



**Eastern Polymer Group PLC.**

**Good Corporate Governance**

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## Good Corporate Governance

### 1. Good Corporate Governance Policy

The Board of Directors is aware of the roles, duties, and responsibilities as the organization leader by adhering to the principles of good corporate governance, conducting business with ethics, respect rights, and be responsible to shareholders and stakeholders. Also, focus on creating innovations within the organization to increase competitiveness, build long-term business growth, and increase management efficiency so that the business can remain with every change. Besides, bring innovation and technology to create quality products, which is beneficial to society and the environment. Operating under the corporate governance policy of the Company not only enhances investor confidence but will lead to sustainable value for the business.

The Board of Directors has established a corporate governance policy as well as reviewing and improving under the principles of good corporate governance for the listed companies so that the directors, executives, and employees to adhere to as a guideline of work. The corporate governance policy is required to annually review and improve, which is designated as one agenda for the Board of Directors' meeting.

<h3>Section 1 : Rights of Shareholders</h3>
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The Company gives priority to the rights of shareholders, and refrains from any actions that may violate or disenfranchise the rights of shareholders. As such, the board of directors sets policy to ensure that shareholders receive accurate, complete, sufficient, punctual and fair information as reference for the their decision making to all matters as follows:

- 1) The Company sends invitation letter along with the meeting agenda accompanied with sufficient information with clear indication of, objectives and reasons of the meeting, including the point of view of committees on every agenda. This information will be submitted in advance to the shareholders within period set forth by law, announcement or related rules or regulations in order to give shareholders an opportunity to study the information thoroughly in advance before attending the shareholders' meeting.
- 2) In case the shareholders cannot attend the meeting, the Company gives shareholders an opportunity to appoint independent director or any person as proxy by using the proxy form which will be sent together with the invitation letter.
- 3) The Company will facilitate every shareholder equally during the meeting in terms of place and time.
- 4) During shareholders meeting, the Company will conduct the meeting in accordance with the rules and regulations of the Company by orderly considering and voting on the agenda without any change of the important information or addition of the agenda which is not informed to the shareholders in advance or which is not necessary. The shareholders have the equal right to verify, inquire and share attitudes and recommendations about the operation of the Company.

- 5) The Company will add informative channel for shareholders via company's website; especially the invitation letter to shareholders will be made available before the meeting day for the shareholders to conveniently download the complete meeting agenda.
- 6) The Company has the policy that the involved committee and executives of the Company must attend the meeting simultaneously to answer the questions from the shareholders.
- 7) The Company will thoroughly and quickly record the minutes of the meeting with accuracy as well as transparency. All questions and comments are recorded for shareholders to review. Then, the minutes of the meeting will be disclosed in the Company's website and sent to the Stock Exchange of Thailand or the involved organizations within the limited time. Moreover, the Company will record the meeting session on video as the reference.
- 8) The Company will add convenience to the shareholders in receiving dividend by way of money transfer to bank account (if there is dividend payment) to ensure a prompt payment, and to prevent any problems including damage check, lost check, or delays.

## **Section 2 : Equitable treatment of Shareholders**

To ensure the fair treatment among all shareholders, the board of directors has determined policies as the following:

### **2.1 The policy of facilitation and support for shareholders meeting**

- 1) To send invitation letter to the meeting which includes information of the meeting to shareholders in advance according to the period set forth by law, announcement, or related rules and regulations in order that the shareholders can thoroughly study the information before attending the meeting.
- 2) The Company permits the minority shareholders to nominate the candidate to be elected as the committee or to propose additional meeting agenda before the shareholders meeting.
- 3) The Company will add convenience to the shareholders who cannot attend the meeting in person by allowing the shareholders to appoint any person as proxy or the arrangement of at least 1 independent director as proxy to attend the meeting and vote. The name of the independent directors who are available will be noticed in the invitation letter to the meeting.
- 4) The Company will treat every 1 shareholder with equality regardless of minor or major, Thai or foreign shareholders.

### **2.2 Control of internal information policy**

The Board of directors realizes the necessity of good corporate governance. Thus, to ensure the transparency and to prevent leakage of internal information which has not been disclosed yet to the public, the board of directors has determined the usage of internal information policy and declared to committees, executives and employees of the Company to acknowledge and abide by the policy as follows:

- 1) To provide knowledge to committee and executives in regard to disclosure of securities under ownership of their own, spouse and minor child to the Securities and Exchange Commission pursuant to Section 59 and Penalty code as per Section 275 of the Securities and Stock Exchange Act B.E. 2535 (including amendment thereafter), report of acquisition or disposal of their securities as well as of their spouse and minor child to Securities and Exchange Commission pursuant to Section 246 and Penalty code as per Section 298 of the Securities and Stock Exchange Act B.E. 2535 (including amendment thereafter).
- 2) Committee and executives including their spouse and minor child shall provide and disclose list of securities under their ownership and changes of the ownership thereof to the Securities and Exchange Commission pursuant to Section 59 and Penalty as per Section 275 of the Securities and Stock Exchange Act B.E.2535 (including amendment thereafter), as well as to send this report to the Company in the same day as sending to the Securities and Exchange Commission.

