



# Corporate Governance Policy

CP ALL PUBLIC COMPANY LIMITED





### **Corporate Philosophy**

Through happy employees, we desire to see smiles from customers.

### **Vision**

We serve convenience to all communities.

### **Mission**

To create customer engagement with innovative products and services  
and to enhance good relations with community and society.





## Definition

Company:	CP ALL Public Company Limited
Subsidiary company:	A private or public company under the controlling of CP ALL and complying with notification of SEC
Board of Directors:	The Board of Directors of CP ALL Public Company Limited
Committee:	A committee that the Board of Directors has appointed to study and screen selected issues
Corporate Governance Committee:	The committee that the Board of Directors has appointed to oversee the conduct of the directors and executives in compliance with the Corporate Governance policy and anti corruption policy
Nomination and Remuneration Committee:	The committee that the Board of Directors has appointed to recruit and consider the compensation of directors and top executives
Audit Committee:	The committee that has been appointed to oversee the Company's financial reporting process to ensure accurate and adequate disclosure according to reporting standards, and to ensure that the Company has a proper and adequate internal control system and internal audit system. The composition, qualifications and responsibilities of the Audit Committee shall be in compliance with the announcements of the Capital Market Supervisory Board and the Stock Exchange of Thailand
Employee:	An employee at the supervisory level or equivalent and lower of CP ALL
Top executive:	Those appointed Assistant Vice President or equivalent and higher of CP ALL
Executive:	Those appointed department head or equivalent and higher of CP ALL
Stakeholders:	Persons and/or juristic persons who are related to the business operations of the Company including shareholders, executives, employees, customers, suppliers, creditors, competitors, and society
Shareholder:	A shareholder of a listed company on the Stock Exchange of Thailand
Significant shareholder:	A person who holds separately, or in combination with related persons, more than 10 percent of the outstanding voting shares of an issuer
Inside information:	Information belonged to or controlled by the Company that is economical valuable information both at present and in the future. The information is known only by limited persons and must not be disclosed to the public without permission of authorized persons. This information includes personnel data, information of customers and employees, information of sales and marketing, information of products and services, accounting information, business plan, marketing plan, financial plan, construction plan, product research and development information, source code, and material information affecting share prices which have not yet been publicly disclosed.
Conflict of interest:	Performing duties to achieve outcome according to the company's objectives, but benefiting oneself or related persons, causing the company not to receive full benefits or causing loss or problems for the company. Entering into such transaction is deemed as at arm's length basis.





## Table of Contents

	<b>Page</b>
1. Rights of shareholders	5
2. Equitable treatment of shareholders	6
3. Role of stakeholders	7
4. Information disclosure and transparency	8
5. Responsibilities of the Board of Directors	8
5.1. Composition and qualifications of the Board of Directors	8
5.2. Committees	11
5.3. Roles and responsibilities of the Board of Directors	12
5.4. Board Meetings	14
5.5. Monitoring and evaluation policy	14
5.6. Remuneration of directors and executives	15
5.7. Development of directors and executives	15
5.8. Report of the Board	15
6. Prevention of conflicts of interest, monitoring use of inside information, internal control and internal audit	16
6.1. Prevention of conflicts of interest	16
6.2. Monitoring use of inside information	16
6.3. Internal control and internal audit	16
7. Risk management	17
8. Business ethics and code of conduct	17
9. Anti corruption policy	18





## 1. Rights of shareholders

The Board of Directors recognizes the rights of shareholders equitably and avoids any action that violates those rights, namely

- The right to receive and review information on the Company that is factual, correct, complete, adequate, timely, and appropriate for decision making; and the Board of Directors shall not limit access to this information.
- The right to express opinions and comments or propose various matters to the Board of Directors to manage the Company for the greatest benefits.
- The right to be informed of the criteria and procedures governing shareholders' meetings and to receive sufficient information regarding the issues to be decided in each agenda item in advance of the meeting. Shareholders should have the opportunity to ask questions during the meeting. The Board of Directors shall provide the opportunity for shareholders to send their questions in advance of the meeting day.
- The right to express opinions, provide suggestions and vote at the shareholders' meeting in the case of changes in important policies of the Company such as amendments to the Company's articles of association, capital increases or decreases, or the approval of extraordinary transactions.
- The right to elect or remove members of the Board of Directors and to consider the remuneration of directors.
- The right to consider and approve profit allocation and dividend payments.
- The right to appoint the external auditor and determine the auditor's remuneration.

