

**Charter of the Board of Directors  
and  
Corporate Governance Guidelines  
for the Board of Directors  
CP All Public Company Limited**

# **Charter of the Board of Directors**

## **CP All Public Company Limited**

The Board of Directors plays an important role in driving the organization. The Board of Directors has the role and responsibilities in overseeing the Company's business to be in accordance with the objectives and goals which will create maximum benefits for the Company based on corporate social responsibility, concern for the environment, fairness to all stakeholders in compliance with the Company's corporate governance policy and anti-corruption policy, laws, the Company's Articles of Association, Board resolutions, and resolutions of the shareholders' meetings. The Board of Directors shall perform their duties to the best of their abilities, honestly, ethically, prudently, and responsibly to shareholders.

The Board of Directors has thus resolved to adopt this Charter of the Board of Directors and Corporate Governance Guidelines for the Board of Directors, which applies the eight principles of the Corporate Governance Code (CG Code) for Listed Companies 2017 prepared by the Securities and Exchange Commission to the Company's business context, so that every director is aware of his/her duties and responsibilities and is a leader in correct and appropriate implementation to achieve sustainable value creation.

### **1. Composition and Qualifications of the Board of Directors**

The Company's Board of Directors consists of at least 5 directors and not less than half of the directors shall be residents of the Kingdom. The Board of Directors consists of non-executive directors who represent major shareholders, executive directors to ensure that the Company's business is conducted effectively, and a minimum of 3 independent directors accounting for at least one third of the total number of directors.

The directors shall be appointed and shall have the following qualifications:

1. Have complete qualifications and not having any prohibited characteristics as specified by the Public Limited Companies Act, Notification of the Securities and Exchange Commission, and Notification of the Stock Exchange of Thailand
2. Are individuals with knowledge, capability, expertise and experience who can contribute to the Company; have dedication and be able to commit time to perform their responsibilities; have leadership, far-sighted vision, integrity and good work history
3. Have independence in performing their duties and making decisions; each director understands his role and independently questions and expresses opinions, vision or objections for the Company's sustainable business operations and leadership and for the best interests of the Company, shareholders and stakeholders

4. Able to hold a director's position in other companies, but that directorship shall not be an obstacle to performing the Company's director duties and shall be in accordance with the guidelines of the Securities and Exchange Commission and the Stock Exchange of Thailand. An individual director shall not hold directorship of more than 5 listed companies.

Independent directors shall have qualifications relating to independence as stipulated by the Company and in accordance with the Notification of the Capital Market Supervisory Board and international standards. Independent directors shall protect the interests of all shareholders equitably and prevent conflicts of interest. In addition, independent directors shall be able to express independent opinions at the Board of Directors meetings.

The Company's independent directors shall have specific qualifications as follows:

1. Holding shares not exceeding 0.5% of the total number of shares with voting rights of the Company, its parent company, subsidiary company, associate 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, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than 2 years. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit 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, executive, major shareholder, controlling person, or person to be nominated as 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, associate 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, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years;
5. Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, associate 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, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years;
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 2 million baht per year from the Company, its parent company, subsidiary company, associate 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 2 years;

7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to a major shareholder;
8. Not undertaking any business in the same nature and in 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 0.5% of the total number of shares with voting rights of other company which undertakes business in the same nature and in 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.

After being appointed as independent director with the qualifications under No. 1 - 9, the independent director may be assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, provided that such decision shall be in the form of collective decision.

In the case where the person appointed by the Company as independent director has or used to have a business relationship to provide professional services exceeding the value specified under No. 4 or No. 6, the Board of Directors may grant an exemption if the appointment of such person does not affect performing of duty and expressing of independent opinions. The following information shall be disclosed in the notice calling the shareholders meeting under the agenda for the appointment of independent directors:

- a) The business relationship or professional service which make such person's qualifications not in compliance with the prescribed rules;
- b) The reason and necessity for maintaining or appointing such person as independent director;
- c) The opinion of the Board of Directors for proposing the appointment of such person as independent director.

