



# **Corporate Governance Policy**

**of**

**Kulthorn Kirby Public Company Limited**

**Office of the President**

**(The 2016 Version)**

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## Messages from the Chairman

The Board of Directors of the Company realized on the importance of the operations and the ways of practices which complied with Good Corporate Governance and had the efficiency management system, transparency and be investigating to strengthen the confidence of all shareholders, investors and other stakeholders for the company operations. Thus written Corporate Governance Policy and Business Ethics, which complied with the 2006 and 2012 Corporate Governance Principles of the Stock Exchange of Thailand, have been provide for practices of directors, management and employees of the Company to materialize Company's goals in achieving accountability and transparency in all operations, but also to create and instill ethical mindsets among employees. Such implementation demonstrates the Company's highest standards and its commitment to pertain a robust and sustainable growth and to bring forth myriad of benefits to stakeholders, our society and country.

Suraporn Simakulthorn

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(Mr Suraporn Simakulthorn)

Chairman of the Board of Directors

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**Vision :** To be the leader in the reciprocating motor compressor business in ASEAN and response to the world demand.

**Mission :**

1. To manufacture quality motor compressors with on time delivery and at a competitive price
2. To strengthen and improve partners relationship and satisfaction
3. To increase product development capability to serve and fulfill customers needs
4. To enhance the knowledge and improve the quality of life of the company' staff at all levels
5. To conduct its business in line with the social responsibility principles and environment regulations and sustainable growth.
6. To increase efficient management by quality management system implementation.

**Values “  - BEST ”**

1. Doing it right the first time
2. Learning and self development
3. Team working

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## **Corporate Governance**

### **1. Rights of Shareholders**

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably. The rights that the Company provides for its shareholders as fundamental are as follows:

- **Rights to get share certificate, sell, purchase or transfer the Company's shares**

Thailand Securities Depository Co., Ltd. ("TSD") has been appointed as the Company's registrar to provide all services for all transactions related to registration of the Company's shares

- **Rights to propose agenda and enquiries for the Shareholders' Meeting**

The Company is aware of the shareholders' rights and equitable treatment to the shareholders under the good corporate governance. It's the Company policy to allow the shareholders to propose matter(s) for consideration of the Board of Directors as agenda of the shareholders' meeting. The shareholders are allowed to submit any enquiries prior to the Annual General meeting of shareholders. Shareholders who would like to propose the agenda have to comply with the Company's procedures and criteria of the above matter. The Company allow the shareholders to propose the matter for consideration as agenda or submit the enquiries in advance since October of the current year to January of the next year. The Company will notify and disclose contact channels and period for proposing agenda and enquiries via SET and also provide details of the procedures on the company's website ([www.kulthorn.com](http://www.kulthorn.com)).

- **Participation in the Shareholders' Meeting.**

The Company is aware of the shareholders' rights and equitable treatment to participate in the shareholder's meeting, be informed conditions and procedures of meeting as well as having proxy to vote and comment in the meeting on behalf of the shareholders. The date, time and place of meeting will be set by consideration of Shareholders' convenience with the following process of meeting:

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### **Before the Meeting Date**

The shareholders will be informed on the date and agenda of the meeting via SET's communication system prior to the meeting date which been complied with SET's regulations. At the same time, the Company will also disclose the invitation letter as well as related documents in both languages, Thai and English, on the Company's website no less than 30 days before meeting date for the shareholders to have sufficient time for consideration. Some documents will be directly delivered to the shareholders by TSD, the Company's registrar, at least 7 days or 14 days before the meeting date depends on consideration matter that required by law and regulations. The invitation letter will contain facts, rationales, opinion from the Board of Directors for each agenda, conditions and procedures of meeting as well as other related document with sufficient information for shareholders' consideration. Moreover, the invitation letter will be 3 days continually published on the newspaper at least 3 days prior to the meeting date to be in line with law.

### **On the Meeting Date**

Meeting procedures has been set to conform to regulations and considering on shareholders' convenience. The Company is aware of the equitable of shareholders' right and their comfort to participate in the shareholders' meeting. Appropriated technology and equipments are sufficient for registration reviewed on required documents prior to commencement of the meeting.

