

# **Director's Handbook**



**SVI PUBLIC COMPANY LIMITED**

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## **Director's Handbook of SVI Public Company Limited**

### **Part 1: Structure of the Board of Directors**

The Board of Directors consists of at least five directors, and at least one-third (1/3) of the total directors shall be independent directors who are selected from external parties having useful knowledge and capability, and the number of independent directors shall not be less than three. Independent director shall be appointed as Chairperson of the Board. Persons who will hold a director or independent director position shall be highly qualified, taking into account diversified skills, experience and specialties which are beneficial to the Company, including their dedication and effort in performing the duties. They shall possess no prohibited characteristics as prescribed in the Notifications of the Office of the SEC and shall have full qualifications in accordance with the Public Limited Company Act, and must not be over 70 years of age. The number of listed companies in which each director may hold a position should not be more than five. The independent directors may retain in the position not more than nine consecutive years from the date on which they are appointed as independent director.

The appointment of the Board of Directors shall be in accordance with the specified term, and the process for nominating persons to be elected/appointed as directors shall be transparent and clear. Sufficient details of directors' backgrounds shall be provided and disclosed to the public through the Company's website and news for each change in the directors.

In the case where it is necessary to appoint a director with the age of more than 70 years or where there is no appropriate independent director who has knowledge and capability to replace the existing one who has retained in office for more than nine consecutive years, the Nomination and Compensation Committee may consider renewing the term of the existing independent director for another term.

The company appointed the Company's secretary assisting the Directors to provide appropriate recommendations to Directors concerning legal matter, rules and regulations SEC, SET and ensuring the Company has appropriate, efficient and transparent operations. In addition, the company has established a compliance unit to monitor and follow-up with the concerned party to ensure effective and efficient compliance with approved policies and in line with good corporate governance, the compliance unit will report directly to the company's secretary.

#### **Roles, Duties and Responsibilities of the Board of Directors**

1. Undertake the Company management in compliance with the law, the Company objectives, Articles of Association and the resolutions of the Shareholders' Meeting with integrity and in good faith and protect the Company interest.
2. To approve and review key business matters of the Company, such as the vision and mission of the Company, strategy, financial targets, risks, work plans and budget at least once a year;
3. To monitor and follow-up the management to ensure effective and efficient compliance with approved policies and plans;
4. To be responsible for internal control and risk management, including the process on receiving and handling complaints;
5. To oversee to ensure long-term business continuity, including supervising employee development plan and succession plan;

6. To establish a written corporate governance policy for the Company and approve, review and assess the compliance with such policy at least annually;
7. To arrange to have a written code of business conduct in place so that all directors, executives and employees understand business ethical standards of the Company. The Board shall closely monitor compliance to the code, and review and revise the business ethics to be appropriate with the changing environment. The Board shall also establish clear guidelines for the practice, monitoring and assessment, which are an integral part of the Corporate Governance Policy, to be adhered to by all directors, executives and employees to ensure integrity, honesty and ethics in business;
8. A policy to prevent directors, executives and employees from using inside information for personal benefit has been put in place in order to prevent any conflicts of interests. It is required that the Board be informed of transactions that may pose a conflict of interest and the Board shall review the suitability of each transaction. The Company complies with the SET's regulations and discloses the related transactions in the annual report. In addition, the Board shall oversee the use of inside information, by requiring directors and executives to report their change in shareholding information to the SEC and establishing business ethics of the Company to prevent the directors and executives who receive inside information from disclosing it to any third party;
9. To arrange to have control systems for financial reports and compliance with rules, regulations and policies, and to set up an internal audit unit to independently perform the duty and to be responsible for auditing such control systems and reviewing material systems at least annually as well as disclosing the same in the annual report;
10. To carefully and efficiently establish a policy to manage all risks that has an effect on the Company. The risk can be derived from an internal or external factor, and may be changed by the economic situation as well as social and political matters. The risk management policy covers the preventive measure as well as management of the risk. The Risk Management Committee is responsible for overseeing and monitoring the operation as planned, and reporting the result to the Board regularly. The Board should review the risk management system or assess the effectiveness of risk management at least annually with the disclosure of risks in the annual report. In addition, the Company has established a strategy to respond to risk at each level: avoidance, reduction, transfer or acceptance of the risk. To ensure that the Company has considered and selected the most worthwhile and efficient approach to managing the risk, the risk factor that has the highest effect to the shareholders' value is chosen as the first priority;
11. To provide opinions on the adequacy of the internal control and risk management systems in the annual report;
12. To provide a channel for employees, outsiders wishing to report complaint or stakeholders to send their comments or useful suggestions, or to report or submit information concerning wrongdoing, violation of the law or Good Corporate Governance principles;
13. To consider the suitability of persons to be assigned as directors of its subsidiaries to control management under the Company's policies, including transactions to ensure compliance with the laws, securities and exchange regulations and the SET's Notifications.
14. To arrange regular meetings of the Board of Directors, at least once a quarter, to consider general business of the Company with the presence of as many directors as possible;