In regard to committee and executives of the Subsidiaries, despite of having no responsibility as stated in Section 59 and Penalty code as per Section 275 of the Securities and Stock Exchange Act B.E. 2535, it is determined by the Company that such persons have duty to report changes of Company's securities holding to the Audit Committee as if executed under obligation as stated in Section 59 and Penalty code as per Section 275 of the Securities and Stock Exchange Act B.E. 2535 which requires the persons to report to Securities and Exchange Commission.

- 3) Committee, executives, staff and employees of the Company and Subsidiaries who acknowledge internal information material to the change of the securities price should exercise caution when trading securities during the one month period prior to the financial statement or such internal information will be disclosed to the public, and 24 hour after such internal information has been disclosed to the public. Person in connection with internal information shall not disclose such information to any other persons until such information is disclosed to the Stock Exchange. There will be punitive measure on any act of violation to such code of conduct. The Company considers any violation as disciplinary offense which is subjected to penalty such as verbal warning, warning letter, probation or termination of the employment by dismissal, lay-off or offering option to resign as the case may be.
- 4) Committee, executives, staff and employees are prohibited from using internal information material to the change of the securities' price, and undisclosed to the public which they may obtain by their position or status , to buy or sell or offer to buy or sell; or solicit other person to buy or sell or offer to buy or sell shares or other securities (if any) of the Company either directly or indirectly in a manner that could damage the Company either directly or indirectly; whether such action is taken for own interest or for others, or disclosing factual information for other person to implement regardless of who receives the benefits .
- 5) Committee, executives, staff and employees of the Company have the duty to keep the secret and/or the internal information of the Company, including those of the Company's partners. They must use the internal information of the Company only for the benefit of the Company's operation. Thereby, both present and former committee, executives, staff and employees of the Company are prohibited from

disclosing the secret and/or the internal information of the Company, including those of the Company's partners, which they have obtained while performing their duty to outsider (for 1 year after termination of employment) or to other companies that they are shareholder, committee, executives and employees, even though such information could not damage the Company and its partners.

- 6) Committee, executives, staff, and employees, have duty to comply with guidelines of using internal information pursuant to Securities and Stock Exchange Act and Public Company Act as well as other applicable regulations.

### **2.3 Related Transaction Policy**

The board of directors has a resolution on setting policies and procedures of connected transactions to ensure the transaction between a person or juristic person that may have potential conflict is executed with transparency and done with care to protect the benefit of the Company. The Company strictly complies with the Securities and Stock Exchange Law, regulations, notifications or rules stipulated by the Capital Market Supervision Board concerning connected transaction. Executives or stakeholders cannot engage in approval of such connected transaction. In case where stipulated by law to seek approval from the meeting of board of directors, the Company would assign Audit Committee to attend in the meeting to consider and express their opinion concerning the necessity and reasonableness of such transactions. Furthermore, execution of transaction that is trading agreement with general trading condition or without general trading condition shall have following formality:

- 1) To transact trading agreement with general trading condition

Execution of connected transaction that is trading agreement with general trading condition between the Company and subsidiaries and committee, executives or connected person being approved in principle from the Company's committees, the management can approve such transaction if such transaction contains trading agreement in the same nature that any reasonable individual would deal with another contractual party under similar circumstance, based on negotiation power without influence by way of their position as committee, executives or connected person.

The Company shall prepare report on transactions that exceed 15,000,000 baht and inform in the meeting of Audit Committee and the committees every quarter.

- 2) To transact trading agreement without general trading condition

Execution of trading agreement without general trading condition shall be considered and remarked by the Audit Committee prior to submit to the board of directors and/or meeting of shareholders for approval to comply with securities and stock exchange law, regulations, notifications, orders or rules of the Capital Market Advisory Board and Stock Exchange of Thailand including regulations concerning connected transaction.