In every Shareholders' Meeting, the Board of Directors, Chairman of all committees, the Company's management and external auditors will also present in the meeting. Chairman of the Board of Directors who is Chairman of the meeting will introduce all Board members and the management to the shareholders. The Chairman will also declare to the shareholders how to exercise their right and vote before commencement and conducts the meeting to be in line with the agenda without any additional topic from what have been expressed in the invitation letter. Voting cards will be provided for significant agenda. Voting result in term of approval, disapproval or abstain for each agenda will be transparently presented to the meeting. The shareholders will be encouraged to express their opinions and raise any questions, either in the agenda or any other questions related to the Company's business, at the meeting. All questions will be answered and taken in the minutes of meeting as well as the opinions from the shareholders.

### **After the Shareholders' Meeting**

Resolutions of the meeting will be disclosed to SET on the next day after the meeting date. Full minutes of meeting of which contained the attendance record of the directors, summary of questions and answers during the meeting with voting details, approved, disapproved and sustained, of each agenda in both Thai & English will be sent to SET and related parties within 14 days after the meeting date as well as posted on the Company's website (www.kulthorn.com) for verification.

### **• Appointment/Dismission of Directors of the Company and Approve their Remuneration**

According to the Company's Articles of Association, at the Annual General Meeting of Shareholders, one third (1/3) of the Directors has to be retired by rotation. Election for replacement is required. The retired directors are eligible to be re-elected for another term. And the shareholders have the rights to consider and approve the remuneration for all directors and members of sub-committees. Adequate Information of all candidates for being considered and appointed as directors or members of sub-committees was also delivered for shareholders' consideration.

The election of the Board of Directors shall be in accordance with the rules and procedures as follows:

- Each shareholder shall have one vote on each share.
- In voting, a shareholder shall vote in accordance with the number of votes each shareholder has under (1) for one or several directors. The said shareholder may not allot any number of his votes to any person.
- The person obtaining the highest and higher votes respectively shall be elected as directors equal to the number of directors required or ought to be elected at such a meeting. In the event that persons receiving votes in respective orders receive equal votes and the number of directors exceeds the positions required or ought to be, the chairman of the meeting shall have a casting vote.

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Apart from the appointment of Directors, the shareholders also have rights to remove any director from the office before the expiration of his term of office by having votes of no less than three quarters (3/4) of the number of shareholders attending the meeting and having the rights to vote and the aggregate number of shares shall be no less than one half (1/2) of the shares held by all the shareholders attending the meeting and having the rights to vote.

- **Appointment of Auditors and approval of their remuneration**

In every Annual General Meeting of Shareholders, one of the agenda is the appointment of Company's auditors and consideration of their remuneration. The Company will propose name of the auditors with sufficient details and remuneration for consideration of the shareholders.

- **Regularly and timely obtained adequate information, business performance and management policy.**

The Company concerns on Shareholders' rights and not only disclosed Company's information via SET's communication system but also posed all significant and updated information on the Company's website ([www.kulthorn.com](http://www.kulthorn.com)).

- **Getting profit.**

The Company will return profit to its shareholders by way of dividend payment. The Board of Directors of company will propose dividend payment is "no less than 60% of its separated net profit after corporate income tax subject to need for future investment and business plan, future necessity and appropriation. The Company's subsidiary companies have to pay dividend based on the resolution of its Board of Director meeting.

## **2. Equitable Treatment of Shareholders**

The Company realizes to protect and due care for the interests of all major and minor shareholders as fairly basis. In addition, the Company sets policy for equitably treatment to all shareholders for attending and vote in the shareholders' meetings, sharing in profits, obtained adequate information, business performance and management policy. In the shareholders' meeting, each shareholder shall have one vote on each share. Proxy form requiring documents were delivered together with the invitation letter for shareholders who would like to appoint a proxy. Proxy form, which contains detail of voting as approve, disapprove or abstain, as well



as details of 4 independent directors also are attached for shareholders consideration as alternative proxy. In addition, voting cards were provided for each agenda, especially, the agenda of appointment of directors of which been appointed by individual. In every shareholders' meeting, the meetings were conducted to be in line with the agenda without any additional topic from what have been expressed in the invitation letter otherwise rights of the shareholders who could not participate in the meeting by themselves will be deprived.

The Company will inspect to ensure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. IT system has been implemented for a secure access for all users inside and outside the firewall in conjunction with the Company's own user authentication and security system. It was also set forth in the Company's Corporate Governance Policy to refuse directors, management and employees of the Company to use Company's inside information for personal benefits. The Directors and management of the Company had been informed on their duties and punishment regarding to report on securities holdings of themselves, their spouse and any minor children to the Stock Exchange of Thailand (SET) within 3 days from the transaction date according to the Securities and Exchange Act B.E. 2535. Any change in securities holdings, such directors and managements have to report the Company Secretary for coordination and preparing report submit to the Securities and Exchange Commission (SEC). In addition, the Company has set as a policy to report on securities holdings of directors in every meeting of the Board of Directors.