15. To consider and resolve important matters or transactions in addition to appointing independent directors who are not involved in the daily management of the Company. The independent directors are free to make decisions and are not influenced by any major shareholders in exercising their decision in order to boost the confidence of shareholders, minority shareholders and other related parties;
16. To report to the Company any conflicts of interest of their own and/or related persons in relation to the Company or subsidiaries' management according to the regulations, conditions and procedures prescribed in the Notifications of the Capital Market Supervisory Board;
17. To consider and approve the budget for annual spending and capital expenditures for machinery and other equipment, and to ensure that the Company controls the spending under the approved budget. Additional approval is required if the Company has any expenses that are not included in the approved budget, more than Baht 10 Million. Any additional investment in subsidiaries or purchases of immovable property requires the Board's approval;

The Board of Directors may appoint any person to operate the Company's business under its supervision or delegate such person to have the authority as it deems appropriate within an appropriate period of time. The Board of Directors can amend, change or cancel such appointment or delegation of authority. The delegation of authority must not be carried out in a nature that will enable the delegates, or the persons authorized by the delegates, to approve the transactions in which they or any persons who may have a conflict of interest may have an interest or conflict of interest (as defined by the Notification of the Office of the SEC) with the Company or its subsidiaries.

The Company has a clear separation of roles and responsibilities between the Board of Directors and the Chief Executive Officer, in which the Board's role is to monitor Management's performance in achieving targets and ensuring that there are systems in place to enhance the legal and ethical integrity of business operations. All directors understand the responsibility of the Board of Directors and the nature of the business operation of the Company. They perform their duties with honesty and in good faith, using due care and diligence with regard to the highest benefits of the Company and the fair treatment of all stakeholders. They have expressed their opinion independently and are completely dedicated to their duties.

### **Roles, Duties and Responsibilities of the Chairperson**

The Chairperson of the Board of Directors shall have duties in addition to other directors as follows:

1. To call for a meeting with the attendance of Managing Director, and to determine agenda items for the Board's meetings and shareholders' meetings;
2. To preside over the Board's meetings and shareholders' meetings, and to consider and sign the resolutions of the meetings;
3. To cast the deciding vote in cases when have a vote in the Board's or shareholders' meeting receives equal "yes" or "no" votes.

### **Meetings of the Board of Directors**

The meetings of the Board of Directors are scheduled in advance and notified to each director so that they can arrange their schedules to attend. The Chairperson of the Board and the Chief Executive Officer should work together to consider and select matters to be included in the agenda to ensure that any major subject is incorporated into the agenda. Each director is provided with opportunity to freely propose matters that are beneficial to the Company to be included in the agenda, and the Chairperson

and the Chief Executive Officer shall consider such proposals and determine to include major subject in the agenda for the next meeting. Directors will receive supporting documents for the meeting at least five working days prior to the meeting to provide sufficient time for them to study and consider the case to ensure proper decision making.