In case that the Audit Committees have no experience in reviewing potential connected transaction, the Company shall appoint independent expert or the Company's auditor to express opinion on such connected transaction to be used in complementary to the decision of Audit Committees and/or the board of directors and/or shareholders, as the case may be, to ensure that such transaction is genuinely necessary and reasonable based



on benefit of the Company. Details of connected transactions shall be disclosed in annual registration statement and notes to financial statement audited by the Company's auditor.

### **Section 3 : Roles of Stakeholders**

The Company recognizes and acknowledges the rights of all stakeholders both internal stakeholders which include shareholders and staff and external stakeholders which include customers, trading partners, debtors, competitors, government sector and other institutions and nearby communities. Because the Company has been supported by variety of stakeholders which create competitiveness and profit, it is considered to be a long term value creation for the Company.

The Company defines the codes of conduct for all stakeholders based on the basic principle of fairness and equality as prescribed in Business Code of Conduct so that everyone in the Company can abide by the rules.

### **Section 4 : Disclosure of information and Transparency**

The board of directors has policy to disclose related financial information and others of the Company's business and turnover, which are true, complete, sufficient, consistent, and timely, and can demonstrate actual condition of the Company's finance and performance including future of the Company's business.

The board of directors is determined to strictly abide any actions by the law, rules, and regulations related to the disclosure of information and transparency. Thereby, the Company publicizes the information on the Company's website, as well as in the media released by the Stock Exchange of Thailand in order that shareholders and other related persons can thoroughly reach the Company's information. Such information will be improved in accordance with the guidelines of the Stock Exchange of Thailand and the Securities and Exchange Commission that are in effect.

The Company has arranged for the department of investor relations to communicate with investors or shareholders including institutional investors and minority shareholders. The Company also schedules regular meeting to analyze the result of business operation, and publicizes the information of the organization, both financial and general information, to shareholders, securities analysts, credit rating agencies and related government agencies through various channels such as the report to The Stock Exchange of Thailand, The Securities and Exchange Commission, and the Company's website. In addition, the Company emphasizes on regular disclosure of information in order that the shareholders can receive the news on regular basis through the Company's website. The information publicized on website will be updated constantly including vision, mission, financial information, public relations news, annual report, corporate structure and executives, and shareholders' structure and major shareholders.

Moreover, the Company emphasizes on the financial reporting to reflect true financial condition and turnover of the Company based on accurate and complete accounting information, and in accordance with generally accepted accounting principles. The Company will disclose the information of each committee including roles and duties of the board of directors and the subcommittee in the Company's annual report (Form 56-2) and



annual registration statement (Form 56-1), and the compensation of the committee and executives in the Company's annual report (Form 56-2) and annual registration statement (Form 56-1).

**The report on conflict of interest of the committee**

To pursue the interests of committee and executives, the Company sets the report on conflict of interest in accordance with section 89/14 of Securities and Exchange Act B.E. 2535, and the report on conflict of interest of committee and executives or other related parties will be revised once a year. The report must be submitted to the corporate secretary within 30 days after the end of company's fiscal year; after that the corporate secretary copies the report and submits to chairman of the board and chairman of the audit committee according to section 89/14 of Securities and Exchange Act B.E. 2535.

**Section 5 : Responsibilities of the Committees**

The management structure of the Company consists of the Board of Directors and 4 subcommittees including Audit Committees, Executive Committees, Risk Management Committees, and Nomination and Remuneration Committees.

The Company operates the business as the holding company; therefore the Company must set the corporate governance guideline for subsidiaries or joint-venture companies. For subsidiaries, the Company will assign the representatives to take positions as committee and executives as chief executive officer and/or deputy chief executive. For joint-venture companies, the Company assigns the representatives to be the committee according to sharing portion to protect the benefits of the Company; unless there is a limitation according to other laws or joint investment term with the government or other conditions set forth by the Securities and Exchange Law, notification of the Capital Market Supervisory Board, or rules of the Stock Exchange of Thailand.

**Board of Directors**

The board of directors has responsibilities to shareholders in respect of business operation, and corporate governance to meet the targets and guidelines which will create maximum return to shareholders and all stakeholders.

**Structure and composition of Board of Directors**

The Board of Directors consists of 10 directors who are professionals from various industries including business, accounting and finance; all are involved in supporting the Company's business. The directors have 3 years term in the office, and separated into 5 administrative directors and 5 non-administrative (independent) directors which are in line with the rules of the Securities and Exchange Commission that specify listed company must have number of independent directors more than or equal to one-third of the total number of all directors in order to ensure proper balance of management structure. The qualifications of the independent directors in accordance with the rules of the Securities and Exchange Commission are as follows:



1. Holding shares not exceeding 1% of the total number of shares with voting rights of the company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, including shares held by related persons of such independent director.
2. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the company, its parent company, subsidiary company, affiliate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to appointment into the director position of the company. Such prohibited characteristics shall not include the case where the independent director used to be a government official or advisor of a government authority which is a major shareholder or controlling person of the company.
3. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, other director, executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the company or its subsidiary company.
4. Neither having nor used to have a business relationship with the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to appointment into the director position of the company.

