independent opinion from advisors or external professionals.

- (3.4) Upon each meeting, the Board of Directors shall assign the Company Secretary to prepare minutes of meeting in writing to be presented to the Board of Directors for consideration.

(4) Non-Executive Directors Meeting

The Board of Directors has a policy to hold non-executive directors meeting at least once in a year to give an opportunity for those directors to have a meeting amongst themselves as necessary to discuss various management-related issues of interest without the attendance of any Management team member. The outcome of such meeting shall also be reported to the Chairperson of the Executive Committee and Chief Executive Officer.

(5) Company Secretary

(5.1) The Board of Directors has appointed the Company Secretary by taking into account necessary qualifications and experiences suitable to perform the function of providing recommendation relating to laws and rules that the Board of Directors must be aware of, supervising the preparation of documents for the Board of Director's Meetings, the preparation of important documents and the arrangement of the Board of Directors' activities, as well as coordination to ensure that the Board of Directors Meeting's resolution is followed. In this regard, the Board of Directors shall disclose qualifications and experiences of the Company Secretary in Form 56-1 One Report and on the Company's website.

(5.2) The Company Secretary must perform his/her duties with responsibility, due care and integrity as well as comply with laws, objectives, articles of association and the resolutions of Board of Directors and shareholders' meetings.

In compliance with applicable laws, the Company Secretary shall have the following duties and responsibilities:

(a) to prepare and maintain the Company's documents as follows:

- director registration;
- invitation letters for, and minutes of, Board of Directors' Meetings;
- invitation letters for, and minutes of, shareholders' meetings;
- annual report or Form 56-1 One Report;

(b) to maintain directors' and executives' interest reports and to prepare a copy of each interest report as per Section 89/14 of the Securities and Exchange Act, B.E. 2535 (1992) (as amended) as prepared by the Company's directors and executives for the Chairman of the Board of Directors and Chairman of the Audit Committee for examination and acknowledgement within 7 business days upon the receipt of such reports by the Company;

(c) to carry out all activities regarding the meetings of the Board of Directors and shareholders;

(d) to give recommendation on rules and regulations that the Board of Directors and executives should be aware of;

(e) to organize trainings and orientation sessions for the existing directors and newly appointed directors as well as to provide necessary information for them in performing their duties;

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- (f) to take care of and coordinate to ensure that the Company completely and properly complies with laws, regulations, requirements and resolutions of the Board of Directors and shareholders, as well as Corporate Governance Policy;
  - (g) to perform any other actions as required by the Capital Market Supervisory Board and/or as assigned by the Board of Directors.
- (5.3) The Board of Directors shall support and promote the Company Secretary to continuously receive useful trainings and knowledge development for their functions, in particular, the Company Secretary should receive trainings to develop professional competency in a certified program organized by IOD or Thai Listed Companies Association, etc.
- (5.4) In event that the Company Secretary retires or may not perform his/her duties, the Board of Directors shall appoint a new Company Secretary within 90 days upon the date on which the former Company Secretary retires or could no longer perform their duties. In this regard, the Board of Directors may assign one of the directors to perform the duties as an acting Company Secretary during such interim period.

## PRINCIPLE 4

### Nomination and Development of Top executives and Human Resources Management

#### **Principle 4.1 Nomination of Chairperson of the Executive Committee and Chief Executive Officer and Top Executives Development Programs (Top Executives is the Executive who is appointed as the Member of the Executive Committee of the Company)**

The Board of Directors shall ensure that the Chairman of the Executive Committee, Chief Executive Officer and top executives who possess knowledge, skills, experiences and attributes required to drive the organization to achieve the targets have been nominated and developed.

- (1) The Board of Directors has assigned the Nomination, Remuneration, Corporate Governance and Sustainable Development Committee to consider rules and processes for recruiting individuals with suitable qualifications to be the Chairperson of the Executive Committee, Chief Executive Officer and top executives.
- (2) The Board of Directors should monitor that the Chairperson of the Executive Committee shall supervise and ensure that suitable top executives are recruited properly, while the Nomination, Remuneration, Corporate Governance and Sustainable Development Committee together with the Chairperson of the Executive Committee shall consider the rules and processes for recruiting and appointing individuals to be Chief Executive Officer and top executives.
- (3) To ensure continuous business operation, the Board of Directors shall assign the Nomination, Remuneration, Corporate Governance and Sustainable Development Committee to consider and provide succession plans in preparation for the succession of top executives, and the outcome of such succession plans shall be reported to the Board of Directors from time to time at least once a year.
- (4) The Board of Directors shall promote and support to ensure the Chairperson of the Executive Committee, Chief Executive Officer and top executives are given trainings and development programs to enhance their useful knowledge and experience for their functions, by also taking into account the preparation for executive succession plans.
- (5) The Chairperson of the Executive Committee, Chief Executive Officer and top executives may be directors in other companies. However, such outside directorship must not be an obstacle to their performance of duties and they are prohibited from engaging in, or participating in, businesses of the same nature and in competitive with those of the Company and subsidiaries, nor becoming a partner or director in other juristic entities of the same nature and in competitive with those businesses of the Company and subsidiaries, whether for their own interest or for the interest of others.