Board meetings are held regularly at least once a quarter and a quorum shall consist of not less than two-third (2/3) of the total number of members of the Board of Directors. All directors are encouraged to attend the meeting at least 75 percent of the total number of the meetings held in a year. The secretary of the Board of Directors will set tentative schedules and agenda items of the regular meetings for one year in advance. This is to provide sufficient time for the directors to attend all the meetings. For each meeting, Management prepares information and supporting documents for the Board's consideration. During any meeting, the Chairperson of the meeting also gives sufficient time for all directors to consider each item on the agenda thoroughly and provide comments thereon. The minutes of the meeting are taken in written form and a certified copy is kept for auditing by the concerned parties. The Company's Board of Directors also supports to invite senior Management to attend the Board's meetings to provide additional information or details as they directly relate to the matters and can access and obtain additional and necessary information, advice and services from the Chairperson of the Executive Committee, the Company Secretary or other relevant Management or seek opinions from independent advisors. It is the Company's policy to allow non-executive directors to hold a meeting to discuss management issues in focus without attendance of the Management, and the Chief Executive Office shall be reported of the result of such meeting.

The Audit Committee has a regular meeting at least once a quarter with the Internal Audit Manager to monitor and plan the internal audit items. The Audit Committee conducts a meeting at least once a quarter for consideration, selection and nomination of external auditors and their remuneration, including providing the opinions for the interim and annual financial statements duly reviewed or audited by the auditor, considering compliance with the accounting standards, and reviewing disclosure of information in the financial statements before submitting for the Board's consideration and disclosure of connected and related party transactions as well as suitability of internal supervision and audit plan.

### **Evaluation of the Performance of the Board of Directors and Sub-Committee**

The Board has established self-assessment evaluation and cross performance evaluation for the overall performance of the Board of Directors, Sub-Committee and individual member and cross performance evaluation of the board of directors and committee members on an individual basis. It serves as a tool to reflect the operational efficiency of the Board and Sub-Committee in accordance with Good Corporate Governance principles and to facilitate a regular review of the performance of the Board and Sub-Committee. The process aims to set a standard of practice for the Board of Directors and Sub-Committee performance assessment, which is conducted on an annual basis and led by the Chairman of the Board.

1. Self- Assessment for the board of directors as a whole, A self-assessment is based on a preliminary format set by the SET, covering the following topics:
  - 1) Structure and qualifications of the Board;
  - 2) Roles, duties and responsibilities of the Board;
  - 3) Board meetings;
  - 4) Discharge of duties of the Board;
  - 5) Relationship with the Company's Management;



- 6) Self-development of directors and executive development
2. Self- Assessment of committee as a whole, A self-assessment is based on a preliminary format set by the SET, covering the following topics:
  - 1) Structure and qualifications of the sub-committee;
  - 2) Sub-Committee meetings;
  - 3) Roles, Duties and Responsibilities of member of Sub-Committee.
3. Self- Assessment of the board of directors and of committee members on an individual basis, A self-assessment is based on a preliminary format set by the SET, covering the following topics:
  - 1) Structure and qualifications of the Board and Sub Committee;
  - 2) Board and Sub-Committee meetings;
  - 3) Roles, Duties and Responsibilities of Directors and member of Sub-Committee
4. Cross performance evaluation of the board of directors and of committee members on an individual basis, A Cross performance evaluation form is based on a preliminary format set by the SET, covering the following topics:
  - 1) Structure and qualifications of the Board and Sub Committee;
  - 2) Board and Sub-Committee meetings;
  - 3) Roles, Duties and Responsibilities of Directors and member of Sub-Committee.

