



## COPORATE GOVERNANCE

The Company's management has adhered to the Principles of Good Corporate Governance by realizing the significance of and responsibilities for shareholders and stakeholders of the Company on a continuous basis, and the Board of Directors also gives priority to compliance with the Principles of Good Corporate Governance in order to reinforce the confidence of shareholders, investors and all related parties; therefore, the Company has established the Corporate Governance Policy which is required to be regularly reviewed and implemented at least once a year. The Company's Corporate Governance Policy is as follows:

### Corporate Governance Policy

#### 1. Shareholders' Rights

Promoting shareholders to exercise their basic rights and taking care of shareholders better than their rights as specified by law without any actions which violate or derogate shareholders' rights.

#### 2. Equitable Treatment of Shareholders

Monitoring to ensure that all shareholders are equally treated and protected in respect of their basic rights, implementing measures to prevent inside information usage for personal gain or others, which would cause damage to shareholders as a whole.

#### 3. Role of Stakeholders

Taking care of stakeholders based on their rights under applicable laws without any actions in violation of stakeholders' rights as well as establishing measures to compensate any stakeholders suffering from damage arising from violation of rights, promoting cooperation between the Company and stakeholders for the Company's prosperity, financial stability and sustainability. The Company formulates the policy on anti-corruption and anti-bribery to prevent any act in exchange for any business advantage of the Company or granting of any item or any other benefits to any person who has authority or business related to the organization for the business benefits of the Company.

#### 4. Disclosure and Transparency

Undertaking all activities with transparency, open for inspection, and sufficient information disclosure to all relevant parties as well as monitoring disclosure of material information relating to the Company, both financial and non-financial records, to ensure accuracy, completeness, timeliness and transparency through easy access with equality and reliability.

#### 5. The Board of Directors' Responsibilities

Ensuring that the Board of Directors performs duties with honesty and due care to the best interest of the Company and in fairness to all shareholders under the good internal control system and appropriate risk management, including compliance with the Company's code of ethics.



In 2017, the Securities and Exchange Commission promulgated the Corporate Governance Code 2017 (CG Code 2017") which has laid down eight practical principles for the Board of Directors as follows:

1. Establishing Clear Leadership Role and Responsibilities of the Board, contributing to the sustainable value creation for the business
2. Defining Objectives and Goals that Promote Sustainable Value Creation
3. Enhancing the Board Effectiveness
4. Ensuring Effective CEO and People Management
5. Nurturing Innovation and Responsible Business
6. Strengthening Effective Risk Management and Internal Control System
7. Ensuring Disclosure and Maintaining Financial Integrity
8. Ensuring Engagement and Communication with Shareholders

To provide the practical guidelines for the Board of Directors to apply to supervision and overseeing of the business to ensure the good operational results in the long run, with reliability for shareholders for the benefit of creating the sustainable value for the business, the Company has thus considered reviewing the Company's Corporate Governance Policy in a way which the CG Code has been applied as appropriate to the context of the Company's business as much as possible and the Company has also set out additional practical guidelines in respect of which the Company should remedy and improve to make it suitable for the Company's circumstances. In addition, the Board of Directors is required to consider reviewing the appropriateness of applying the CG Code.

#### **Corporate Governance Policy**

The Board of Directors realizes the significance of ensuring that shareholders exercise their rights, and has the duty to equally safeguard the benefits of all shareholders, including institutional investors or major or minor shareholders in their capacity as investors in the Stock Exchange and as shareholders who own the Company, in accordance with the accepted CG Code of the Stock Exchange of Thailand, namely:

##### **1) Shareholders' Rights**

Promoting shareholders to exercise their basic rights and taking care of shareholders better than their rights as specified by law without any actions which violate or derogate shareholders' rights.

##### **2) Equitable Treatment of Shareholders**

Monitoring to ensure that all shareholders are equally treated and protected in respect of their basic rights, implementing measures to prevent inside information usage for personal gain or others, which would cause damage to shareholders as a whole.