In case of conflict of interest, it is the Company's Policy to have the directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration of the transaction to be complied to SET's regulations and any governing laws and regulations prior to further submit for consideration of either the Board of Directors or the shareholders. The directors who have conflict of interest will not participate in any agenda that they have conflict of interest. Moreover, any conflict of interest transactions with the connected persons will be disclosed in the Company's Annual Report and the Annual Information Disclosure (56-1).

General practices for conflict of interest protection have been set in the Company's Business Ethics. Such practices have been delivered to all directors, management and employees.

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## Contact the Board of Director

Shareholders who wish to communicate directly with the Board of Directors, any committee of the Board or any individual director may submit their questions by:

- **Sending Electronic Mail to**

Board of Director : [kkc-bod@kulthorn.com](mailto:kkc-bod@kulthorn.com)

Audit Committee : [kkc-auditcom@kulthorn.com](mailto:kkc-auditcom@kulthorn.com)

- **Mailing a letter to**

Board of Director : Kulthorn Kirby Public Company Limited No. 126 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520.

Audit Committee : Kulthorn Kirby Public Company Limited No. 126 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520.

The Corporate Secretary will be responsible for forwarding those communications to the Board of Directors and relating directors or the standing committee and summarizing all directors' communications received during the most recent quarter to the Board. Communications to the Audit Committee will be delivered directly to the Audit Committee without any screening.

### 3. Roles to Stakeholders

The support from each stakeholder should increase the competitiveness and ability to generate more benefit for long-term succession. The Company realized the importance of all stakeholders i.e. shareholders, employees of the Company and its subsidiaries, customers, competitors, lenders, societies and environment. Thus, general rules and practices have been set for directors, management and employees in the Company's Business Ethics for directors, managements, and employees to perform and disclosed on the Company's website ([www.kulthorn.com](http://www.kulthorn.com)) as well as providing more channels for the stakeholders to contact directly to the Company in order to provide either comments or recommendations which will be benefit to the Company.

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#### **4. Disclosure and Transparency**

The Company has strong determination to reveal accurate complete, consistent and updated information, both financial and general information that related to Company's business. The Complete, consistent and updated information will truly reflect Company's financial performance and future business direction. Such information were disclosed to shareholders, investors and any related parties via SET's Communication system, Company's website (www.kulthorn.com), press release and Company's Annual Report as well as participated in the "Opportunity Day" which arranged by SET.

The Board of Directors has to ensure that the Company's disclosures are transparency and strictly complied by laws, Company's and any related regulations. The Board has Major concerned on transparency and disclosure in the following area:

- **Provide multi channels for disclosure of information**

##### **Annual Report and Form 56-1**

The Board of Directors has to ensure that Annual Report / Form 56-1 contained adequate information with accuracy, clarity and could create understanding to the shareholders and related parties on the Company's operation and its performance for the previous year as well as the management structure, performance of the Board of Directors and all Committees.

##### **Company's website**

The Board of Directors is aware of the efficiency of website disclosure to the shareholders and related persons as well as equitably and easily of getting information. The Board of Directors therefore ensure the Company not only provide all significant information of the Company in the Company's Annual report but also on the Company's website (www.kulthron.com) in both languages, Thai and English. The disclosed information comprised of Corporate Governance Policy, Business Ethics, General News, Financial Statement as well as Annual Report and the Annual Disclosure Information (56-1), etc.

##### **Investor Relations**

The Company realizes that its information, both financial and non-financial, affect the decision-making process for investors and stakeholders. Therefore the management values accurate and full disclosure in a regular and timely manner, in accordance with SEC and SET regulations.



The Investor Relations department is not yet set up due to a few concerned activities then the Company assigned Mr. Chanachai Kulnoppaleark, Vice President to communicate with investors, shareholders and stakeholders, and all investors can contact to the company by Website [www.kulthorn.com](http://www.kulthorn.com) Tel. +66(0)2326-0831, +66(0)2739-4893  
Fax +66(0)2326-0837, +66(0)2739-4892 E-mail: [chanachai@kulthorn.com](mailto:chanachai@kulthorn.com)

• **Disclosure of Information of the Board of Directors, the Audit Committee and the Nomination and Remuneration Committee**

- Structure, Roles and Responsibilities of the Board as well as performance of the Board, the Audit Committee and the Nomination and Remuneration Committee.
- Directors and Management's Remunerations: Policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any sub Committees will be paid appropriately more in accordance with the extra work. The Nomination and Remuneration Committee will consider the remuneration and propose for consideration of the Board of Directors meeting prior to further approval from the shareholders.