### **Evaluation of the Performance of the Chief Executive Officer**

Evaluation of the performance of the Chief Executive Officer through the use of the assessment form covers the following topics:

- Section 1. Progress of Planning
- Section 2. Performance Evaluation
  - a) Leadership
  - b) Strategic Planning
  - c) Strategy Execution
  - d) Financial Planning/Performance
  - e) Relationship with the Board of Directors
  - f) External Relations
  - g) Human Resources Management/Relations
  - h) Succession planning
  - i) Product/Services Knowledge

j) Personality

Section 3. Development of the Chief Executive Officer

## Part 2: Sub-Committees

To ensure effective and efficient operation the Board of Directors has established sub-committees to assist in the study and screening of the operations as necessary. Currently, the Company has four specific sub-committees, i.e. the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Corporate Governance Committee. Scope of duties of each sub-committee is as follows:

### The Audit Committee

The Audit Committee is responsible to the Board of Directors based on the scope of duties and responsibilities assigned by the Board of Directors with the following details:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control system and internal audit system to ensure that they are appropriate and efficient, to determine an internal audit department's independence, as well as to approve the appointment, transfer and dismissal of the Manager of an Internal Audit Department.
3. To ensure that the Company has duly complied with the laws on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
4. To consider, select, nominate, remuneration and dismissal of the external auditor who is independent and qualified to be accepted to act as auditor of the company. The auditor has been approved by the SEC, as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the connected transaction, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
6. To prepare an audit committee's report and disclose in an annual report, which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
  - a. An opinion on the accuracy, completeness and creditability of the Company's financial report,
  - b. An opinion on the adequacy of the Company's internal control system,
  - c. An opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business
  - d. An opinion on the suitability of an auditor,
  - e. An opinion on the transactions that may lead to conflicts of interests,



- f. The number of the audit committee meeting, and the attendance of such meetings by each committee member,
  - g. An opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
  - h. Other transactions which according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
7. To audit cases informed by the Company's auditor when he/she discovers any suspicious circumstance that the director, manager or any person responsible for the Company's operational commits an offence, which is specified under the Securities and Exchange Act B.E. 2535 as amended by the Securities and Exchange Act (No.4) B.E. 2551 and report the result of the preliminary inspection to the Securities and Exchange Commission and the auditor within thirty days.
  8. To express opinions regarding the operation plan and operational results, budgeting and manpower of the Internal Audit Department.
  9. To revise the Audit Committee Charter at least once a year.
  10. To invite executive officers or supervisors to attend its meeting for clarification purpose or to submit relevant documents based on the scopes of its authority.
  11. To obtain appropriate consultations from the independent specialist relating to its scope of duties and responsibilities with the Company's expenses.
  12. Review and approve the Internal Audit Charter.
  13. The Chairman of the Audit Committee shall attend the Annual General Meeting.
  14. To perform any other tasks as assigned by the Board of Directors upon the Audit Committee's consent.

The Audit Committee is responsible to the Board of Directors and the Board of Directors continues to have responsibility directly to shareholders, stakeholders and other outsiders.

### **The Nomination and Compensation Committee**

The Company's Nomination and Compensation Committee consists of 4 members. The Company selects from directors who are capable, knowledgeable, experienced, and have a good connection with many capable, knowledgeable and qualified candidates in various organizations. The Chairperson of the Company's Nomination and Compensation Committee and its members shall remain in position for two-year term. The Nomination and Compensation Committee shall conduct the meeting at least two times annually.

### **Scope of Powers and Duties of the Nomination and Compensation Committee**

1. To seek and approve the persons to be appointed as directors and Chief Executive Officer of the Company;
2. To consider the appropriate criteria of remuneration policy for the directors and the Chief Executive Officer;

3. To consider and approve the issuance and offering for sale of securities to the directors and employees (Employee Stock Option Program (ESOP)) and propose this program to the Board for further consideration.

### **The Risk Management Committee**

The Company's Risk Management Committee consists of 5 members, the company selects members from the company's executives who are capable and knowledgeable in this subject and propose to the company's board of directors for approval. There is a director nominated by the board of directors to

be an adviser of the Committee. The Chairperson of the Company's Risk Management Committee and its members shall remain in position for two-year term.