### 3) Role of Stakeholders

Taking care of stakeholders based on their rights under applicable laws without any actions in violation of stakeholders' rights as well as establishing measures to compensate any stakeholders suffering from damage arising from violation of rights, promoting cooperation between the Company and stakeholders for the Company's prosperity, financial stability and sustainability. The Company formulates the policy on anti-corruption and anti-bribery to prevent any act in exchange for any business advantage of the Company or granting of any item or any other benefits to any person who has authority or business related to the organization for the business benefits of the Company.

### 4) Disclosure and Transparency

Undertaking all activities with transparency, open for inspection, and sufficient information disclosure to all relevant parties as well as monitoring disclosure of material information relating to the Company, both financial and non-financial records, to ensure accuracy, completeness, timeliness and transparency through easy access with equality and reliability.

### 5) The Board of Directors' Responsibilities

Ensuring that the Board of Directors performs duties with honesty and due care to the best interest of the Company and in fairness to all shareholders under the good internal control system and appropriate risk management, including compliance with the Company's code of ethics.

The Company has complied with the Corporate Governance Code as stipulated by the Stock Exchange of Thailand as follows:

#### 1. Shareholders' Rights

The Company gives priority to shareholders' rights and also realizes the significance of shareholders and their rights of ownership to control the Company through appointment of the Board of Directors and their rights to make decisions on significant changes of the Company. The Company thus promotes shareholders to exercise their protected basic rights. In this respect, shareholders shall be informed of the Company's correct, complete, sufficient and up-to-date information and news, including the right to attend the shareholders' meeting, the right to appoint proxy to attend and vote at the meeting, the right to share opinions and make inquiries in the shareholders' meeting in order to jointly make decisions on the Company's important matters, e.g., profit allocation, election of directors, determination of remuneration for directors, appointment of the auditor, determination of the audit fees, and approval of important transactions which may affect the Company's business direction, etc. The Board of Directors clearly sets out the Corporate Governance Policy that the Company shall encourage shareholders to exercise their basic rights without the Company's actions which violate or derogate shareholders' rights. The guidelines for best practices towards shareholders are as follows:



## Annual Ordinary General Meeting of Shareholders

1. The Company assigns Thailand Securities Depository Company Limited, as its share registrar, to deliver the notice of the shareholders' meeting and supporting documents to all shareholders in advance at least 21 days prior to the meeting date, whereby the notice of the meeting shall contain complete and clear details on day, time, place and agenda items, as well as clearly specifying objectives, reasons, and opinions of the Board of Directors on each item of the proposed agenda to ensure that shareholders acknowledge matters to be considered in the meeting in order to serve as a factor for consideration of making a decision to attend the meeting, and that shareholders obtain information in support of their decision making in advance prior to the meeting. In this regard, the Company shall avoid adding other agenda items required the meeting's resolution without prior determination in the shareholders' meeting, which is deemed to be unfair treatment towards shareholders absent from the meeting.

2. In the annual ordinary general meeting of shareholders, the Company shall regularly propose the remuneration for directors to shareholders for consideration and approval on a yearly basis as well as proposing the policy to determine remuneration, including criteria for provision of the remuneration for directors in support of shareholders' consideration.

3. The Company allows shareholders to vote to elect directors on an individual basis, by nominating directors to shareholders for voting on an individual basis in order for shareholders to have the right to truly elect directors of their choice.

4. The Company allows shareholders to propose in advance items of the agenda of the shareholders' meeting and nominate directors, by way of announcement via the channels of the Stock Exchange of Thailand and the Company's website, together with detailed and clear criteria for consideration and acceptance of the proposed matters in the agenda, directly via the Company's website.