The business relationships mentioned in the first paragraph include ordinary course of business transactions, leasing out or taking lease of immovable assets, transactions related to assets and services, providing or receiving of financial assistance including lending, borrowing, guarantees, or pledging assets to secure debts or any other similar action, which result in the company or contractual parties incur debt burden that must be repaid to other party with values from 3% of net tangible assets or Baht 20 million, whichever is lower. The debt burden calculation shall account for the debt burden took place during 1 year period prior to the date of starting business relationship with the same person and shall adhere to the Notification of the Capital Market Supervision Board under the Rules on Connected Transaction, mutatis mutandis.

5. Neither being nor used to be an auditor of the company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to appointment into the director position of the company.
6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from the company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two year prior to appointment into the director position of the company.

7. Not being a director appointed as representative of directors of the company, major shareholder or shareholder who is related to major shareholder.
8. Not undertaking any business in the same nature and in significant competition to the business of the company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one per cent of the total number of shares with voting rights of other company which undertakes business in the same nature and in significant competition to the business of the company or its subsidiary company.
9. Not having any other characteristics which cause the inability to express independent opinions with regard to the company's business operations.
10. Has never been assigned by the Board of Directors to make decision in business operation of the company, parent company, subsidiaries, affiliates, subsidiaries in the same level, major shareholders or controlling person of the Company.
11. Not holding directorship in parent company, subsidiaries or listed subsidiaries in the same level.

The Independent Committee may be assigned by the board of directors in making collective decision on business operation of holding company, subsidiaries, and affiliated companies, subsidiaries in the same level, major shareholder or controlling person.

In case the Independent Director is a person who has or used to have business relationship or provide profession service which exceed the value as stated in 4 or 6, the board of director may consider leniency if such appointment will not affect performance and independent opinions. The following information shall be disclosed in the notice of the shareholders' meeting in agenda for appointment of independent directors.

- (a) Type of business relationship or profession that disqualifies such person from specific criteria
- (b) Reason and necessity for such person to remain in an independent director position
- (c) Opinion of the board of directors in appointment such person as an independent director

In addition, the Company sets policy that the Chairman of the board of directors shall not be the same person as the Chief Executive Officer. Their authority is divided clearly to balance the management power and to refrain one particular party from holding absolute authority. The Chairman of the board of directors has no relationship with the executives and the sole duty is to set policy and give advice.

#### Qualifications of Board of Directors

The qualifications of Board of Directors are as follows:

1. That person must have no prohibited characteristics according to Public Limited Companies Act B.E. 2535 and Securities and Exchange Act B.E. 2535.
2. That person should have knowledge, ability, expertise and experiences which are useful to the business operation. In addition, such person should have loyalty, sincerity and morality in operating the business, and should have time to dedicate knowledge and ability to work for the Company.

#### Scope of duties and responsibilities of Chairman of the Board of Directors

1. Chairman of the board has the duty to supervise the policy and strategic code of conduct of the management division, including giving advices and support the business operation, but does not participate in managing the routine work of the Company.
2. Board of Directors' Meeting
  - 2.1 The chairman is the chairman of the board of directors 'meeting and the shareholders' meeting, responsible for controlling according to the agenda, the Company Article of Association, and laws.
  - 2.2 Consider the agenda of the board of directors meeting by discussing it with the Chief Executive Officer and called the meeting of the board as well as ensuring that the board receives accurate and complete information before the meeting date.
  - 2.3 Allocate sufficient time for the Board meetings so that the management can propose the matter and encourage all directors to discuss important issues fully, express opinions independently, and with careful discretion
  - 2.4. Chairman of the board has the duty to convene a meeting of committees and to cast the final vote in a case tie vote.
3. The chairman of the board acts as the chairman of the shareholders' meeting, conducts the meeting under the Company's Article of Association and laws to ensure that the meeting is carried out efficiently and successfully.
4. Strengthen good relations between executive directors and non-executive directors as well as the board of directors and the management.
5. Being a good role model to support and encourage the board of directors, management, and staff to perform following corporate governance principles and business code of conduct.