## **2. Appointment, Term of Office and Removal of Directors**

### **2.1 Appointment of Directors**

The appointment of directors is according to the Company's Articles of Association and related laws and must be transparent and clear. The selection of directors is made through the nomination criteria and process set by the Remuneration and Nomination Committee. This also includes qualified candidates to serve as directors of the Company nominated by the minority shareholders according to

the Company's criteria. The appointment of directors shall consider the diversity of qualifications, gender, age, educational background, professional experience, and specific characteristics including skills in the area of business, industry, management, finance, accounting, law and corporate governance, to ensure sufficient information for decision-making by the Board of Directors and/or shareholders.

The general shareholders' meeting elects the directors by a majority of votes in accordance with set rules and procedures.

1. Each shareholder shall have a number of votes equal to one share per one vote.
2. Each shareholder must exercise all the votes he/she has under (1) to appoint an individual or several persons to be director(s) but shall not split his/her votes among any person or group of persons.
3. The persons receiving the highest number of votes in descending order shall be appointed as directors depending on the requirement of directors set at such time. In the event that a number of persons receive an equal number of votes for the last directorship rendering the number of directors more than which is required, the chairman of the meeting shall have a casting vote.

The election of the director shall consider and appoint an individual to be director in each position by exercising all votes of each shareholder but not splitting votes. The person receiving the highest number of votes of each position will be appointed as a director of that position.

Where a vacancy occurs in the Board of Directors for reasons other than the expiration of the director's term of office, the Board of Directors shall elect a person who is qualified, and does not have prohibited characteristics as specified by the Public Limited Companies Act and the securities and exchange laws, as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than two months. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces. The resolution of the Board of Directors shall be by a vote of not less than three-fourths of the number of directors remaining.

## **2.2 Term of Office of Directors**

A director has a term of office of 3 years each. At the end of the term, the director may be nominated for reappointment.

An independent director may serve as a director for a maximum of nine consecutive years, starting from the date of the Annual General Meeting of Shareholders 2018. Nevertheless, the shareholders' meeting may consider reasons and necessity as presented by the Company and approve the director to hold the position of independent director for more than 9 consecutive years.

## **2.3 Removal of Directors**

2.3.1 At every Annual General Meeting of Shareholders, one third of the directors, or if their number is not a multiple of three, then the number nearest to one-third must retire from office. The director who has held office longest shall retire. However, a retiring director is eligible for re-election.

2.3.2 Other than retirement from office by rotation, a director vacates office upon death; resignation; lacking qualifications or possessing of prohibited characteristics according to the Public Limited Companies Act and/or the securities and exchange laws; or removal by a resolution of a shareholders' meeting; or removal by a court order.

2.3.3 Any director wishing to resign from office shall submit his or her resignation letter to the Company. The resignation shall be effective from the date on which the Company receives the resignation letter. A director who resigns may also notify the registrar of the resignation for the registrar's information.

2.3.4 The shareholders' meeting may pass a resolution to remove any director from office prior to rotation, by a vote of not less than three-fourths of the number of the shareholders attending the meeting and having the right to vote, and whose shares represent a total of not less than one half of the number of shares held by the shareholders attending the meeting and having the right to vote.

### **3. Role and Responsibilities of the Board of Directors**

The Board of Directors has the following role and responsibilities:

1. Report on their interests or interests of related persons, which are related to the management of the Company or subsidiary companies, to the Company which can be verifiable, for transparency in business operations.
2. Determine the Company's vision, objectives, policies, goals, strategies, business plans and annual budget by analyzing the business environment and changing factors that impact the business and stakeholders; oversee the management team and allocate resources for effective implementation of approved policies, objectives and goals for the best interests of the Company and shareholders with consideration to stakeholders, impact on society and the environment, transparency, fairness, laws and business ethics; and evaluate and make improvements for business efficiency.
3. Set and adhere to the written corporate governance policy, Business Ethics and Code of Conduct, anti-corruption policy as well as other related Company guidelines, and review the policies and compliance to the policies regularly, at least annually.
4. Determine the risk management policy; consider important risk factors that may arise and set guidelines for managing the risks; and monitor compliance with the risk management guidelines.
5. Consider any conflict of interests thoroughly; determine clear guidelines on the approval of transactions with conflict of interests so that the transactions are conducted for the best interests of the Company and all shareholders whereby persons who have vested interests in a given transaction shall not participate in the decision-making process.