### Shareholders' meeting

The Board of Directors convenes the annual general meeting of shareholders within 4 months after the end of the fiscal year in order to consider the Company's operating performance, approval of dividend payments, appointment of the Board of Directors, appointment of the external auditor, and other issues that require approval by the shareholders.

The Board of Directors gives importance to the shareholders' meeting and thus has a policy encourage shareholders to attend the meeting by providing convenience regarding the meeting venue, notice of the meeting, voting process, details of all agenda items with the facts and reasons and the Board's opinions for each agenda item in the notice of the annual general meeting, accompanying documents, and required documents to be presented on the meeting day to shareholders at least 14 days prior to the meeting. This information is also disseminated on the Company's website and the SET Community Portal (SCP) prior to sending the documents so that shareholders have sufficient information and time to make decisions on each agenda item. In addition, the Company encourages shareholders to send in questions in which they would like to receive the answer at the shareholders' meeting through the Company's website in advance.

Furthermore, the Board of Directors may request an extraordinary general meeting of shareholders. Likewise, shareholders may request in writing the Board of Directors to hold an extraordinary general meeting of shareholders in





accordance with the Company's articles of association. If warranted, the Board of Directors shall organize an extraordinary general meeting of shareholders within a month after the written request from shareholders is received.

#### **At the shareholders' meeting**

Every time before the meeting commences, shareholders are informed of the voting procedure. During the meeting, the Board of Directors shall provide fair opportunity for shareholders to express their opinions and ask questions on each agenda item. The Board of Directors, the Audit Committee, Corporate Governance Committee, Remuneration and Nomination Committee, Chairman of Executive Committee, the Chief Executive Officer, executive officers, and the Company's auditors are to be present at the meeting and to provide information and answer shareholders' questions.

#### **Writing and releasing of the minutes of the shareholders' meeting**

The Board of Directors arranges for disclosure of the voting results of each agenda item through SET SCP on the following working day. The minutes of the shareholders' meeting is prepared and submitted to the Stock Exchange of Thailand as well as posted on the Company's website to inform shareholders within 14 days from the date of the meeting. The Board of Directors arranges for the video recording of the shareholders' meeting to be available on the Company's website for persons interested in investing in the Company.

## **2. Equitable treatment of shareholders**

Every single shareholder, including minority shareholders and foreign shareholders, has equal rights. The Board of Directors will not perform any acts which will lead to unfair treatment to shareholders.

The Board of Directors facilitates for minority shareholders to propose agenda items in advance for the shareholders' meeting and to nominate candidates for directorships. The Board of Directors has clear and reasonable criteria in considering the appropriateness in adding agenda items proposed by shareholders. The Board of Directors has a policy not to add agenda items without prior notice to shareholders unless otherwise deemed necessary in order to provide sufficient time for shareholders to study information before decision making.

In the case where shareholders are unable to attend the meeting in person, shareholders have the right to appoint a person they deem appropriate to attend the meeting and vote on their behalf. At least one independent director shall be proposed as an alternative for shareholders to appoint as their proxy.

At the shareholders' meeting, the Board of Directors has determined that all shareholders have the right to vote according to the number of shares they hold, with each share is entitled to one vote. Voting cards are used, especially for important agenda items such as connected transactions and acquisition or disposition of assets, for transparency and verification.





### 3. Role of stakeholders

The Board of Directors gives importance to the rights of stakeholders. To foster continued good business relations and to avoid violating the rights of stakeholders, the Company has the following policy on treatment of stakeholders:

- 1) Customers: Customers receive products and/or services that offer value for money, quality and convenience in terms of health and safety. The Company has set a clear policy regarding fair treatment and responsibility to customers.
- 2) Employees: As employees are a valuable resource to the Company's business operations, the Company has promoted and developed the capability of employees to reach their full potential. The Company offers a fair remuneration and welfare system as well as fair opportunities for advancement in the Company. Employees are fairly evaluated and treated without consideration to personal relationships and without bias regarding race, nationality, religion or gender. The Company arranges for a good and safe working environment. In addition, a provident fund and Employee Joint Investment Program (EJIP) are provided for long-term financial security of employees, creating strong morale for employees to perform their duties well.
- 3) Government: The Board of Directors has strictly managed the Company's business in compliance with related laws, rules and regulations.
- 4) Society, communities and the environment: The Company recognizes its responsibility to society, communities and the environment and has a main mission to create social contribution projects and activities to ensure stakeholders that the Company's business operations take society, communities and the environment into consideration for sustainable development. The Company has produced and disseminated concrete guidelines through Sustainability Report.
- 5) Suppliers: The Company's suppliers are treated appropriately and fairly, without decisions being made based on personal relationships.
- 6) Creditors: The Company adheres to its commitments and is fair to its creditors according to the priority of the obligations in line with the contracts entered into, without violating the rights of creditors.
- 7) Competitors: The Company operates its business based on fair competition, with professionalism, and without any legal or ethical wrongdoings.
- 8) Shareholders: The Company is committed to conducting its business effectively with transparency, prudence, good operating results and sustainable growth, in order to increase shareholders' value in the long run. Moreover, the Company adheres to the principle of fairness and protects shareholders' interests by establishing procedures to prevent the use of inside information for the personal interests of directors and executives.

Furthermore, the Board of Directors reports information about the Company's operations that stakeholders and related parties should be informed of in Form 56-1, the annual report and website. In addition, two-way communication channels have been established for stakeholders and related parties to express their opinions; file complaints in case they





have not received fair treatment from the Company; and provide tip-offs related to illegal behavior, correctness of financial reports, defects in the internal control system, or unethical business behavior to the Board of Directors. Procedures and communication channels are informed in the Company's website and annual report.

#### **4. Information disclosure and transparency**

The Board of Directors ensures investors and stakeholders that the Company discloses information in compliance with the laws and regulations of government organizations and supervisory agencies such as the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) as well as all important information relevant to the Company in a correct, complete, adequate, timely, regular, verifiable, equitable and fair manner. This includes financial statements, operating results, connected transactions, report on the Company's share dealings, the Company's financial position, management discussion and analysis, and compliance with various policies. Information disclosed in the financial reports is correct, in accordance with generally accepted accounting principles, and audited by an independent external auditor. In addition, the Company discloses shareholding structure that is clear and transparent. Shareholding structure with major shareholders and minority shareholding is reported in Form 56-1 and the annual report.

To facilitate access to the Company's information, the Company has established written guidelines and procedures for information disclosure. The Company's information disclosure policy covers principles of information disclosure, the process for disclosing important information, keeping confidential information and violation of the policy. The Board of Directors has appointed the Investor Relations Department to communicate with shareholders, investors, analysts and related government organizations in an equitable, fair and appropriate manner. Information both in Thai and English is disseminated on the Company's website.

The Board of Directors has also arranged for communication and contact with the Company in case related persons have suggestions, opinions or inquiries that are important and beneficial to the Company's business operations. The Company will answer inquiries in appropriate time.

### **5. Responsibilities of the Board of Directors**

#### **5.1. Composition and qualifications of the Board of Directors**

The Company's Board of Directors consists of at least 5 directors – non-executive directors who represent major shareholders, executive directors to ensure that the Company's business is conducted effectively, and at least 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, expertise and experience who can contribute to the Company; have dedication and commit time to perform their responsibilities; have leadership, far-sighted vision, integrity and good work experience
3. Have independence from executives and major shareholders 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. Appointment of directors shall be transparent, with consideration and review of necessary qualifications, skills, knowledge and expertise to ensure that the Company has directors with qualifications who can help make the Company stronger; candidates for directorship and sufficient background information are then presented to shareholders for consideration and approval
5. The background of every director is disclosed and verifiable
6. Orientation is provided to new directors to ensure understanding of the Company's business and their roles and responsibilities

#### **Qualifications of independent directors**

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;
10. Able to protect the interests of all shareholders equitably
11. Able to prevent conflicts of interest between the Company and executives, major shareholders or other companies with the same group of executives or major shareholders
12. Able to attend the Board of Directors meetings to decide on important activities of the Company

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:





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

#### **Term of office of directors**

The Board of Directors stipulates that a director has a term of office according to said of articles of association. At the end of the term, the director may be nominated for reappointment at the shareholders meeting.