### **Scope of Powers and Duties of the Risk Management Committee**

In order to fulfill its responsibilities to the Board, the Committee will:

1. Oversee and approve the risk management, internal compliance and control policies and procedures of the Company.
2. Oversee the design and implementation of the risk management and internal control systems (including reporting and internal audit systems), in conjunction with existing business processes and systems.
3. Set reporting guidelines for management to report to the RMC on the effectiveness of the Company's management of its business risks and disclose to the Board the content of management reports.
4. Establish policies for the monitoring and evaluation of risk management systems to assess the effectiveness of those systems in minimizing risks that may impact adversely on the business objectives of the Company.
5. Oversight of internal systems to evaluate compliance with corporate policies and to assess whether such policies
6. Approve policies to inform all employees, visiting suppliers, customers and contractors of their rights and responsibilities consistent with the risk management framework generally and specific business
7. Approve and update as necessary a summary of the Company's policies on risk oversight and management of business risks, to be made publicly available.
8. Contribute to the corporate governance statement in the Company's annual report, as appropriate given RMC policies, reports and results in the reporting period.

### **The Corporate Governance Committee**

The Company's Corporate Governance Committee consists of 5 members. The company selects from the company's executives who are capable and knowledgeable in this subject and propose to the company's board of directors for approval. There is a director nominated by the board of directors to be an adviser of the Committee. The Chairperson of the Company's Corporate Governance Committee and its members shall remain in position for two-year term.

## Scope of Powers and Duties of the Corporate Governance Committee

1. To propose the practiced guidance on Good Corporate Governance to the Company's Board of Directors;
2. To oversee and supervise the Company's operations to ensure compliance with Good Corporate Governance principles, the Company's policies and related laws;
3. To define and review good working practice policies, regulations and guidelines on a regular basis;
4. To report to the Company's Board of Directors the result of Good Corporate Governance including comments, practice guidelines and suggestions for further improvement;
5. The Corporate Governance Committee shall conduct the meeting at least two times annually, depending on necessity and appropriateness. The result of the meeting shall be reported to the Company's Board of Directors.

The term of a member of the Corporate Governance Committee is two years; however, the retiring members are eligible to re-election for another term by obtaining approval from the Company's Board of Directors.

## Part 3: Independent Directors

### Definition and Qualifications of Independent Directors

Definition of Independent Directors: An independent director means a person whose qualification and independence is in compliance with the requirements set forth by the Company's Board of Directors in the Company's Corporate Governance Policy and the regulations of the Capital Market Supervisory Board. To elaborate, an independent director shall not have any business or interest nor participate in any management related with the Company which may have an impact on his or her independent decision-making

The Company selects independent directors by taking into account the qualifications under the Public Limited Company Act B.E. 2535 (A.D. 1992), the law on securities and exchange, the Notifications of the Securities and Exchange Commission, the Notifications of the Capital Market Supervisory Board and other related regulations and/or rules. Each independent director may not hold the position in more than five listed companies.

The Company has determined the structure of the board of directors must be independent directors, at least one third of the total membership. But shall not be less than three independent directors who qualify under the rules of the Securities and Exchange Commission. An independent director shall meet the following criteria:

1. Hold shares not exceeding one percent 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 more than two years prior to the filing of registration statement to the Office. Such prohibited characteristic shall not include the case where the

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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 other directors' child, 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/her 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 more than two years prior to the filing of registration statement to the Office;

The term 'business relationship' under the above mentioned shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

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 more than two years prior to the filing of registration statement to the Office;
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 Baht two million 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 more than two years prior to the filing of registration statement to the Office;
7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder of the Company;
8. Not undertaking any business in the same nature and significantly 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 one percent of the total number of shares with voting rights of other company which undertakes business in the same nature and significantly in competition to the business of the Company or its subsidiary company;
9. Not have any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

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 as independent director has or used to have a business relationship or provide professional services exceeding the value specified under 4 or 6, the Company's Board of Directors may grant an exemption from such prohibition if it views that the appointment of such person does not affect performing of duty and expressing of independent opinions, and the Company discloses the following information in the notice calling the shareholders' meeting under the agenda for the appointment of independent directors:

- a. The business relationship or professional service which makes 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 Company's Board of Directors for proposing the appointment of such person as independent director.