6. Consider and approve the Company's quarterly operating results compared to business plans and budgets, and consider future trends.
7. Consider and approve transactions which have major impact on the Company's financial position, debt burden, business operations and reputation; and monitor the adequacy of financial liquidity and solvency.
8. Establish an accounting system, financial reporting and auditing that is reliable; oversee that information disclosure including annual reports and Form 56-1 adequately reflect the Company's financial status and performance; monitor assessment of the appropriateness of the internal control system and internal audit system to ensure efficiency and effectiveness; and provide opinion on the adequacy of the internal control system and risk management in the annual report.
9. Determine the information security policy to prevent information leakage and to protect confidential business information and market-sensitive information.
10. Support and promote the creation of innovation and the use of innovation and technology to create value for the business; and establish a framework for IT governance to be aligned with the Company's business needs.
11. Appoint and determine the authority and duties of committees such as the Corporate Governance Committee, Audit Committee, and Remuneration and Nomination Committee, for effective business operations and shareholders' interests.
12. Appoint the Chairman of the Executive Committee, Executive Committee, and Managing Director and Chief Executive Officer; and determine the approval authority of the Chairman of the Executive Committee; and consider and amend the approval authority as deemed appropriate.
13. Establish appropriate communication channels with shareholders and stakeholders; and ensure that shareholders have the opportunity to participate effectively in decision-making involving significant corporate matters.
14. Establish a succession plan in preparation in case that a top executive is unable to perform his duties.
15. Promote understanding of and compliance with relevant laws and regulations, the Company's written Business Ethics and Code of Conduct, anti-corruption policy and other guidelines among all directors, executives and employees.
16. Establish clear procedures on whistle-blowing for stakeholders through the Company's website or direct reporting to the Company. The channel for whistle-blowing is through the Board of Directors, Corporate Governance Committee and Audit Committee. Arrange for investigation according to the Company's procedures and reporting to the Board of Directors.

17. Govern subsidiary companies by appointing appropriate persons as directors in the subsidiary companies in order to control management under the policies of the Company, including transactions in compliance with securities and exchange laws and SET regulations.

#### **4. Role and Responsibilities of the Chairman of the Board of Directors**

The Chairman of the Board of Directors has the following duties:

1. Oversee that the Board of Directors as a whole, various sub-committees, and each individual director perform their duties effectively and efficiently to achieve the Company's objectives and goals.
2. Provide leadership to the Board of Directors and be the Chairman at the Board of Directors' Meeting, shareholders' meeting, and the meeting of non-executive directors.
3. Determine the agenda of the Board of Directors' Meeting jointly with the Chairman of the Executive Committee and the Company Secretary to ensure that important matters are included and oversee to ensure that directors receive correct, complete, clear and timely information prior to the meeting to assist appropriate decision making by the directors.
4. At the Board of Directors' Meeting, allocate sufficient time and encourage directors to discuss and express their free and frank opinion with due circumspection and concern for all stakeholders. Sum up the Board Meeting resolutions and ensure that the Board's decisions will be implemented.
5. Foster a positive working relationship between executive and non-executive directors, and between the Board of Directors and management and support the performance of the duties of the Chairman of the Executive Committee in accordance with the Company's policy.
6. Support and be a role model in compliance with the principles of good corporate governance and the Company's Business Ethics and Code of Conduct, and ensure that all directors contribute to the Company's ethical culture and good corporate governance.