#### **Principle 4.2 Appropriate Remuneration Structure and Performance Evaluation**

The Board of Directors should supervise the setting up of proper remuneration structure and evaluation processes.

- (1) The Board of Directors has the policy to establish remuneration structure as an incentive for the Chairperson of the Executive Committee, Chief Executive Officer, top executives and other personnel at every operating level, in alignment with the organization's key objectives and targets as well as long-term business benefits, the remuneration structure of which includes:
  - (1.1) consideration of suitability of remuneration proportion such as salary, short-term performance (such as bonus), and long-term performance (such as scheme that gives privileges to employees in various forms, etc.);
  - (1.2) establishment of policies relating to remuneration payments by taking into account various key factors such as remuneration level comparable to those paid in the same industry and the business performance, etc.;

- (1.3) establishment of policies relating to the rules for evaluation and communication of such evaluation result for proper acknowledgement.
- (2) The Board of Directors has assigned the Nomination, Remuneration, Corporate Governance and Sustainable Development Committee to consider and establish rules relating to the remuneration and evaluation top executives' performance to be proposed to the Board of Directors for approval. The performance evaluation rules should attract the Company's business operation complying with business objectives, key targets, strategy and in consistent with long-term business interest. The evaluation rules shall be communicated to top executives in advance and any performance evaluation shall be conducted regularly on an annual basis. The result of evaluation as well as issues for development shall be communicated to top executives.
- (3) The Board of Directors has assigned the Nomination, Remuneration, Corporate Governance and Sustainable Development Committee to consider and establish rules and criteria for the performance evaluation and remuneration structure of top executives before presenting to the Board of Directors for approval.
- (4) The Board of Directors shall supervise and ensure that rules and criteria for any performance evaluation are implemented for all personnel within the entire organization.

**Principle 4.3 Shareholders' Structure and Relationship**

The Board of Directors has a policy to understand shareholders' structure and relationship that may affect their business management and their authority to control business operation. This understanding will help avoid any obstacle to the Board of Directors' performance of duties. The Board of Directors shall supervise and ensure that all information which may affect the business management shall be properly disclosed.

**Principle 4.4 Human Resources Skill Development**

The Board of Directors shall monitor the human resource management and development to ensure that the personnel shall be in an appropriate number, is equipped with proper knowledge, skills and experience and is well motivated.

- (1) The Board of Directors shall provide human resource management according to the organization's direction and strategy and shall ensure that each employees at every level has appropriate knowledge, competency, and motivation, as well as receive fair treatment, such that all competent personnel shall remain with the organization.
- (2) The Board of Directors has established a provident fund scheme for employees to earn adequate savings for their retirement, as well as to encourage employees to learn and understand money management and selection of an investment policy that corresponds with their age and risk appetite, etc.

## PRINCIPLE 5

### Nurture Innovation and Responsible Business Operation

#### **Principle 5.1 Creating Innovation for Value-added Business, Stakeholder Benefits and Responsibility to Society and Environment**

The Board of Directors emphasizes and supports the creation of innovation to add business value in parallel with the creation of benefit to all relevant stakeholders and be socially and environmentally responsible.

- (1) The Board of Directors recognizes the importance of creating corporate culture that promotes innovation and supervises to ensure that the Management integrates this culture in strategy review, operational improvement, development plan and performance monitoring.
- (2) The Board of Directors promotes the creation of innovation to add business value according to changing environmental factors in terms of business model, concept, perspective in the design and development of products and services, research, improvement of manufacturing and operating processes, as well as cooperation with partners to create mutual benefits for customers' business, partners' business, society and the environment, and discourages inappropriate, illegal or unethical behaviors.

#### **Principle 5.2 Operating Business with Social and Environmental Responsibility**

The Board of Directors shall supervise and ensure that the Management operates business with social and environmental responsibility. These are to be integrated into the operational plan to ensure that every division in the organization operates according to the objectives, key targets and business strategies.

In view of the roles of stakeholders, the Board of Directors shall establish a mechanism to ensure that the business operation is ethical, socially and environmentally responsible and does not infringe upon the rights of stakeholders and intellectual property including respects for human rights. Such mechanism is to serve as a guideline for every team in the organization to reach the objectives and key targets in a sustainable manner. Details of the responsibility for stakeholders is as 2.1 (2).