According to Article 5 and 6 of the word "business relationship" means a person appointed by the audit firm. Or provide professional services. Or is a signatory on the audit report. Or report to a professional service provider.

*Remark: SVI Company Limited has been recognized as meeting the qualifications and criteria of the Independent Director as required by the SEC and The Stock Exchange of Thailand.*

## **Part 4: Nomination of Directors and Executives**

The Company has criteria on selection and appointment of directors in accordance with the qualifications stipulated in the Company's Articles of Association, in which the Company's director, possesses no characteristics which are in conflict with any regulations of the Stock Exchange of Thailand. The persons to be appointed as directors of the Company should have knowledge and capability to manage and operate the business and shall be honest and prepared to perform their duties. Nomination of directors of the Company shall be approved by the resolutions of the Board and shareholders' meetings.

### **Appointment of the Board of Directors**

The Board of Directors shall consist of at least five persons and not less than one half of the total directors must reside in the Kingdom of Thailand. The Company's directors shall have full qualifications as required by the laws. and each of them may hold a position in no more than five listed companies.

In accordance with the Company's Articles and Association, the directors shall be elected at the shareholders' meeting based on the following criteria and procedures:

1. Each shareholder shall have one vote per one share.
2. Each shareholder must exercise all of his or her votes under 1 to elect one person or multiple persons as director, but cannot allot their votes to any of these persons in any number.



3. Persons who receive highest votes, arranged in order from highest to lowest in a number equal to that of directors to be required or to be elected in an election shall be elected as

directors. In the event of a tie at a lower place, which would result in the number of directors to be greater than that to be required or to be elected in an election, then the Chairperson of the meeting shall cast the deciding vote.

At each annual general meeting, one-third (1/3) of the directors must retire from office. If their number is not a multiple of three, then the number nearest to one-third (1/3) must retire from office.

The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall retire. The retiring directors may be reappointed for any number of terms.

#### **Nomination of the Audit Committee**

The Company's Audit Committee consists of three members. All members are independent, and are not a member of management team. They have knowledge, understanding and experience about the law, accounting and/or finance. At least one member of the Audit committee is required to possess financial capability.

The Audit Committee has a duty to assist the Board in fulfilling the Company's Good Corporate Governance, particularly in providing the vision of the business, commenting on financial reports and internal control systems, and monitoring the accuracy and sufficiency of the disclosure of financial reports in compliance with related standards and requirements. All these actions enhance the quality and reliability of the financial reports and add value to the organization. The Chairperson of the Audit Committee and its members shall remain in position for two-year term.

#### **Nomination of the Nomination and Compensation Committee**

The Company selects members of the Nomination and Compensation Committee from directors who are capable, knowledgeable, experienced, and have a good connection with many capable, knowledgeable and qualified candidates in various organizations.

#### **Nomination of the Risk Management Committee**

The Company selects members of the Risk Management Committee from the Company's executives who are capable and knowledgeable in this subject and proposes to the Company's Board of Directors for approval. The Company's director is an adviser of the Committee.

#### **Nomination of the Corporate Governance Committee**

The Company selects members of the Corporate Governance Committee from the Company's executives who are capable and knowledgeable in this subject and proposes to the Company's Board of Directors for approval. The Company's director is an adviser of the Committee.

#### **Nomination of the Executives**

As for the selection of the Company's executives, the Company's Board of Directors authorizes the Chief Executive Officer to select knowledgeable, capable, experienced and qualified persons to manage the Company's business.