#### Scope of duties and responsibilities of the Board of Directors

1. To perform their duties and responsibilities pursuant to applicable laws, objectives, regulations, and resolutions of shareholders' meeting with honesty and focus on the interest of the Company.
2. To hold meeting of the board of directors, at least once every three months.
3. To arrange balance sheets together with profit and loss statement on the date of accounting closure period – of which is duly certified by the auditor – to be proposed to the shareholders' meeting for approval.
4. To review and approve policies, directions, strategies, business operation plans proposed by the Management.
5. To consider and determine comprehensive Risk Management policy and to implement system and/or procedures of risk management, including supporting strategy and control method to appropriately reduce the impact on the business of the Company.
6. To determine targets, directions, policies, business operation plans and budget including monitoring and supervision of administration of the Management to ensure their consistency to policies, plans and budget set forth effectively and efficiently.

7. To determine and set the management structure, to appoint Executive Committees, Managing Director and other subcommittees where appropriate; to determine scope of authority of Executive Committees, Managing Director and other subcommittees being appointed thereof.

However, the power assigned in accordance with the authority and responsibility shall not be in a manner that enables the Executive Committee, Managing Director and other subcommittees to consider and approve any transactions that may have conflict of interest with the Company or subsidiaries (if any) except the transaction that are in accordance with policy and criteria as previously considered and approved by the committees.

8. To arrange annual report of the committees and to take on responsibility in preparing and disclosing of financial statements that demonstrate the financial status and operating result of the previous year, as well as to propose to the shareholders' meeting for consideration and approval.
9. The committees may authorize one or more directors or other person to execute a particular task on behalf of the committees, under supervision of the committees, or appoint such person as proxy with the scope of power as appropriate by the committees within the proper time frame. The Board may terminate, revoke, amend or edit such proxy as appropriate.

However, the power assigned shall not be in a manner that enables such persons to consider and approve any transactions that may have conflict of interest with the Company or subsidiaries (if any) (as stated in the Notification of Capital Market Advisory Board and/or the Stock Exchange of Thailand and/or any other notification related) except the transaction that is in accordance with policy and criteria previously considered and approved by the Board.

Any matters where the director or proxy of the director may have conflict of interest with the Company or its subsidiaries, the said director or proxy is not entitled to vote on such matters.

### **Internal Control**

The board of directors provides; comprehensive internal control system for both finance and operation to be in consistence with applicable law, regulations and provisions; audit mechanism and efficient power balance to safeguard assets of the Company; procedures of approval including responsibilities of executives and employees; work regulations in written form; independent internal audit department; an audit of work performance for all departments to be in line with imposed regulations; assessment of performance and sufficiency of internal control within each department of the Company.

### **Subcommittees**

The Board of Directors appoints 4 subcommittees to assist in administrative work for the Company as follows:

## **Executive Committees**

Executive Committees consist of 9 directors. The scope of authority, duty and responsibility of Executive Committees are as follows:

### **Scope of authority of the Executive Committees**

1. To operate and manage the business of the Company in accordance with objectives, articles, policies, regulations, rules, provisions, orders and resolutions of the committees and/or the shareholders' meetings.
2. To screen and review proposals from the Management; propose policies, targets, strategies and business operations of the Company, investment plans, business expansion and budget to the board of directors' meeting for consideration and approval.
3. To review and approve normal transactions of the Company such as investment in securities or acquisition of assets in line with investment budget or the budget approved by the board of directors. The credit limit for each transaction shall be in line with approved authorization from the board of directors and shall not exceed annual budget approved by the board of directors; including contracts for the Company on the related matter thereof.
4. To monitor business operation of the Company, in line with the committees' policies and targets, and to supervise business operation is conducted with quality and efficiency.
5. To have authority to consider and approve on the expenses in ordinary course of operating the business within the budget approved by the board of directors in accordance with approved authority as approved by the board of directors.
6. To determine organization structure and administrative power; consider the adjustments of salary, and bonuses for position of chief executive officer and lower, and approve manpower which is not included in the annual budget.
7. To have an authority to authorize one or more persons to implement a particular task which shall be under control of the Executive committees; or to authorize such person to have a power as appropriated by the Executive committees within period as appropriated by the Executive committees. The Executive committees may cancel, revoke, change or amend such authorized person or authorization as appropriate.
8. To perform any other tasks as assigned by the board of directors from time to time.

However, the authorization of power, duties or responsibilities of the board of directors shall not be in a manner that enables the authorized person to approve the transaction that oneself or any person may have conflict of interest (according to definition from the notification of the Capital Market Advisory Board and/or Stock Exchange of Thailand and/or relating authorities) with the Company or subsidiaries and/or relating companies. The Executive committees have no authority in such matter. Such Matter shall be proposed to the committees' meeting and/or the shareholders' meeting (as the case may be) for approval. Except that the approval for such transaction is conducted under ordinary course of business, with normal trading terms according to notification from the Capital Market Advisory Board and/or Stock Exchange of Thailand and/or relating authorities.