5. The Company allows shareholders to make inquiries and provide their opinions in advance to the Board of Directors on any matters relating to the Company, which would be answered in the shareholders' meeting, by way of announcement via the channels of the Stock Exchange of Thailand and the Company's website, directly to the Company Secretary via the Company's website. And during the meeting, the Chairman of the Board of Directors who presides over the shareholders' meeting allows and encourages shareholders to share opinions and ask questions concerning related matters to the meeting, whereby sharing opinions or asking questions relating to agenda items is allowed during the meetings, after the end of report or presentation of each agenda item; or further sharing opinions or asking questions relating to matters other than the agenda items is allowed after the meeting has already proceeded in accordance with all agenda items.

6. The Company has a policy to encourage shareholders, particularly institutional investors, to attend the shareholders' meeting, whereby prior registration shall be available.

7. The Company uses the barcode system and the meeting program provided by InvenTech Systems (Thailand) Co., Ltd. in the shareholders' meeting, including registration, vote, counting of votes and display of the voting results to ensure the rapid, correct and precise conduct of the meeting.

8. The Company arranges for its legal advisor and at least two shareholders' representatives to serve as witnesses in the counting of votes, to ensure transparency, compliance with the laws and articles of association. The Chairman of the Board of Directors who presides over



the shareholders' meeting introduces the examiners of the vote counting to the meeting, and arranges to have it recorded in the minutes of the meeting, with the voting results showing all favorable votes, unfavorable vote, abstaining votes, and voided voting cards. As for the voting results, shareholders may examine such results, as the Company discloses the resolutions, together with the voting results, in each agenda item to the meeting.

9. The Company shall specify complete details on agenda items in the notice of the shareholders' meeting, consisting of:

- 9.1 To consider the election of directors, by specifying names, surnames, education, work experience, number of listed and general companies in which they hold office as director, including nomination procedures and criteria, category of nominated directors, such as, directors or independent directors, together with information on attendance at the previous meetings, and period/years of holding office as director in the Company;
- 9.2 To consider the appointment of auditor, by clearly specifying the auditor's name, company, auditing license, experience and capabilities, years of audit service for the Company, including issues relating to independence and remuneration for the auditor;
- 9.3 To consider and approve dividend payment, by notifying the Company's policy on dividend payment, proposed dividend rate, and reasons and supporting information, including suspension of dividend payment;
- 9.4 The notice of the meeting shall clearly contain facts and reasons of each agenda item, including opinion of the Board on each agenda item.

10. The Company efficiently prepares the minutes of the shareholders' meeting covering significant details on various matters as follows:

- 10.1 Record of clarification on the voting procedures, by notifying shareholders of voting method and counting by using voting cards, including method of display of the results of votes, prior to the meeting;
- 10.2 Record of questions posed by the shareholders and answers or opinions on various items at the meeting to allow the shareholders absent from the meeting to acknowledge the same;
- 10.3 Clear record of resolutions of the meeting, together with such votes on each agenda item to agree, disagree and abstain on all items requiring voting;
- 10.4 Record of the list of attending directors and absent directors, together with their position, for review of the directors' participation in each shareholders' meeting.



In this regard, the Company has publicized the resolutions of the shareholders' meeting via the news system of the Stock Exchange of Thailand and on the Company's website within the following business day and also publicized the complete minutes of the shareholders' meeting on the Company's website at [www.ch-karnchang.co.th](http://www.ch-karnchang.co.th) within 14 days from the meeting date to enable the shareholders to review such information instead of waiting until the next meeting. Moreover, video presentation of the atmosphere of the shareholders' meeting is made available on the Company's website in order to allow shareholders who do not attend the meeting or any persons interesting in the Company's information to acknowledge the details of the meeting other than those recorded in the minutes of the meeting, whereby such video presentation is made available on the Company's website until the next shareholders' meeting.

11. The Chairman of the Board of Directors, chairpersons of various committees, namely, the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee, the Chairman of the Corporate Governance and Risk Management Committee, the Chairman of the Corporate Social and Environmental Responsibility Committee, the Chairman of the Executive Board, and the President (top management), including auditor and legal advisor of the Company, participate in every annual ordinary general meeting of shareholders to answer questions in relevant matters.