#### **Directors' Vacation from Office**

Directors shall vacate office pursuant to the following conditions:

1. Vacation from office at the end of term;



- a. At each annual general meeting, one-third (1/3) of the directors must retire from office. If their number is not a multiple of three, then the number nearest to one-third (1/3) must retire from office.
  - b. The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall retire.
2. Death;
  3. Resignation – Directors shall tender a letter of resignation to the Company, and resignation shall take effect on the date on which the letter of resignation reaches the Company;
  4. Dispossession of qualifications or possession of disqualifications as stipulated by law;
  5. Removal by the court's order;
  6. Removal by a resolution of the shareholders' meeting with the votes of not less than three-quarters of number of shareholders attending the meeting and having the right to vote and the total number of shares being of not less than one half of number of shares held by shareholders attending the meeting and having the right to vote.

## **Part 5: Ethics for Directors**

The Company intends for the directors, sub-committee members and subsidiaries' directors to perform their duties with ethics, and conduct or maintain their performance carefully, prudently and with honesty, to optimize the continuous and sustainable business operation of the Company and stakeholders, as follows:

### **Compliance with Laws and the Company's Articles of Association**

1. To comply with rules, regulations and laws related to the Company's business as follows:
  - a) Directors shall comply with the laws, rules, regulations and requirements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission;
  - b) Directors shall not avoid compliance with the applicable rules, regulations and laws;
  - c) Directors shall co-operate with the Company' designated corporate governance unit;
2. To perform duty in an impartial manner, i.e. in meetings, directors who have conflict of interest shall leave the meeting and refrain from participating in the issue decision;
3. To avoid a personal conflict of interest for business transparency and efficiency by:
  - a) Refraining from improperly using information obtained in the performance of duties for personal or others' benefits;
  - b) Refraining from improperly using a secret of the organization and disclosing secret information of the organization even after the directors' dismissal or retirement;
  - c) Refraining from exploiting their position as a director for their own benefit;
  - d) Refraining from creating obligation that may conflict with their duties in the future;

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- e) Refraining from receiving anything or other benefit in conflict of the interest of the organization;
  4. To safeguard the organization's confidential information from being leaked to unrelated persons and causing damage to the organization or stakeholders, except when it is legally done;
  5. Acquisition or disposition of listed securities by the directors, their spouse and minor child shall be in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Practices regarding the Acquisition or Disposition of Securities of Directors and Employees B.E. 2547 (A.D. 2004).

## **Conflict of Interest and Confidentiality**

### **1. Conflict of Interest**

The Company has the policy prohibiting the directors from using the opportunities from their status in the Company to acquire personal interests, and therefore, imposes the practice guidelines as follows:

- a) They shall avoid any transaction related to oneself, which may lead to a conflict of interest with the Company;
- b) If a director becomes a director or advisor in another business organization, such position must not conflict with the Company's interest or that person's direct responsibility to the Company;
- c) In the consideration of a transaction which has or may have conflicts of interest between shareholder, director or other person with potential conflict of interest, a clear practice guideline shall be adhered to and an assurance must be obtained that such transaction is fair, transparent and reasonable. Such transaction shall be fully disclosed and the Company shall include in the Corporate Governance Handbook a report form for disclosing transaction that may conflict with the Company's interest. A person who has conflicts with the Company's business, directly or indirectly howsoever, shall report the interest as follows:
  - Directors have a duty to report their interest immediately after it arises. To ensure that the Company conducts regular checks, an internal auditor has been assigned to review interested transactions on a quarterly basis and report to the Chairperson of the Board, Chairperson of the Audit Committee and the Corporate Governance Committee quarterly to ensure compliance with the Good Corporate Governance Policy. The Company requires the Management at a manager level and all employees involved with the operation to report their interest quarterly. The internal auditor has been assigned to check the reporting and report the result to the Corporate Governance Committee quarterly;
  - A director who knows the inside information shall comply with rules. The concerned directors and executives shall report their security holdings in accordance with the regulations of the Office of the Securities and Exchange Commission to the Board regularly; For the purpose of monitoring interest of the directors or involved persons who have interest with the management of the Company and subsidiaries pursuant to the Securities and Exchange Act, the Company's Board of Directors requires that connected transactions be reported quarterly in accordance with the prescribed rules;

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If any related person is involved with, or becomes a shareholder in a business in competition with the Company, the director concerned must inform the Company's Board of Directors in writing.