The Company has anti-corruption policy which complies with all laws and relevant standards, and has antifraud and anti-corruption policies in place, and provides whistle blowing channel in relation to any violation of laws, rules, procedures, codes of conduct or any corruption.

In this regard, the Board of Directors has established guidelines on how to treat stakeholders as part of the Code of Conduct and will disclose all relevant and necessary key information to those stakeholders in an adequate, reliable and timely manner.

#### **Principle 5.3 Allocation of Resources Efficiently and Effectively**

The Board of Directors shall supervise and ensure that the Management allocates resources efficiently and effectively, having regard to the impact on, and development of, resources throughout value chain, so that the objectives and key targets of the Company can be achieved in a sustainable way.

- (1) The Board of Directors realizes the necessity of the required resources to be made available for our use, whether they be in the form of financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital. The Board of Directors also realizes that

the consumption of such resources has an impact on one another, and different business model also causes different impact. Therefore, in making a decision on the selection of business model, the Board of Directors shall take into account the impact on, and the worth of, the resources based on ethics, responsibility and creation of sustainable value for the business.

- (2) The Board of Directors shall supervise and ensure that the business objectives and key targets are achieved and that the Management constantly review, develop and monitor the process of efficient and effective consumption of resources, in light of changing internal and external factors.

**Principle 5.4 Information Technology Management**

The Board of Directors shall establish the organizational framework for regulating and managing information technology that is consistent with the business requirements and supervise to ensure that information technology is utilized to increase business opportunity and operational development as well as risk management, so that the business can achieve its objectives and key targets.

- (1) The Board of Directors has delegated the Management to prepare a policy on allocation and management of information technology resources with an intention to allocate sufficient resources for business operation and to establish guidelines to safeguard the situation where sufficient resources cannot be allocated. This is to ensure that:
  - The Company has complied with all laws, procedures, regulations and standards relating to information technology utilization.
  - The Company has data security systems in place to preserve confidentiality.
  - The integrity and availability of data for use shall be observed and maintained, while the misuse or unauthorized change of data shall be prevented.
  - The Company has assessed information technology risks and puts in place a mechanism to manage such risks in various aspects, e.g. business continuity management, incident management that impacts information system security, asset management, etc.
  - The Company has considered the allocation and management of information technology resources, set prioritization rules and criteria for information technology plan, e.g. suitability and consistency with the strategic plan, impact on the business operation, urgency of use, IT budget and human resources, and alignment with the business model, etc.
- (2) The Board of Directors shall supervise and ensure that risk management of the organization also covers risk management in terms of information technology.
- (3) The Board of Directors shall establish a policy and security measure for information system.

## PRINCIPLE 6

### Appropriate Risk Management and Internal Control Systems

#### **Principle 6.1 Risk Management and Internal Control**

The Board of Directors shall supervise and ensure that the Company has put in place risk management and internal control systems in order to achieve the objectives in an efficient manner and in compliance with all laws and relevant standards.

- (1) The Board of Directors shall understand all major risks associated with the business and approve acceptable risks.
- (2) The Board of Directors shall establish and approve risk management policies according to the objectives, key targets, strategies and risk appetite to be operational framework for risk management to be adopted by everyone in the organization in alignment towards the same direction. The Board of Directors shall place emphasis on all warning signals and supervise to ensure regular reviews of risk management policies, for example, in every once a year.
- (3) The Board of Directors shall supervise and ensure that the Company has identified the risks by considering external and internal factors that may cause the Company to fall short of achieving the required objectives. Such risks may include strategic risks, operational risks, financial risks and compliance risks.
- (4) The Board of Directors shall supervise and ensure that the Company has impact and opportunity assessment of those identified risks so that each risk can be put in order for prioritizing purposes and has appropriate risk management methods (for example, accepting risks (take), reducing or controlling risks (treat), avoiding risks (terminate) and allocating risks (transfer)). The Board of Directors shall also monitor and assess the efficiency of such risk management methods on a regular basis.
- (5) The Board of Directors has delegated the above major duties to the Risk Management Committee so that the Risk Management Committee is tasked with putting in place policies relating to risk management that is appropriate for the business and shall then be screened by the Audit Committee prior to proposing it to the Board of Directors for consideration.
- (6) The Board of Directors shall supervise and ensure that business operation is in compliance with all laws and relevant local and international standards.
- (7) The Board of Directors shall arrange for the assessment of internal control and risk management systems to be adopted by subsidiaries and associated companies and this assessment arrangement shall also be incorporated as part of the assessment of internal control and risk management systems of the Company.