The remuneration of the Board of Directors and the Management has been disclosed in the Company's Annual Report and the Annual Information Disclosure (56-1)

• **Accountability to the Financial Statement**

The Board of Directors is responsible for the Company's consolidated financial statements and any financial information which been disclosed in the Company's annual report. Such financial statements were prepared in accordance with the general acceptance-accounting standard in Thailand with appropriated financial policy. The reports were carefully considered and prepared with sufficient information in the notes to the financial statements. The financial statements have been audited and commented independently by the authorized auditors of SEC.

The Board of Directors also set out and maintained for the efficiency of the Company's internal control system to ensure that the financial information had been correctly and accurately booked and sufficient to maintain the Company's assets and be aware of weak point in order to prevent whether from any dishonesty or significant error. The Board of

Directors had appointed the Audit Committee of which comprised independent directors to be responsible for the quality of the financial statements and the internal control system and disclosed such opinion in the Annual Report under the Report of the Audit Committee. The opinion of the Audit Committee has already been disclosed in the annual report. Moreover, Report of the Board of Directors' responsibility on the Company's Financial Statements was also attached in the Company's Annual Report.

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

### **5.1 Composition**

The Board of Directors has at least 5 members, and there are 15 members at the present. The Board consists of Chairman, and other members of which more than one-half will be Non - Executive Directors. The Board composed of independent directors with at least one-third of total numbers and shall at least 3 members. No less than one half of the total number of directors shall have residence within the Kingdom.

### **5.2 Qualifications**

1. Has qualifications which comply to Public Company Act B.E. 2535, regulations of the Stock Exchange of Thailand, Securities and Exchange Commission, and Company's Articles of Association and any other related laws
2. Does not run any business, which is competed with the Company, and not being a shareholder of any legal entities whose business is the Company's competitors except obtained approval from the shareholders
3. Having leadership, vision, and independent consideration for best benefit of the Company and the shareholders
4. Having various knowledge, experience, and specific skill that suitable for the Company business
5. Having Integrity
6. Having sufficient time for fully participated as a Director of the Company

### **Qualifications of Independent Director**

1. Shall not hold shares exceeding 0.5% of the total number of voting shares of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person including shares held by related persons of such independent director.

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2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or be a controlling person of the Company, its parent company, subsidiary, associated company, same level subsidiary, major shareholder or controlling person unless the foregoing status ended not less than 2 years prior to the date of appointment to be an independent director.
3. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child, of an executive, major shareholder, controlling person or person to be nominated as executive or controlling person of the Company or its subsidiary.
4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, in a manner that may interfere with his/her independent judgment, and neither be nor have ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing status ended not less than 2 years prior to the date of appointment to be an independent director.

The term 'business relationship' in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services, or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including 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 3 % or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower.

5. Shall neither be nor have ever been an auditor of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, and shall not be a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing status ended not less than 2 years prior to the date of appointment to be an independent director.
6. Shall neither be nor have ever been a provider of any professional service including legal advisor or financial advisor who receives service fees exceeding Baht 2 million per year from the Company, its parent company, subsidiary, associated company,

major shareholder or controlling person, and shall not be a significant shareholder, controlling person or partner of the office of professional service provider, unless the foregoing status ended not less than 2 years prior to the date of appointment to be an independent director.

7. Shall not be a director appointed as representative of the director of the Company, the major shareholder or any other shareholder who is related person to the major shareholder.
8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, or shall not be a significant partner in a partnership, or an executive director, employee, staff member, advisor who receives a salary, or holds shares exceeding 1% of the total number of voting shares of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.
9. Shall not have any other characteristic that limits his/her ability to express independent opinions regarding the Company's business operations.

After having been appointed as an independent director with qualifications complying with the criteria under 1 to 9, the independent director may be assigned by the Board of Directors to take part in the business decisions of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, on condition that these actions must be collective decision and it's not mean that the independent director do a part of management.

Furthermore, in case of the amendment of Independent Director's qualifications which announced by the Board of Capital Market Supervisory or the Securities and Exchange Commission, such amendment will be complied.

### **5.3 Terms of positions**

Pursuant to the Public Company Acts B.E. 2535, at first Annual General Meeting of Shareholders after the registration of the Company and at the first Annual General Meeting of Shareholders in every subsequent year one-third of the directors, who have been longest in office, shall retire. The retired directors are eligible to be re-elected for another term by obtaining majority approval from the Board of Directors and the Shareholders of company.