For the scope of credit facility authorization, the board of directors specifies that the Executive committees can approve the credit for business operation to certain level for flexibility of operating the business.

### **Audit Committees**

Audit Committees consists of 3 independent directors with 3 years term in the office. After said term is completed, Chairman of the audit committees and audit committee who retired by rotation may be re-elected to the position for another term in the board of directors' meeting.

#### **Scope of authority of the Audit Committees**

Audit Committees have the duty to balance the power and audit work performance of the board of directors including audit of other important matters as assigned by the committees to assist in supervision of the Company's affair with effectiveness. The important matters assigned by the board of directors are as follows:

1. To review that the Company has accurately and sufficiently reported its financial statements.
2. To review that the Company has proper and effective internal control and audit system; review the independency of the Internal Audit Department; give consent to the appointment, relocation, and dismissal of Internal Audit Department Supervisor or any other departments with related responsibility in the internal audit.
3. To review that the Company has complied with the Securities and Stock Exchange law, regulations of the Stock Exchange, including applicable law related to business of the Company.
4. To consider, select and propose for the appointment of independent person as an auditor of the Company; propose for remuneration of such auditor, attend the meeting with and auditor without attendance of the Management at least once a year.
5. To consider connected transactions or the transactions that may have conflict of interest are in line with law and regulations of the Stock Exchange, to ensure that such transaction is reasonable and provided maximum benefit to the Company.
6. To prepare report of the Audit Committee and disclose in the Company's annual report. The said report shall be signed by the Chairman of the Audit Committees and consists of at least, the following information:
  - (a) Opinions on accuracy, completeness and reliability of the financial report of the Company.
  - (b) Opinions on sufficiency of the internal control system.
  - (c) Opinions on compliancy of the Securities and Stock Exchange, regulations of the Stock Exchange or applicable law related to the business of the Company.
  - (d) Opinions on the suitability of the auditor.
  - (e) Opinions on the transaction that may have conflict of interest.
  - (f) The number of the meeting of the Audit Committees and attendance of each audit committee.
  - (g) Opinions or observation received from performing their duties under the charter rules.

(h) Any other matters that shareholders and general public investors should be informed under the scope of duties and responsibilities assigned by the board of directors.

7. To execute other tasks as assigned by the board of directors and consent by the Audit Committees.

### **Risk Management Committees**

Risk Management Committee consists of 4 directors with 3 years term in the office. After said term is completed, the chairman of the Risk Management Committees and Management Committee retired by rotation may be re-elected to the position for another term in the board of directors' meeting.

#### **Scope of authority of the Risk Management Committees**

1. To assess the potential risks of the Company and subsidiaries, including trends that may affect the organization; both external and internal risks.
2. To determine risk management policy, improve and reassess risk management system for continuous efficacy by giving assignment to the Management to comply with the said policy, and report the result to the Risk Management Committees.
3. To develop and reassess risk management system for continuous efficacy via performance review and monitor the risk management system to ensure the consistency to the policies on regular basis.
4. To report the risks and suggestions thereof to the board of directors.
5. To perform other tasks assigned by the board of directors.

### **Nomination and Remuneration Committees**

Nomination and Remuneration Committees consist of 5 directors; 3 of which are independent committees, with 3 years term in the office. After said term is completed, the Chairman of Nomination and Remuneration Committees, and Nomination and Remuneration Committee who retired by rotation may be re-elected to the position for another term in the board of directors' meeting.

#### **Scope of authority of the Nomination and remuneration Committees**

1. To suggest structure, details and composition of the board of directors and subcommittees, including determination of qualification, procedures and criteria of nomination process to be in accordance with the structure, size, and composition set forth by the committees.
2. To select and propose list of candidates to the meeting of shareholders in case of the position become vacant due to term's completion. The board of directors shall consider the candidates in case the position becomes vacant due to the reason other than term's completion and the selection of Chief Executive Officer Position.
3. To nominate candidates for subcommittees and the Chief Executive officer, and propose to the meeting of the board of directors.
4. To suggest remuneration structure of the board of directors and subcommittees both in monetary form and other forms in line with the operating result of the Company, and comparable to other companies in the

- same industry; propose such matter to the committees for consideration prior to propose to the meeting of shareholders for approval.
5. To propose criteria for assessment of the performance to the committees; review work performance of the committees as a whole.
  6. To perform other tasks assigned by the board of directors from time to time.