#### **Principle 6.2 Independence of Audit Committee**

The Board of Directors has appointed the Audit Committee and the Audit Committee shall be free to perform its duties efficiently and independently.

- (1) The Audit Committee is consisted of at least 3 directors. Every director must be an independent director and has qualifications and duties as required by the relevant regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

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- (2) The duties and responsibilities of the Audit Committee have been defined in writing in “Audit Committee Charter”, which includes the following:
- to review such that the business has accurate and complete financial reports;
  - to review such that the business has appropriate and effective internal control and internal audit systems;
  - to review such that the business complies with all applicable laws and standards;
  - to consider the independence of Internal Audit department and to approve the appointment, transfer and termination of Head of Internal Audit;
  - to consider, select and nominate any independent individual to act as an auditor and to consider proposing their remuneration as well as to meet with such auditor without the presence of any member of the Management at least once a year;
  - to consider connected transactions or transactions that may lead to a conflict of interest such that these types of transactions comply with all applicable laws, are reasonable and beneficial for the best interest of the Company;
  - to audit the correctness of reference documents and self-evaluation forms relating to the Company’s anti-corruption measures.
- (3) The Board of Directors shall require that the Company put in place mechanisms and tools that will enable the Audit Committee to gain access to necessary information for their assigned duties, for example, by facilitating the Audit Committee to be able to summon related persons to supply information, to enter into a discussion with auditors or to seek independent opinion from any other professional advisors for consideration by for the Audit Committee.
- (4) The Board of Directors has established Internal Audit Department. The Internal Audit Department is independent and free to perform their duties and is responsible for improving and reviewing risk management and internal control systems as well as reporting to the Audit Committee and disclosing its audit reports in Form 56-1 One Report.
- (5) The Audit Committee must give comments on the efficacy and sufficiency of risk management and internal control systems and disclose the same in Form 56-1 One Report.

**Principle 6.3 Prevention of Conflict of Interest and Reporting of Vested Interest**

The Board of Directors shall monitor and manage any potential conflict of interest between the Company, Management, Board of Directors and shareholders as well as prevent any misuse of the Company’s assets, data, opportunities and transactions with persons related to the Company in an undue manner.

- (1) The Board of Directors shall supervise and ensure that there shall be data security systems, including to set up policies and practices for maintaining confidentiality, integrity, availability and management of data that may affect securities price (i.e. market sensitive information). Furthermore, the Board of Directors shall supervise and ensure that directors, top executives and employees, including such related third parties as legal advisors and financial advisor, shall comply with data security systems as well.
- (2) The Board of Directors has set policies on conflict of interest with a view to preventing directors, executives, employees and related persons from seeking their own benefits that contradict with the Company's interest. This can be accomplished by avoiding actions that could lead to conflict of interest and by requiring those persons connected or related to the transaction in question to inform the Company of their relationship or connection with such transaction, to refrain from taking part in decision making and in authorizing that particular transaction.
- (3) The Board of Directors shall require directors to disclose their vested interest at least prior to the setting of meeting agendas and such vested interest shall be recorded in the minutes of the Board of Directors' meeting. The Board of Directors shall supervise and ensure that the directors, who have significant vested interest in a manner that may cause them to be incapable of giving independent opinion, shall refrain from attending the meeting in which such agenda in question is being considered.

**Principle 6.4 Anti-corruption**

The Board of Directors has a clear anti-corruption policy outlined in "Code of Conduct" and in the anti-corruption policy, which shall be communicated and cascaded to employees at all level and third parties so that such policy will be implemented and put into practice accordingly.

The Board of Directors shall arrange for an anti-corruption program or guideline and support activities that promote and cultivate every employee to comply with all laws and regulations on this matter.

**Principle 6.5 Handling of Complaints and Whistle-Blowing**

The Board of Directors has supervised and ensured that a process shall be developed for the acceptance and handling of complaints and whistleblowing. For this purpose, the practical guideline for all employees to follow is explicitly outlined in "Whistle-Blowing Policy", which includes the following:

- the scope of complaints and whistle-blowing;
- the guideline on making complaints and whistle-blowing;
- the protective measures afforded to those employees who make complaints or whistle-blow, those witnesses and those related persons;
- the channel for making complaints and whistle-blowing which must be made available for more than one channel at the very least.

In this regard, the channel for making complaints and whistle-blowing shall be disclosed on the Company's website or in Form 56-1 One Report.