#### **Chairman of the Board of Directors and Chairman of Executive Committee**

The Board of Directors elects the Chairman of the Board of Directors and has authority to appoint and remove Chairman of Executive Committee. The Chairman of the Board of Directors is not the same person as the Chief Executive Officer and their roles and responsibilities have been clearly defined. The Company has determined the authority and duties of the Chairman of Executive Committee. Important matters must be presented to the Board of Directors meeting for consideration and approval.

#### **Managing Director and Chief Executive Officer (MD and CEO)**

The Board of Directors elects and removes MD and CEO according to the proposal of Chairman of Executive Committee. MD and CEO is authorized to perform duties in relation to the Company's operation and in compliance with the Company's objectives and the resolutions of the Board of Directors and Executive Committee, with authority as determined by the Chairman of Executive Committee.

### **5.2. Committees**

For effective performance of their work, the Board of Directors has appointed committees to perform duties as assigned by the Board of Directors. The committees have authority to request executive officers to join the meeting, clarify, or prepare and present reports; or hire advisors to provide advice regarding their assigned tasks as they see fit, with the Company responsible for any expenses. The Committees must prepare regular reports to be presented to the Board of Directors.

#### **Corporate Governance Committee**

The Corporate Governance Committee consists of a minimum of 3 directors, with at least half being independent directors. The Corporate Governance Committee is responsible for monitoring the performance of the Board of Directors and executives to ensure their compliance with the Company's corporate governance policy; reviewing and assessing with directors and executives compliance with corporate governance policies; providing suggestions regarding compliance with corporate governance policies and anti corruption policy; reporting to the Board of Directors on the assessment and





compliance with corporate governance at least twice per year; and liaising with other committees in considering matters related to corporate governance, anti corruption and providing necessary advice.

#### **Remuneration and Nomination Committee**

The Remuneration and Nomination Committee (RNC) is comprised entirely of at least 3 directors, with at least half being independent directors. It is responsible for setting the criteria and process for nominating qualified candidates for director; selecting qualified candidates according to the predetermined criteria and process; and presenting its opinion to the Board of Directors. Then, the Board of Directors will seek for shareholders' approval. The selection criteria and process in appointing new directors and top executives shall be disclosed. The committee is also responsible for setting the criteria and form of payment to directors and top executives and presenting its opinion to the Board of Directors. The Board of Directors approves the remuneration of executives while the shareholders' meeting approves the remuneration of directors.

#### **Audit Committee**

The Audit Committee is comprised of at least 3 independent directors, all are independent and non executives. The Audit Committee member has a term of office along with the terms being as directors and can be reappointed. The Audit Committee reviews correctness and adequacy of the Company's financial statements; reviews the suitability and effectiveness of the Company's internal control system and internal audit system; reviews information disclosure in the case of related transactions or the transactions which might cause conflict of interest to ensure correctness and completeness; prepares the Audit Committee's Report to be published in the Company's annual report; and reviews the Company's compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand, the Company's regulations, and laws related to the Company's business.

The Audit Committee has independence in performing its duties and expressing opinions. The Company's Internal Audit Office directly reports to the Audit Committee. The Audit Committee considers, selects and proposes the appointment of the Company's auditor and remuneration; and meets with the Company's internal auditor and advisor regularly.

### **5.3. Roles and responsibilities of the Board of Directors**

The Board of Directors directs the Company's business and oversights that the business is in line with objectives and guidelines for the best interests of shareholders, executed in compliance with the laws, the Company's Articles of Association, and the shareholders' resolution with honesty, integrity, prudence and responsibility to shareholders. The Board of Directors responsibilities include:

1. For transparency in business operations, the Board of Directors shall report 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.