#### **Nomination and appointment of directors, subcommittees and chief executive officer**

The Company assigns Nomination and Remuneration Committees to nominate directors, subcommittees and chief executive officer based on qualifications, education, experiences and skills that are appropriate to the vacant position.

The Nomination and Remuneration Committees would propose a list of selected candidates to the board of directors' meeting and/or shareholders' meeting for consideration and approval.

The appointment of director, including independent director requires approval from the votes of the shareholders' meeting (individual vote). Each shareholder has voting right equal to the number of shares held where each shareholder may vote for one or more candidates. In the event of electing several directors, each shareholder must cast all the votes he or she has and those votes are not divisible. Candidates who receive the greatest number of votes for the vacant positions shall be elected to be directors. In case of tie votes, the Chairman of the meeting shall exercise a casting vote.

#### **2. Corporate Governance of the subsidiaries and joint ventures**

Incorporated as a holding company, the Company has set supervisory guideline of investment for subsidiaries, joint ventures in the addendum of the Company's Articles of Association.

The purpose of mentioned Articles is to determine criteria and mechanism both in direct and indirect way to enable the Company to supervise and manage business operation of subsidiaries and joint venture companies to ensure their full compliance with the Company's policy, public company law, civil and commercial code, securities law and other applicable laws, including related notifications, regulations and rules of Capital Market Advisory Board, the Securities and Exchange Commission and the Stock Exchange of Thailand to the extent not in contradictory with other law, in order to protect investment benefit of the Company in its subsidiaries and joint venture companies

In case, where prescribed herein, of any transactions or procedures having material effect on financial status and business operation of subsidiaries and affiliated companies, such transactions must receive approval from the board of directors or shareholders' meeting (as the case may be). It is duty of the board of directors to hold the board's meeting and/or shareholders' meeting for the consideration and approve of such transaction prior to; the board's meeting and/or shareholders' meeting of the subsidiaries and/or joint venture companies, and/or prior to the execution of such transaction. In this regard, the Company shall disclose the information and comply with criteria, conditions, procedures and method relevant thereof ,mutatis mutandis, as stipulated in public company law, civil and commercial code, securities law and any applicable law, including notifications, regulations and rules



of Capital Market Advisory Board, the Securities and Exchange Commission and the Stock Exchange of Thailand (to the extent not in contradictory), by which must be complete and accurate in all material respects.

No. 1 The execution of transaction or operations of subsidiaries and/or joint-venture companies in following case must be approved by the Board of Directors or the shareholders' meeting (as the case may be).

(1) Matters that must be approved by the Board of Directors

- (a) The appointment or nomination of individual to be the committee or executives of subsidiaries and/or joint-venture companies according to the sharing portion in the subsidiaries and/or joint-venture companies, in the way that the committees and executives who are nominated or appointed have the discretion to consider voting in the meeting of Board of Directors of subsidiaries and/or joint-venture companies regarding general administrative matters and normal business operation of subsidiaries and/or joint-venture companies deemed appropriate by the committee and executives of subsidiaries and/or joint venture companies for the highest benefit of subsidiaries and/or joint-venture companies, excluding already scheduled matters.
- (b) The committee or executives as mentioned in (a) who is(are) nominated must be in the White List of that listed company; having qualifications, duties and responsibilities, and not contain untrustworthy characteristics according to the announcement of the Securities and Exchange Commission regarding the definition of untrustworthy characteristics of the committee and executives of the Company.
- (c) Consideration of annual dividend payment and the interim dividend (if any) of subsidiaries.
- (d) Amendment of articles of association of subsidiaries, except the amendment of material subjects in (2) (f).
- (e) Approval of annual budget of subsidiaries

Items from (f) to (n) are important, and the execution of transaction of said items will materially affect financial status and operation of subsidiaries. Therefore, such matters must be approved by the Board of Directors of the Company, by which must be the case when comparing the size of transaction of such case that the subsidiary is going to execute with the size of the Company (by enforcing the criteria ,mutatis mutandis, as prescribed in the announcement of the Capital Market Advisory Board and the Board of Governors of the Stock Exchange of Thailand on acquisition or disposition of assets and/or the connected transaction (as the case may be)) , the item is within the criteria that must be approved by the Board of Directors of the Company. Such items are as follows:

- (f) The subsidiaries agree to execute; transactions with connected persons of the subsidiaries or the transaction involving acquisition or disposition of assets of subsidiaries.
- (g) The transfer or abstention of the right including the abstention of the right to claim against the person who causes the damage to the subsidiaries.
- (h) The sale or transfer of business of subsidiaries, in whole or in part, to another party.
- (i) The purchase or transfer of other companies' business to subsidiaries.