## PRINCIPLE 7

### Maintaining Financial Credibility and Information Disclosure

#### **Principle 7.1 Preparation of Financial Reports and Disclosure of Material Information**

The Board of Directors is responsible to ensure that the preparation of financial reports and the disclosure of significant information shall be accurate, adequate, in a timely manner and in accordance with all applicable regulations, standards and relevant practice guidelines. For this purpose, the Board of Directors shall perform the following:

- (1) to supervise and ensure that the personnel relating to data preparation and disclosure shall have knowledge, skills and experience suitable for their duties and ensure that there shall be sufficient number of personnel to undertake this task, such personnel includes top executive in accounting and finance, accountant, internal auditor, company secretary and investor relations officer;
- (2) to ensure the disclosure of information to shareholders and stakeholders as necessary and appropriate regularly, such information shall be factual, accurate, complete, adequate and comply with laws, taking into account related factors and adhering to the concept of materiality in considering materiality of the matter that must be disclosed in the case where the disclosure is not explicitly required by law, including financial and non-financial information; such disclosure shall be made through several channels that are generally and equally accessible and be updated regularly. In the case of financial reports, the following factors shall be taken into consideration:
  - the evaluation result on the sufficient of internal control systems;
  - the auditor's opinion in financial reports and auditor's notes on internal control systems as well as auditors' notes communicated via other channels (if any);
  - the opinion of the Audit Committee;
  - the alignment with the Company's objectives, key targets, strategies and policies
- (3) The Board of Directors shall supervise and ensure that the disclosure of information including financial statements, Form 56-1 One Report shall sufficiently reflect the financial position and performance. The Board of Directors shall also support the preparation of Management Discussion and Analysis (MD&A) as a supplement to quarterly financial statements for shareholders to be aware of, and have better understanding on, any change to the Company's financial position and performance in each quarter, apart from merely numerical data in financial statements.
- (4) In the case of disclosure of any matter that is specifically concerned with any director, such director shall arrange for the disclosure of such matter on the director's part in full and with accuracy, e.g. information on those shareholders who are associated with the director.

#### **Principle 7.2 Sufficient Financial Liquidity and Debt Repayment Capacity**

The Board of Directors shall monitor to ensure that the Group has sufficient financial liquidity and debt repayment capacity.

- (1) The Board of Directors shall supervise and ensure that the Management consistently monitor and evaluate the financial position of the business and report the same to the Board of Directors. The Board of Directors and the Management shall together find solutions at the earliest if there is a sign of difficulties in financial liquidity and debt repayment capacity.

- (2) In approving the entry into any transaction or in giving any recommendation to shareholders' meeting for approval, the Board of Directors shall ensure that such transaction or recommendation will not affect the business continuity, financial liquidity or debt repayment capacity.

**Principle 7.3 Mitigation for Financial Difficulties**

In the case of financial difficulties or possible financial difficulties, the Board of Directors shall ensure that the business has a contingency plan for such difficulties or any other mechanisms that can resolve such difficulties having regard to the rights of stakeholders:

- (1) If there is a possibility that the business will not be able to pay its debts or is experience financial difficulties, the Board of Directors shall closely monitor and supervise to ensure that the conduct of business shall be carried out with diligence and follow the applicable requirements on the disclosure of information.

In this connection, such indicators which could signify the possibility of financial difficulties include: (1) consecutive losses, (2) poor cash-flow, (3) incomplete financial information, (4) lack of proper accounting systems, (5) lack of cash-flow and budget forecasts, (6) no business plan, (7) debts exceeding assets, (8) difficulties in selling inventory and in debt collection, etc.

- (2) The Board of Directors shall supervise and ensure that a plan to resolve financial difficulties shall be determined, having considered the fairness to stakeholders, including creditors, as well as shall keep monitoring the situation through regular reporting to be made by the Management.
- (3) The Board of Directors shall ensure that any decision making to resolve the Company's financial difficulties through whatever means must be reasonable.

**Principle 7.4 Sustainability Report**

The Board of Directors has a policy to prepare sustainability reports as appropriate.

- (1) The Board of Directors shall consider the level of appropriateness in disclosing information on legal compliance, Code of Conduct compliance, anti-corruption policy, treatment of employees and stakeholders (including fair treatment and respect to human rights) as well as social and environmental responsibilities, while the scope of sustainability report shall be locally and internationally acceptable and appropriate to the business.
- (2) The Board of Directors shall supervise and ensure that the disclosure of information shall be of essence to the business and really be put into practice, thereby creating the sustainable value of the business.

**Principle 7.5 Investor Relations**

The Board of Directors shall supervise and ensure that the Management sets up Investor Relations department to communicate and publicize news and information that are useful to shareholders, investors, analysts and related persons properly, equally and in a timely manner.