## **5.4 The Independent of the Board of Directors**

### **5.4.1 Separation of Chairman and President**

For best benefit of the shareholders and to strike a balance of power within the Company, the positions of Chairman of the Board of Directors and President must not be attained by the same person. Roles and responsibility of the management have been clearly classified.

### **5.4.2 Balance between members**

More than half of the members of the Board of Directors are not a part of executive team. Within this half, one third of the directors at least 3 members are independent and have no relations, business or personal, with the Company's executives. Free from executives' influences, they oversee the Company's direction with neutrality and pay careful attention to the rights of shareholder and stakeholder and to strike a balance of power within the Company.

### **5.4.3 Separate Roles and Responsibilities of the Board of Directors, Chairman of the board and President**

The Board of Directors must take part in setting out the Company goals and carry out all the policies with an objective to optimize benefits to all shareholders and stakeholders without an obligation to personal benefits or any particular party. They must avoid all actions that may cause conflicts of interest between companies within the same umbrella. They have to operate the business with morality, responsibility, due care and integrity, as well as supervise the management to comply with Company's Objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting along with rules and regulations stated by The Stock Exchange of Thailand and Office of the Securities and Exchange Commission (SEC). Their duties include:

1. Conduct business with responsibility, due care, and integrity uphold the duties according to the law, and Company's objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting
2. Formulate policies and directions for the Company's operations. The Board must also supervise managerial and administrative departments to deliver all policies with effectiveness and efficiency
3. Consider and approve the Company's investment and annual budget

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4. Select directors to replace of those who will retire by rotation as well as consider the remuneration package for such directors and committee members, prior to propose for further approval of the shareholders
5. Appoint audit committees to oversee administrative process and internal system to coincide with Company's policies
6. Appoint the President, the Nomination and Remuneration Committee and the Company Secretary.
7. Summarize Profit & Loss Statement and Statement of Financial Position of the Company for every fiscal year's ended period. Authorize the statements and present them during the Annual General Meeting of Shareholders for further consideration
8. Nominate appropriated persons with remuneration for further consideration, proposed from the Audit Committee, and approval of shareholders for the appointment of the Company's auditors
9. Ensure the Company's to have written Corporate Governance Policy and Business Ethic as well as to ensure that there will be no conflicts of interest at the same time to establish systematic plans for internal control and risk management
10. Ensure that good corporate governance is implemented to demonstrate Company's commitment to operate the business with ethics and to bring fair treatment to all stakeholders
11. In case of entering into any direct or indirect transaction with the Company and subsidiaries, such director has to immediately inform his/her or related parties' personal interest to the Company
12. In case of holding the company's securities, such director has to immediately inform his/her changing of his/her holding of the company's shares.

The company need to have the value of efficient and effective director's job performance, then the Company has specified a limit of five listed companies but not include subsidiaries of company where directors can each serve.

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### **Duties and responsibilities of the Chairman of the Board**

1. To be responsible as the leader of the Board of Directors to oversee, monitor and supervise the operations of the Management and the Audit Committees to make them achieve the objectives pursuant to the specified plan
2. To act as the Chairman of the Board of Directors' meeting and the Shareholders' meeting
3. To have a casting vote in case the Board of Directors' meeting has a tie vote.

### **Roles and Responsibilities of President**

Roles and responsibilities of the management have been clearly classified. The President will be the chairman of the management in terms of running the business of which will cover the following roles:

1. General operation management and control in business of the Company to comply with its objectives, policy and the Articles of Association
2. Consideration in business investment plans prior to propose to the Board of Directors for further approval in case of the over limit amount from the assigned authority.
3. Entering into any transaction binding the Company conforming to the Company's Delegation of Authorities
4. Carry out any assignment from the Board of Directors and/or the shareholders of the Company.

The delegation authorities of the President should not be delegated or further assigned that authorize the President or its attorney to approve any connected transactions between themselves or any persons who may have conflict of interest (according to the concept of conflict of interest of the Securities Exchange Commission's notification) with the Company or subsidiaries except such transactions are handled in line with the connected transaction procedure or policy which been approved by the Board of Directors of the Company shareholders' meeting to be complied to regulations of SET/ SEC or any related laws and regulations.



### **Policy and practice for President to serve as director of other company**

The Board allows the President to serve as a director of subsidiary companies to ensure a uniform, mutually supporting direction among the Company for maximum efficiency and effectiveness by following details.