2. To conduct business for the best interests of shareholders, the Board of Directors will determine the Company's vision, policies, objectives, strategies, business plans and direction; monitor and supervise on the compliance with approved objectives; and evaluate and make improvements for business efficiency.
3. 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.
4. Consider and approve the Company's quarterly operating results compared to business plans and budgets, and consider future trends.
5. Consider and approve transactions which have major impact on the Company's financial position, debt burden, business operations and reputation.
6. Establish an accounting system, financial reporting and auditing that is reliable; 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.
7. Consider and approve significant changes in accounting policy and procedures, safekeeping of money and the financial control system.
8. Appoint and determine the authority and duties of committee i.e. corporate governance committee, audit committee, remuneration and nomination committee for effective business operations and shareholders' interests.
9. Consider and determine the approval authority of Chairman of Executive Committee, MD and Chief Executive Officer, executive officers and officers; and consider and amend the approval authority as deemed appropriate.
10. Establish appropriate communication channels with shareholders and stakeholders.
11. Comply with the Company's written corporate governance policy and anti corruption policy and review the policy and compliance to the policy regularly, at least annually.
12. Establish a succession plan in preparation in case that a top executive is unable to perform his duties.
13. Promote understanding of the Company's written Business Ethics and Code of Conduct among all directors, executives and employees and monitor compliance with the Business Ethics and Code of Conduct.
14. 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 Company's Internal Audit Office and the Audit Committee that arranges for investigation according to the Company's procedures and reports to the Board of Directors.
15. 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.





#### 5.4. Board Meetings

The Company organizes Board meetings at least six times per year. Additional meetings may be called if there are special matters that require the Board of Directors' approval. Details of the directors' meeting attendance are disclosed in the annual report. At least half of the directors must be in attendance to maintain a quorum. Important agenda items for the Board meetings include explaining and reporting the performance of each of the Company's units and subsidiary companies; and considering action plans, quarterly financial statements, annual financial statements, progress on various investments and important policies. The Company provides opportunity for directors to independently propose issues that beneficial to the Company in the meeting agenda.

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 the information and to arrange their schedules to attend the meeting. 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 executives to sufficiently provide information for the directors' discussion which is independent, transparent, 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 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 Board of Directors has appointed a Company Secretary. The Company Secretary is responsible for providing advice regarding legal matters and various rules and regulations that the Board of Directors must be aware of. The Company Secretary is also responsible for looking after the activities of the Board of Directors and liaising to ensure that the resolutions of the Board of Directors are strictly adhered to. In addition, the Company Secretary supports the organization of the Board meetings and prepares 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 are kept with the Company Secretary and are available for audit by related persons.

#### 5.5. 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 also arranges for evaluation of the performance of top executives and lower. Targets and evaluation criteria that are related to strategies and annual business plans are used to consider appropriate remuneration and incentives. In addition, the Board of Directors and committees conduct 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.

#### **5.6. Remuneration of directors and executives**

The Company sets remuneration for directors by considering duties and responsibilities and the Company's performance, with approval from the shareholders' meeting. For the remuneration of executives, the Company considers duties and responsibilities, individual performance as well as the Company's performance. The remuneration of directors and executives is adjusted to be comparable to other companies in the same industry and appealing enough to attract and retain quality directors and executives.

#### **5.7. Development of directors and executives**

The Board of Directors has set training and orientation on the Company's business and business practices for new directors, executives and the Company Secretary to understand their duties, roles and responsibilities. Continuous learning programs covering all areas have been developed for directors, executives and the Company Secretary so that they can perform their work effectively and appropriately amid the changing environment and for the Company's sustainable development. The Board of Directors has stipulated that the Managing Director and Chief Executive Officer report on the development and succession plan on a regular basis. This information is used to develop top executives to be ready for succession.

#### **5.8. Report of the Board**

The Board of Directors is responsible for the preparation for disclosure to shareholders in a correct, complete, transparent, verifiable and timely basis including annual financial reports according to generally accepted accounting principles of Thailand 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.





## **6. Prevention of conflicts of interest, monitoring use of inside information, internal control and internal audit**

### **6.1. Prevention of conflicts of interest**

The Board of Directors considers prevention of conflicts of interest as an important duty. Besides strictly following the rules and regulations of the Company and the Stock Exchange of Thailand, the Board of Directors has established guidelines in the Company's Business Ethics and Code of Conduct for all directors, executives and employees to avoid possible conflicts of interest with the Company. Directors, executives, employees, their families and those under the same residence shall not engage in transactions that have conflicts of interest with the Company, whether directly or indirectly and whether conducted by themselves, with members of their family or close persons in order to prevent possible inappropriateness that may arise. The Board of Directors monitors compliance with the Company's Business Ethics and Code of Conduct, requiring disclosure of relationship of family members and other persons who may cause conflicts of interest.

In case there is a necessity to engage in a related transaction, the Board of Directors ensures that the transaction must be conducted with transparency and fairness like conducting transactions with outside parties. In the approval of related transactions, directors, executives or employees with vested interests shall abstain from providing opinions and voting or shall leave the meeting.