- (1) The Board of Directors has a policy to communicate and disclose information to third parties properly, equally and in a timely manner, through proper channels, preserving confidentiality and price-sensitivity of information, as well as to communicate such policy internally to the entire organization to ensure common understanding and compliance with such policy.
- (2) The Board of Directors shall assign an individual responsible for specifically disclosing information to third parties. Such individual shall be suitable for this responsibility, understand the Company's business, objectives, key targets, corporate values and competent to communicate well with the capital market.
- (3) The Board of Directors shall supervise and ensure that the Management establishes directions and support investor relations affairs, e.g. the establishment of practice in providing information, policy on price-sensitive information management, as well as the defining of precise scope of duties and responsibilities of investor relations so as to ensure efficiency in communication and data disclosure.

**Principle 7.6 Dissemination of Information through Information Technology**

The Board of Directors encourages the use of information technology for information dissemination purposes. In addition to the data dissemination as required by the specified rules, and through the channel, of the Stock of Exchange of Thailand, the Board of Directors shall ensure data dissemination both in Thai and English through other channels such as the Company's website, as well as to provide information which is always up-to-date, all of such information includes the following:

- corporate visions, missions and values;
- the nature of business operation of the Company;
- the list of members of the Board of Directors and top executives;
- the financial statements and reports relating to financial condition and performance of the present and previous years;
- downloadable Form 56-1 One Report and annual reports;
- other information or documents that the Company presents to analysts, fund managers or media;
- shareholding structure and the structure of companies within the Group;
- major shareholders;
- shareholders' meeting invitations;
- the articles of association and memorandum of association;
- the Corporate Governance Policy of the Company, and key policies or charters such as Board of Directors' Charter, charters of every sub-committee, Code of Conduct, etc;
- contact information for whistle-blowing, Investor Relations and Company Secretary
- the Company's certification/objectives

## PRINCIPLE 8

### To Ensure Engagement and Communication with Shareholders

The Company realizes and emphasizes the rights of shareholders, such as the rights to trade or transfer shares, to enjoy business profit sharing, to receive adequate and complete news and information of the Company, to attend meetings and exercise voting rights at shareholders' meeting independently and equally, to participate in major decision making, which impacts the Company e.g. director appointment or removal, fixing director remuneration, auditor appointment or removal and fixing auditor remuneration, dividend allocation, establishing and amending the articles of association and memorandum of association, capital reduction or increase, and approval of special transactions as required by laws, etc. Shareholders' meetings are one of the important channels for the Company's shareholders to exercise their rights as a shareholder. Furthermore, the Company also adheres to the principle of treating shareholders equitably (The Equitable Treatment for Shareholders).

The Board of Directors has a guideline in organizing the Company's shareholders' meetings to encourage and facilitate shareholders to exercise their rights, and to respects the principle of equal treatment of all shareholders as follows:

#### **Principle 8.1 Shareholders' Involvement**

The Board of Directors shall supervise and ensure that shareholders are involved in the Company's major decision making as follows:

- (1) to supervise and ensure that important matters, both issues required by laws and issues that may impact direction of business operation, are considered and/or approved by shareholders' meetings, such important matters shall be included in shareholders' meeting agendas;
- (2) to encourage shareholders' involvement by giving opportunities to shareholders to propose meeting agendas and/or nominate individual(s) for director appointment prior to an annual general meeting of shareholders to encourage equitable treatment for shareholders pursuant to the rules imposed by the Company as announced on the Company's website and on the website of the Stock Exchange of Thailand;
- (3) to supervise and ensure that invitation letters for shareholders' meetings contain accurate, complete, and sufficient information for shareholders to exercise their rights, namely:
  - (3.1) invitation letters for shareholders' meetings with all relevant documents shall be delivered to shareholders and published on the Company's website prior to each related meeting date according to the advance period as required by laws;
  - (3.2) giving shareholders opportunities to submit questions prior to each meeting date, by setting the rules for submitting questions in advance and publishing such rules on the Company's website;
  - (3.3) invitation letters for shareholders' meetings with all relevant documents shall be prepared and published in 2 languages; i.e. Thai and English and cover the following matters:
    - date, time, and venue for such shareholders' meeting;
    - meeting agendas describing expressly whether each agenda is for acknowledgement or for approval and each matter in there shall be clearly separated one by one;
    - objectives, reasons and opinion of the Board of Directors in each meeting agenda;

*-Translation-*

- proxy according to the format as required by the Ministry of Commerce, in which information on at least 1 independent director shall be presented so as to allow shareholders to choose proxy to attend the meeting and vote on behalf of shareholders;
- other supporting information for each meeting, e.g. voting, counting, and vote count announcing procedures, rights of each type of share in vote casting, information on independent directors proposed as proxy from shareholders, documents that shareholders must present prior to attending each meeting, documents supporting proxy and a map of meeting venue, etc.