- (1) If the President is appointed by government agencies, state enterprises, other public agencies, non-government organizations, or public educational institutions to a post besides the Company, the matter is to be submitted to the Board for acknowledgment and comments before assumption of the post.
- (2) If the President is appointed as a member of a committee, subcommittee, task force, expert panel, advisory panel, or to a post in another company or juristic person besides (1) and not in the service of the Company, the President is to seek endorsement from the Board before assuming such a post. An exception applies for any post in organizations associations foundations etc., set up for charitable or non-profit purposes.

### **5.5 Transparency of Nomination**

The Board of Directors appointed the Nomination and Remuneration Committee to select, and nominate appropriate candidates for positions of Chairman of the Boards, members of the Boards and other committees, President and other executives as well as consider the appropriate remuneration for such directors and management. Whenever the position of directors are vacant, the Board of Directors will select and nominate the appropriate candidates for such position propose to the Board of Directors meeting for approval and for further approval of the shareholders in case of vacancy by rotation or appointing of new director. The elected directors should obtain majority vote from shareholders who attend the meeting and have voting right. Each shareholder shall have one vote on each share. In voting, a shareholder shall vote in accordance with the number of votes each shareholder has for one or several directors. The said shareholder may not allot any number of his/her votes to any person. For election of independent directors, the Board of Directors will nominate any person who is fully complied with the qualifications of Independent Directors under the company's policy as well as complying to such requirements of SEC/SET as a minimum. Moreover, the Board of Directors of the Company has also appointed the Audit Committee's members which required further approval from the shareholders to help the Board on its business either audit or consideration any significant matters.

### **Executive Succession Plan**

The Company is aware of the importance of executive succession plan when any executive position is vacant. In order to create confidence for investors, shareholders and employees on the continuity operation of the Company, an Executive Succession Plan has been considered. The potential candidate will be selected, trained and developed to be ready to accommodate the vacant position in the future.

### **Remuneration of the President**

Remuneration of the President will be paid to his performance, responsibilities, Company's performance, and benefits produced for the shareholders, the company's policy is to make such pay attractive and on a par with peer companies of the same industry. And the Nomination and Remuneration Committee considers and decides the remuneration and appraises the annual performance against the goals previously set and agreed with him. These goals include finance performance, operating performance, strategic objectives and executive development performance. Then the Nomination and Remuneration Committee proposes the remuneration of the President to the Board of Director for approval.

## **5.6 Directors' Remuneration**

Policy of Directors' Remuneration have been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to tract and retain qualified directors. The directors who also be appointed to be the member of any sub Committees will be paid appropriately more in accordance with the extra work. The Nomination and Remuneration Committee will consider the remuneration and propose for consideration of the Board of Directors meeting prior to further approval from the shareholders. The directors' remuneration by individual has been disclosed in the Company's annual information disclosure (Form 56-1) and the Annual Report.

## **5.7 Accountabilities of the Board of Directors**

### **5.7.1 Set Policy and Business Direction**

The Board of Directors involved and agreed on setting out the Company's vision, mission, Corporate Governance Policy, Business Ethics, strategies, goal, direction, business plan, budget, internal control and internal audit systems, including risk management . The Board has to ensure that the management had efficiently followed the Company's business plan and budget for profitability and economic value to the

Company as well as for best stability to the shareholders. In addition, the Board of Directors has not only to ensure the Company and its management to oversee the value of all stakeholders, neither derive personal benefit nor create any rivalry with the Company and its subsidiaries, but also conducted the business with great awareness in ethical, moral and compliance to the Company's Articles of Associations as well as laws and regulations of the SET and the SEC.

### **5.7.2 Set up of Committees**

For governing the management to comply with the approved policies and having better efficiency, the Board of Directors appointed the Audit committee to help the Board for consideration in significant matters and appointed the Nomination and Remuneration Committee to set criteria and nomination process of qualified candidates to be appointed as directors and Top Management of the company and subsidiaries.

#### **1) Audit Committee**

The Audit Committee's members have to be the independent directors who were elected by the Board of Directors and proposed for the Company's Board of Directors' and/or the shareholders' approval. The Audit Committee has at least 3 members.