## **2. Use of Inside Information**

- a) Directors must not use the opportunity or information obtained from their directorship to acquire personal interest for themselves or for other party or to conduct business in competition with the Company and/or the Company's other business involved;
- b) Directors must refrain from using inside information for personal interest in the Company's securities trading or furnishing the same to other persons for trading the Company's shares;
- c) The Company's properties shall not be used for personal interests;
- d) The Company's information shall not be used as the outsider's reference for personal interests;
- e) The Company's business confidential information shall not be disclosed to any third party especially to competitors even after the directorship has ended.

## **Part 6: Supervision of Other Operations**

### **Supervision of the Operation of Subsidiaries**

The Company's Board of Directors has established a mechanism for the Company's supervision that enables it to oversee the management and take responsibility for the operation of its subsidiaries in order to maintain the Company's investment benefit. Such mechanism includes the followings:

1. The Company has appointed or nominated persons as directors or executives of its subsidiaries at least in proportion to its shareholding in each respective subsidiary. Those directors and executives nominated or appointed by the Company shall have discretion in casting their votes in the board of directors' meetings of the subsidiaries in relation to the general management and normal business operation of the subsidiaries as the directors and executives deem appropriate for the utmost benefit of the Company and its subsidiaries;
2. The Company's Board of Directors shall oversee and supervise the subsidiaries as if they were the Company's internal units in relation to their procurement and disbursement approval, by adhering to the same practices as are used by the Company in all respects;
3. The Company's Board of Directors shall closely follow-up the performance of the subsidiaries to ensure compliance with the work plans and budget and the disclosure of their transactions with connected persons and acquisition or disposition of assets to ensure compliance with related notifications, by adhering to the same practices as are used by the Company in all respects;

### **Supervision of the Use of Inside Information**

The Company has a measure to supervise the use of inside information. If any director or executive has been aware of any significant inside information which may affect the change in securities price, such director or executive shall refrain from trading the Company's securities for an appropriate period of time before such inside information is disclosed to the public and shall not disclose such information to any other person.

The Company has informed directors and executives of their duty to report their securities holdings in the Company and the change in their securities holding in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (A.D. 1992) including penalty provisions under such Act.

The Company requires directors and executives to report their trading of the Company's securities to the Company in a standard form. Such report must be submitted to the Company on the business day following the day of trading. In the case where the directors or executives submit the report to the SET directly, the Company requires them to report that transaction to the Company as well. The Company will immediately clarify the facts to the shareholders and investors via the SET news system once there is any rumour or information leak to the public. This is to avoid causing any unfairness to the shareholders and general investors.

### **Professional Development for Directors and Management**

The Board of Directors has supported and facilitated attendance on various training programs and seminars as necessary to ensure the continuing education of those associated with the Corporate Governance system, such as directors, Audit Committee members, Executives and the Company Secretary. This enables the directors to operate and govern the Company's operations more effectively. In addition, in the case of a new director, the Company organizes an orientation program and provides information and documents beneficial to performing the new duties. The program for a new director includes sessions to introduce the nature of the business, the business structure, operating policy, the Company's rules and regulations, and Corporate Governance guidelines and practice, as well as a plant tour.

### **Preparation of Succession Plan**

The Company has developed a succession plan for key positions within each group, i.e. Chairperson of the Executive Committee, Executive Director and Director of each department to ensure that the Company has the Management that is knowledgeable in the business operations and capable to carry out the tasks smoothly and efficiently. Furthermore, the Company identifies high potential employee and sets training needs in order to develop them to become young talented executives and foundation for business expansion in the future. This ensures that there will be no personnel shortage and maintains the confidence of the shareholders and stakeholders, including employees.

The Board of Directors has authorized the Nomination and Remuneration Committee to consider and establish a succession plan for Chief Executive Officer and arranged the Company to review the succession plan for senior executives on an annual basis.