- (j) The operation, modification or cancelation of the lease contract of business, in whole or in part, of subsidiaries; the appointment of other people to manage the business of subsidiaries or to merger of subsidiaries' the business with other people.
  - (k) Renting or leasing, in whole or in part, of the businesses or assets of subsidiaries.
  - (l) Borrowing, lending, granting credit, guaranteeing, execution of legal transactions binding the subsidiaries to incur additional financial burden, or giving financial aid of any kinds to others , of which is not the ordinary course of doing business of subsidiaries (except borrowing for working capital and liquidity for the business).
  - (m) The termination of subsidiaries' business operation
  - (n) Other transactions which are not ordinary course of businesses of subsidiaries, and have material effects on subsidiaries.
- (2) Matters that must be approved by the Shareholders' Meeting
- (a) The subsidiaries agree to execute; transactions with connected persons of the subsidiaries or the transaction involving acquisition or disposition of assets of subsidiaries, by which must be the case when comparing the size of transaction of such case that the subsidiary is going to execute with the size of the Company (by enforcing the criteria ,mutatis mutandis, as prescribed in the announcement of the Capital Market Advisory Board and the Board of Governors of the Stock Exchange of Thailand on acquisition or disposition of assets and/or the connected transaction (as the case may be)) , the item is within the criteria that must be approved by the Shareholders' Meeting of the Company.
  - (b) The capital increase of subsidiaries by apportionment of shares, including the decrease of registered capital not in line with the original sharing portion, resulted in the Company's voting right directly and/or indirectly in Shareholders' Meeting of subsidiaries to reduce more than 10% of all voting rights of subsidiaries, or resulted in the Company's voting right directly and/or indirectly in Shareholders' Meeting of subsidiaries reduced to less than 50% of all votes of subsidiaries.
  - (c) Other operations resulted in the proportion of the Company's voting right directly and/or indirectly in the Shareholders' Meeting of subsidiaries to reduce more than 10% of all voting rights of subsidiaries, or resulted in the proportion of the Company's voting right directly and/or indirectly in the Shareholders' Meeting of subsidiaries reduced to less than 50% of all voting rights of subsidiaries in other business operations which are not ordinary course of businesses of subsidiaries.
  - (d) Termination of subsidiaries' business by which must be the case when comparing the size of business the subsidiaries are going to terminate with the size of the Company (by enforcing the criteria ,mutatis mutandis, as prescribed in the announcement of the Capital Market Advisory Board and the Board of Governors of the Stock Exchange of Thailand on acquisition or disposition of assets and/or the connected transaction (as the case may be)) , the item is within the criteria that must be approved by ; the Shareholders' Meeting of the Company.

- (e) Other transactions of which are not ordinary course of business of the subsidiaries, and transactions of which are material effect on subsidiaries, by which must be the case when comparing the size of transaction with the size of the Company (by enforcing the criteria ,mutatis mutandis, as prescribed in the announcement of the Capital Market Advisory Board and the Board of Governors of the Stock Exchange of Thailand on acquisition or disposition of assets and/or the connected transaction (as the case may be)) , the item is within the criteria that must be approved by the Shareholders' Meeting of the Company.
- (f) Amendment of the subsidiaries' articles of association that may have material effect on financial status and operation of subsidiaries including but not limited to the amendment of the subsidiaries' articles of association which affects the voting right of the Company in the meeting of the Board of Directors of subsidiaries and/or the Shareholders' Meeting of subsidiaries or the dividend payment of subsidiaries.

No 2. The Company's board of directors must arrange for the subsidiaries to have appropriate and effective internal audit system, risk management system and anti-corruption system including the measurement to monitor; the operating results of subsidiaries and joint venture companies that can literally assure any actions of subsidiaries and joint venture companies are in compliance with the Company's policy, rules law and announcement on good corporate governance of listed company, the announcement, rules and regulations of Capital Market Advisory Board, the Securities and Exchange Commission and The Stock Exchange of Thailand, and follow up with subsidiaries and/or joint venture companies to disclose the information of connected transactions and/or acquisition or disposition of assets and/or transactions with material effect on the Company, and other business operations in compliance with the criteria for corporate governance of subsidiaries and joint venture companies as prescribed in this section ,complete and accurate in all material respects.

#### **The Corporate Governance of the subsidiaries on financial approval.**

To supervise subsidiaries to be flexible in the operation, the Board of Directors has approved regulation, authority, and operation of each company in the authorization and operation manual