#### **Qualifications of Audit Committee**

1. Has been appointed from the Board of Directors and/or the shareholders
2. The Members of the Audit Committee have to be the Independent directors qualification from the SEC
3. Not being a person who has been empowered by the Board of Directors for any decision in the business operation of the Company, Parent Company, Subsidiary or affiliated Companies, Same-Level of Subsidiaries as well as any juristic person, major shareholder, or controlling person of the Company
4. Not being a director in parent Company Subsidiaries and any same-Level of Subsidiaries which is a listed Company
5. Having sufficient knowledge, experience, and time to perform duties as the Audit Committee members
6. At least one member of the Audit Committee should have sufficient knowledge and experience to review the financial statement credibility and the Company has to put his/her name in the filing of 56-1 form and annual report. In addition,

such qualification also has to be put in the committee certified letter which will be submitted to SET.

Term of the Audit Committee member is 3 years. The retired directors are eligible to be re-elected for another term by obtaining approval from Board of Directors and/or the Company's Shareholders.

### **Roles and Responsibilities of the Audit Committee**

1. Review the Company's financial statement to ensure its accuracy and adequacy
2. Ensure that the Company has an appropriate and efficiency internal control, internal audit system, and consider the independence of the internal audit as well as to appoint, rotate or dismiss chief of internal audit of the Company or any other related function who takes responsibilities to internal audit
3. Ensure that the Company has complied to the Securities and Exchange Act, regulations of SEC/SET and any other related regulations
4. Nominate appropriated and independent persons with remuneration for further consideration and approval of the Board of Directors and shareholders for the appointment of the Company's auditors
5. Arrange meeting with auditors without the management of the Company at least once a year
6. Review, comment and ensure that all connected transactions and any other conflict of interest transactions have been complied to laws, and regulations of SET/SEC as well as to ensure that the transactions are reasonable with best benefit to the Company
7. Provide the Audit Committee report for disclosure in the annual report of the Company with minimum contents as required by regulations of SET/SEC
8. Consider any other activities assigned by the Board of Directors.

### **2) Nomination and Remuneration Committee**

Through the Board of Directors Meeting No. 2/2016 on March 11, 2016 and through the meeting of the Nomination and Remuneration Committee No. 1/2016 on March 22, 2016 passed the resolution to issue the Charter of the Nomination and Remuneration Committee as following details.

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## 1. Objectives

The Nomination and Remuneration Committee (the Committee) considers and sets criteria and nomination process of qualified candidates to be appointed as directors and Top Management of the Company and subsidiaries. The Committee also selects directors to take position in the board-committees; considers remuneration form and criteria; and presents the candidate(s) carefully selected with the nomination process to the Board of Directors for consideration including with deciding policy and managing process for Human Resources Management.

## 2. Composition

2.1 The Board of Directors shall appoint the Chairman and member of Nomination and Remuneration Committee members.

2.2 The Nomination and Remuneration Committee shall consist of at least three directors, one of whom must be independent directors and the Chairman of the Nomination and Remuneration Committee must be independent director.

2.3 The Nomination and Remuneration Committee shall elect one independent member to take position as Chairman of the Nomination and Remuneration Committee and propose to the Board of Directors.

## 3. Term of Office

3.1 The term of office of each Nomination and Remuneration Committee member is 3 years and the retiring member shall be proposed to re-lect by the Board of Directors.

3.2 Members of the Nomination and Remuneration Committee shall immediately be terminated from the position upon;

- Death
- Resignation
- Vacating the position
- The Board of Directors' resolution to vacate the position
- Term expiring

3.3 In the case of any Nomination and Remuneration Committee member vacating the position, the Board shall appoint another director, who is fully qualified, to replace the resigning member not longer than the remained period of term office.

4. Duties and Responsibilities
  - 4.1 Consider and set criteria and nomination process of qualified candidates to be appointed as directors and Top Management of the company and subsidiaries.
  - 4.2 Select directors and Top Management to take position in the Company and subsidiaries.
  - 4.3 Consider remuneration form and criteria for directors and Top Management of the Company and subsidiaries.
  - 4.4 Decide policy and managing process for Human Resources Management.
  - 4.5 Perform the assignment form the Board of Directors.
5. Meetings
  - 5.1 The Nomination and Remuneration Committee shall hold meetings as deemed appropriate and can ask any concerned persons or management to give the opinion and related information.
  - 5.2 Not less than half of all Nomination and Remuneration Committee members shall participate in each meeting to constitute a quorum. The Chairman of the Nomination and Remuneration Committee shall preside over a meeting.
  - 5.3 In case the Chairman of the Nomination and Remuneration Committee is not present in the meeting or is unable to perform his/her duties, members of the Nomination and Remuneration Committee shall elect a member to take position of a chairman in the meeting.
  - 5.4 Any member of the Nomination and Remuneration Committee who has any personal interest in any matter to be considered shall refrain from voting.
  - 5.5 The Nomination and Remuneration Committee's resolution shall be passed by the majority votes of the Committee members who attend the meeting and cast their votes. One member shall have one vote. In case of a tied vote, the Chairman of the meeting can cast another vote in determining the vote result.
6. Report

The Nomination and Remuneration Committee must report to the Board of Directors on the result from nomination and remuneration process, the

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resolution of the meeting, or related matters as deemed necessary in the following Board of Directors meeting.