In addition, the Board of Directors reviews the guidelines for conduct for improvement and appropriateness in operating the business in order to prevent conflicts of interest which may bring losses to shareholders and stakeholders. Punishment has been clearly stated in the case that executives or employees disclose inside information to the public or use inside information for personal benefit.

### **6.2. Monitoring use of inside information**

The Board of Directors has stipulated regarding the monitoring of the use of inside information in the Company's Business Ethics and Code of Conduct. The Company's directors, executives and employees are prohibited from using the Company's inside information for trading of the Company's shares or providing this information to others for the trading of the Company's shares. The aforementioned action is against the law and related regulations of government agencies and supervisory organizations. Persons responsible for using the Company's inside information must be careful not to let others overhear, eavesdrop, wiretap, or audio record the inside information. They should not also converse in public through mobile phones or converse with family members and close persons which may lead to dissemination of inside information to others and may cause losses to shareholders. The Company has stipulated that all directors and executives must file the Report of Changes in Securities Holding which will be disclosed in the annual report.

### **6.3. Internal control and internal audit**

The Board of Directors has arranged for an internal control system for the Company's business operations in all areas including finance, operations, and business transactions in compliance with related laws and regulations. Mechanisms have been established for checks and balances of authority to prevent dishonest personal gain. The scope of authority, authority





level and responsibilities of the Company's executives and employees are clearly defined in the Company's Authority Handbook which must be strictly followed. The Internal Audit Office, which is an independent unit, reviews the internal control system to assess efficiency, effectiveness and concordance with international standards both in terms of procedure and information technology systems. The Internal Audit Office reports directly to the Audit Committee which monitors that the Internal Audit Office conducts its work independently, fairly, ethically, and professionally on par with international internal audit standards. The Audit Committee Charter and the Internal Audit Office Charter clearly state the mission, scope of work, authority, duties, responsibilities and guidelines for performing audit work and are reviewed regularly every year. In addition, the Board of Directors has supported an information technology system for storing information, monitoring and reporting the results of the internal control system to the Board of Directors and Audit Committee in order to improve effectiveness.

### **7. Risk management**

The Board of Directors has set up comprehensive management of the Company's risks. A risk management policy and risk management handbook has been developed as guidelines for risk management. All directors, executives and employees are owners of the risks and are responsible for studying, analyzing and evaluating the possibility of occurrence and severity of the risk impacts to the Company's business operations; finding measures to limit, prevent and control the risks to be in line with the Company's objectives, goals and strategic plans; evaluating the effectiveness of the risk management; monitoring changing situations and risk conditions; as well as reporting to the Audit Committee and the Board of Directors. The Company reviews the risk management policy and risk management handbook at least once a year. An information technology system has been established to support effective risk management.

### **8. Business ethics and code of conduct**

To ensure that the Company's directors, executives and employees perform their work with standard, quality and integrity, the Company has produced the Business Ethics and Code of Conduct for directors, executives and employees to acknowledge and follow together with the Company's rules and regulations, in order to maintain the Company's good reputation and employees' pride, which will ultimately lead to an organization with good corporate governance. Directors, executives and employees regularly practice moral principles in the code, becoming their work principles.

Furthermore, the Company has appointed the Corporate Governance Committee, sub corporate governance committee and the Business Ethics and Code of Conduct Working Group to disseminate, promote, organize training, campaign and support strict adherence to the code, regularly monitor compliance with the code, and report on compliance with the code to the Board of Directors.





### **9. Anti corruption policy**

The Company recognizes and provides importance to good corporate governance with anticipation of impacts from corruption towards the company, society and nations. To determine anti corruption, the Company declares its intent to join Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

The Company sets up anti corruption policy and guidelines covering anti corruption, charitable contribution, sponsorship, giving and accepting gifts and receptions, in which the Board of Directors, executives and employees including related business parties should adhere to. The Company will not ignore any action leading to corruption although such action brings benefits to the Company.

The Company establishes risk assessment on corruption and reviews policy and related guidelines including creating awareness on anti corruption towards employees, regularly communicating inside and outside the Company, orientation to new employees with annual training, providing tip-offs channels and report of anti corruption to the Board of Directors.