**Principle 8.2 Shareholders' Meeting**

The Board of Directors shall supervise and ensure that each shareholders' meeting on the meeting date shall be carried out in a smooth, transparent and efficient manner as described below and be conducive to shareholders in exercising their rights:

- (1) to set date, time and venue for the meeting by taking into account the convenience for attendance by shareholders, e.g. suitable and sufficient meeting period for discussion and convenient venue for travel to the meeting, etc;
- (2) to prevent any action that limits meeting attendance opportunity, or creates unreasonable burden to shareholders, in the event that shareholders are unable to attend the meeting, the Company shall give an opportunity for the independent director or any person to act as proxy for shareholders and attend the meeting for shareholders' behalf by using proxy form sent by the Company together with the invitation letter;
- (3) to encourage the use of technology in shareholders' meetings for registration, vote counting, and result display to ensure that the meeting process is quick, correct and accurate;
- (4) the Chairman of the Board of Directors shall be the chairman of shareholders' meeting and be responsible for supervising to ensure that the meeting complies with laws, applicable rules and the articles of association, in this regard, the Chairman of the Board of Directors shall explain the rules to be applied in the meeting, as well as vote casting procedure, allocating appropriate time for each specified meeting agenda, and providing shareholders with an opportunity to comment and raise questions at the meeting on the matter relating to the Company;
- (5) so as to allow shareholders to be involved in major decision making, each shareholders' meeting shall be proceeded according to the agendas notified in the invitation letter, while the directors in their capacity as meeting attendees and shareholders shall not encourage any addition of agendas that have not been notified in advance if it is not necessary, especially important agendas that shareholders need time to study the information prior to making any decision;
- (6) the Board of Directors has a policy for all related directors and top executives to attend the meeting to provide shareholders with an opportunity to ask questions on relevant issues;
- (7) prior to each meeting, shareholders shall be informed of number and proportion of shareholders in attendance and of shareholders attending by proxy, meeting method, vote casting and vote counting;
- (8) where one agenda contains a number of items for consideration, the chairman of the meeting shall separate each item to be voted, e.g. in the agenda on directors appointment, shareholders shall exercise their right to appoint each individual director, etc.;

- (9) to encourage the use of voting ballot and to encourage any impartial person to count or verify vote counting in shareholders' meetings, and to disclose voting results of "agree", "disagree" and "abstain" in each agenda for acknowledgement at the meeting, as well as for record in the minutes of the meeting;

**Principle 8.3 Resolution and Minutes of Shareholders' Meeting**

The Board of Directors shall supervise and ensure that the disclosure of resolution of shareholders' meetings and the preparation of the minutes of shareholders' meetings shall be precise and complete.

- (1) The Board of Directors shall arrange for the Company to disclose the minutes of shareholders' meetings and voting results by the next working day through the Stock Exchange of Thailand's news channel, and on the Company's website.
- (2) The Board of Directors shall require that the Company submits a copy of the minutes of shareholders' meetings to the Stock Exchange of Thailand as required by applicable rules and by any competent agencies within the period required by laws and/or as required by such competent agencies.
- (3) The Board of Directors shall supervise and ensure that the minutes of shareholders' meetings shall be recorded accurately at least with the following information:
  - the name list of directors and executives in attendance, and the proportion of directors in attendance and in absence;
  - the method of vote casting and vote counting, meeting's resolutions, and voting results (agree, disagree or abstain) in respect of each agenda;
  - questions and answers in the meeting, including the full names of those who raised questions and provided answers.

## **POLICY ON PREVENTION OF USE OF INSIDE INFORMATION**

The Company realizes the importance of preventing the use of insider information of the Group for one's own interest or for the interest of others if such information is material and not yet disclosed to the public. Therefore, the Company has the policy that prohibits directors, management, and employees of the Group, together with their related persons, from insider trading and forbids any disclosure of inside information to third parties or non-related persons prior to the public disclosure of such information through the Stock Exchange of Thailand. They are required to strictly comply to insider trading prohibitions and restrictions as prescribed in the Securities and Exchange Act, B.E. 2535 (1992) (as amended) as follows:

1. Director, management, and employees of the Group are prohibited from telling, disseminating, or certifying false statements or statements that may cause material misunderstanding regarding the Company's financial status, performance, securities trading price, or other related information. Such prohibited act might affect securities price or decision to invest in the Company's securities.
2. Director, management, and employees of the Group, together with their related persons are prohibited from analyzing or forecasting the Company's financial status, performance, securities trading price, or other related information by using information known to be false or incomplete which might cause misunderstanding in essences, by neglecting to consider the accuracy of information, by misrepresenting the essences to the public in ways that are likely to affect securities price or decision to invest in the Company's securities.
3. Director, management, and employees of the Group, together with their related persons who aware or possess the Company's inside information are prohibited from following acts;
  - 3.1 Trading securities or bounding by futures contracts related to securities (as the case may be) whether for oneself or other persons unless exception as prescribed in the Securities and Exchange Act, B.E. 2535 (1992) (as amended).
  - 3.2 Disclosing inside information other persons whether directly or indirectly by any means, be aware or should be aware that the recipient may use such information in trading securities or bounding future contracts related to securities (as the case may be) whether toward own will or others' unless such the act is done in manners which does not exploit other persons or clarified by the notification of SEC.

For the benefits of consideration,

"Inside Information" definition the information which is essences to securities' price and value changes and has not yet disclosed to public.

"Securities' Price Effect" definition the effect which cause the securities' price to increase, decrease, fixed or stabilized securities' price.

Directors, executives and individuals holding top executive positions in accounting and finance department (including spouse, person who lives together as husband and wife, minor child and juristic persons which hold shares more than 30% of total eligible vote and have shares proportion more than mentioned juristic persons) must inform the change in securities holding to the Board of Directors or to assigned person by the Board of Directors at least 1 day in advance and report the change in securities holding to the Securities and Exchange Commission as per Section 59 of the Securities and Exchange Act, B.E. 2535 (1992) (as amended) within 3 working days of purchase, sale or transfer of such securities, and send a copy of the report to Company Secretary for information and for summarizing the same to propose to the Board of Director's meeting on a quarterly basis.

## **POLICY ON PREVENTION OF CONFLICT OF INTEREST**

In order to ensure that directors, executives and employees are given guidelines on their performance of duties with integrity and without seeking for personal interest that conflicts with the Company's interest and with full adherence to securities and exchange laws, the company has established a policy on preventing a conflict of interest as follows:

1. Directors, executives and employees are prohibited from business operation or participation in business that is of the same nature or competes with the business of the Company or those of the subsidiaries, and from becoming partners or directors in other juristic entities that are of the same nature and compete with the business of the Company or those of the subsidiaries, whether for personal interest or for the interest of others.
2. Directors, executives and employees must avoid performing actions that would lead to a conflict of interest and avoid connected transactions relating to oneself or related persons. In the event that such transactions are required to be made, the directors, executives and employees must notify the Company of the relationship or connection of oneself or related persons in such transactions and shall not take part in approving such particular transactions.
3. Connected transactions and conflict of interest transactions must be strictly subject to all relevant regulations of the Office of Securities and Exchange Commission ("Office of SEC"), the Capital Market Commission and the Stock Exchange of Thailand, and must be proposed to the Audit Committee and the Board of Directors for careful consideration of the appropriateness of those transactions. Those transactions shall also be disclosed according to the rules of the Stock Exchange of Thailand and/or other relevant agencies.
4. Directors and executives must prepare interest reports of directors, executives, including their respective related persons to be used as basic information for supervision in terms of vested interest on annual basis, and must always prepare such reports when there occurs any change. The Board of Directors has assigned Company Secretary to collect such reports to be proposed to the Chairman of the Audit Committee and the Chairman of the Board of Directors to be used in the audit and supervision in terms of conflict of interest.

Directors have the duty to report their interest at least prior to the consideration of the agenda in question in the Board of Director's meetings and shall have it recorded in the minutes of Board of Director's meeting, so as to ensure that the directors with significant interest in the manner that may cause them not to express opinion independently be excluded from attending the meeting while that agenda in question is being considered.

5. Directors and executives have the duty to report holding of securities issued by the Company, which belong to them, their respective spouses, and immature children to the Office of SEC within 30 days upon the date of appointment of such directors or executives in the Company.

Directors and executives have the duty to inform the change in securities holding to the Board of Directors or to assigned person by the Board of Directors at least 1 day in advance and report the change in such securities holding in cases they, their respective spouse and immature children change securities holding. Such change must be reported to the Office of SEC in the format and method as required by the Office of SEC within 3 working days of the date of purchase, sale, transfer or acquisition in compliance with Section 59 of the Securities and Exchange Act, B.E. 2535 (1992) (as amended).

6. In regulating the use of inside information, the Company has forbidden directors, executives or employees from exploiting or publishing the Company's inside information which has not yet been publicly disclosed for illegitimate benefits. Furthermore, the Company also forbids directors, executives or employees in the unit that receives inside information from exploiting such information to trade on the Company's securities during the period of one month prior to the public disclosure of the Company's financial statements.