#### **5. Board Meetings**

The Company organizes Board meetings at least six times per year. Additional meetings may be called if necessary. More than half of the directors must be in attendance to maintain a quorum. Important agenda items for the Board meetings include consideration of strategies, business plans,



quarterly financial statements, annual budgets, the Company's various investments and important policies. The Company provides opportunity for directors to independently propose issues that are beneficial to the Company in the meeting agenda.

In addition, there shall be at least one Board meeting each year in which executives do not join the Board meeting.

The Company Secretary is responsible for predetermining the dates of the Board of Directors' Meetings one year in advance so that directors can arrange their schedule to attend the meetings. The meeting invitation, agenda and relevant documents that are clear, sufficient and appropriate are sent to the directors at least 7 days prior to the meeting date to allow sufficient time for the directors to study and consider the information. In the consideration of any issue, the directors are entitled to look at or check the related documents; ask the management to provide additional information; and bring in outside consultants or experts to provide advice, at the Company's expense.

During the meeting, time is appropriately allocated for directors to discuss and express opinions independently and transparently, with fair consideration to the interests of shareholders and related parties. Directors with vested interests on any agenda item shall leave the meeting during consideration of that agenda item.

The Board of Directors encourages the Chairman of the Executive Committee and the Managing Director and Chief Executive Officer to invite top executives to attend the Board meetings to present details on the issues that they are directly responsible for, and give the Board a chance to know more about top executives and aid directors in preparing succession plans.

The Company Secretary is responsible for preparing the minutes of the meeting which is correct and clearly states the meeting resolutions and opinions of the Board of Directors. The minutes of meeting which have been approved by the Board of Directors are kept with the Company Secretary and are available for view and audit by directors and related authorized persons only.

## **6. Monitoring and Evaluation Policy**

The Board of Directors requires management to regularly report on the Company's operating performance comparing actual results to predetermined targets, financial position, and progress on various activities to ensure that the Company's business operations are in line with set objectives and policies. If the results are not in line with the objectives and policies, the Board of Directors will arrange for changes and improvements, and supervise management to solve the situation and make continuous improvement.

The Board of Directors arranges for the evaluation of the performance of top executives. Targets and evaluation criteria that are related to strategies and annual business plans are used to consider appropriate remuneration and incentives.

The Board of Directors conducts self-assessment at least once a year. The self-assessment is of the board as a whole and on an individual basis to review their performance as well as the problems and obstacles faced in order to make improvements. The criteria, process and overall results of the self-assessment are disclosed in the annual report.

The Board of Directors may appoint an external consultant to assist in setting guidelines and providing recommendations for board assessment.

## **7. Remuneration of Directors**

The remuneration of directors takes into account duties and responsibilities and the Company's performance. The Remuneration and Nomination Committee considers payment criteria and forms of director compensation before presenting to the Board of Directors and the shareholders' meeting for approval every year. The remuneration of directors is adjusted to be comparable to other companies in the same industry and appealing enough to attract and retain quality directors.

## **8. Development of Directors**

The Company has set training and orientation on the Company's business and business practices for new directors to understand their duties, roles and responsibilities. Continuous learning programs covering all areas have been developed for directors so that they can perform their work effectively and appropriately amid the changing environment and for the Company's sustainable development.

## **9. Report of the Board of Directors**

The Board of Directors holds as its duty and responsibility to disclose information to shareholders in a correct, complete, transparent, verifiable and timely manner in the Form 56-1, annual report, sustainability report, and disclosure of information in compliance with the regulations of the Stock Exchange of Thailand. The Board of Directors is responsible for the preparation of annual financial reports in accordance with TFRS using appropriate and commonly practiced accounting policies, presentation to the shareholders' meeting, and disclosure together with the Auditor's Report in the annual report. To ensure stakeholders that the Company's financial statements comply with the regulations of the Stock Exchange of Thailand and related laws, the Board of Directors has assigned the Audit Committee to review the correctness and adequacy of financial statements and to review the correctness and completeness of disclosure of related transactions and transactions with possible conflicts of interest.

This Charter of the Board of Directors shall be effective from November 13, 2017

Announced on November 14, 2017

Mr. Dhanin Chearavanont

Chairman of the Board