### **5.7.3 Board of Directors' Meeting**

The Board of Directors' Meeting schedule have been set as quarterly basis with certain agenda. The meeting schedule will be sent to each director by the Company Secretary for preparation and arrangement for meeting participation. To comply with the Company's Articles of Association, unless any urgent matters, the invitation letter as well as meeting materials will be delivered by the Company Secretary to all directors 7 days prior to the meeting date for consideration. However, additional unscheduled Board meetings may be called upon appropriate notice at any time either to address specific needs of the Company or to fulfill requirement of any directors.

### **5.8 Internal Control / Audit**

The Company organized an internal audit department to review compliance control of all departments to investigate the errors and weaknesses and then proposes the suggestions to improve the operational efficiency. This is to ensure the consistent and appropriate compliance with existent internal control as well as strengthen the confidence of management and stakeholders. This department is independent and reports directly to the Audit Committee. The Company organized that good internal control allows the Company to notice irregularity and gives early warning for possible risks as well as manage risk to acceptable level.

The Company provides Internal control system in accordance with the system suggested by the Committee of Sponsoring Organizations of the Tread way Commission (COSO) that covers organizational and control environment, risk management, management control, information and communication and monitoring.

### **5.9 Operation of Business Risk**

The Company has operated to serve business risk by mitigating any potential impact caused by economic, political changes, and domestic and global financial crisis. Policy also includes the criteria for risk prevention and detection will be designed from Top Management in the meeting. All concerning management therefore complied with the policy and implemented the risk prevention and mitigation measures in accordance with

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the designed prevention and detection of Top Management with the collaboration of concerned department as follows:

1. Preparation of risk prevention and detection by each department to support the Company's master business plan and to cope with business risks for the Company's goal achievement;
2. Each responsible department has prioritized the risks by evaluating the overall risk profile and its potential impact to the organization. The appropriate risk mitigation criteria shall be determined in conjunction with each department.
3. All prevention and detection shall be implemented and regularly followed up by the Top Executives comprising of each concerning management in a quarterly meeting as outlined in the risk management plan. All countermeasures shall be followed and reviewed by internal audit department to ensure that the final outcome is agreeable with the Company's proposed objectives.

Besides, the Company held risk management seminar and training for each business. The risk The training also focused on concepts and principles of practicing on risk management through out the organization which would contribute ensuring the sustainable growth of the Company as well as create long term value for stakeholders and shareholders.

#### **5.10 Development of Directors and Management**

To support and increase knowledgeable of the directors and Management, periodical training will be provided and especially the Director Accreditation Program (DAP) and Director Certification Program (DCP) arranged by the Thai Institute of Directors (IOD).

#### **5.11 Company Secretary**

The Nominating & Compensation Committee considered and appointed a potential and experienced person as the Company Secretary proposed for further approval of the Board of Directors. Roles and responsibilities of the appointed Company Secretary are as follows:

1. Perform her duty with responsibility, due care and royalty as well as has to comply by laws and any other related regulation
2. Support the Board of Directors for their activities including provide consultation with related to Company's Articles of Association, and any other regulations from related authorities

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3. Arrange meetings for Board of Directors, Committees and Shareholders as well as coordinate to ensure all resolutions have been implemented complying with Company's Objectives, Articles of Association, laws and related regulations
4. Preparing and keeping important documents of the Company, i.e. a register of directors, notices calling directors' and shareholders' meetings as well as the reports of such meeting and the annual report, ect.
5. Keeping the report on interest filed by Directors and executives as well as submit a copy of such report to the Chairman and the Chairman of Audit Committee within seven business days from the date on which the Company has received the report

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This Corporate Governance policy had been approved by the Board of Directors meeting no. 1/2014 on date 19 February 2014 and effective from 19 February 2014.

This Corporate Governance policy had been revised and approved of on date 20 December 2016 and effective from 20 December 2016.

Suraporn Simakulthorn  
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(Mr Suraporn Simakulthorn)  
Chairman of the Board of Directors

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