12. The Company greatly realizes the significance of the shareholders' meeting, i.e., the meeting place must be convenient for the shareholders' commute, including suitable and sufficient time. The Company thus uses its office as the meeting place, which is located at No. 587 Viriyathavorn Building, Sutthisarnvinitchai Road, Ratchadaphisek Subdistrict, Dindaeng District, Bangkok, and which is convenient for commuting, nearby a subway station or an expressway on- and off-ramp, by providing a shuttle van service to and from a subway station, with sufficient parking areas for shareholders.

13. The shareholding structure of the Company and its subsidiaries is disclosed with clarity, transparency and open for review, and without any cross shareholding in the Company Group.

14. The Company has a free float greater than 40 percent, whereby the Board of Directors shall hold shares in aggregate not exceeding 25 percent of the Company's issued shares.

15. The Company's shareholding proportion of institutional investors in aggregate is more than five percent.

16. The Company has treated shareholders equally regarding share repurchase and opportunity for shareholders to contact or communicate each other.

17. The Company has no shareholders' agreement which has a material effect on the Company or other shareholders.

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

The Company has a policy to promote and ensure equal and fair treatment towards all shareholders, including minority and foreign shareholders, with the following measures for protection of the shareholders' basic rights:



1. The Company allows all shareholders to cast votes, namely, one share for one vote, to ensure equitable treatment towards the shareholders, based on the criteria that shares of the same type should represent the right to vote on an equitable basis, namely, one share for one vote.

2. The Company has the process and channels for minority shareholders to involve in the Company's management, by allowing the minority shareholders to propose any item of agenda of the ordinary general meeting of shareholders and propose any qualified person to be considered and appointed as the Company's director prior to the meeting date. In this connection, the Company clearly notifies the shareholders of the details, together with the criteria for the consideration via channels of the Stock Exchange of Thailand and the Company's website, for four months, in order to build up the confidence of the minority shareholders to exercise the right to propose any matters relating to any significant change of the Company and the right to elect any independent directors to take care of the benefits on their behalf.

3. The Company sets out the written guidelines to prevent the use of insider information of the Company under the resolution of the Board of Directors, whereby the Company treats this as important policy which will prevent directors, management and staff from abusing their position for personal interests, as specified in the Annual Report. In addition, the Code of Conduct and Business Ethics are distributed and disseminated to all directors, management and staff of the Company for acknowledgment and compliance, which are available on the Company's website as a channel for all staff to access such information.

The Company's directors and management are required to disclose the reports to the Securities and Exchange Commission on their holding of securities, his/her spouse's holding of securities and minor children's holding of securities which are securities in the Company, as well as reporting on every change in such holdings of securities in respect of purchase, sale, transfer or acceptance of transfer, under Section 59 of the Securities and Exchange Act B.E. 2535 (1992) within three business days after the date of purchase, sale, transfer or acceptance of transfer of securities. Moreover, the directors and management realize their duties and responsibilities as specified, including the penalty provisions as specified in the Securities and Exchange Act B.E. 2535 (1992).

The Company pays significant attention to the efficient internal control system by setting out the internal control guidelines to prevent and minimize risks which may arise, namely, the Company specifies that management with access to insider information shall be prohibited from taking any actions in violation of Section 241 of the Securities and Exchange Act B.E. 2535 (1992), including applicable regulations. Due to the guidelines to prevent the use of insider information, in each past year, there has never been any case that the Company's directors and management abuse insider information to seek personal interests or others' interests.

4. The Company clearly discloses to shareholders the details and reasons of execution of related party transactions requiring the disclosure or approval of shareholders under the Stock Exchange of Thailand's regulations, by disclosing names and relationship of connected persons, pricing policy and transaction value, including opinion of the Board relating to such transactions.

The Board of Directors sets out a policy to prohibit its directors and executives who are connected persons or interested persons in relation to any agenda items to be considered from participating in the meeting and voting on such items. The management gives prior notice to such directors and executives who are not allowed to participate in the meeting or vote on such item. In considering a connected person and interested person, the Board of Directors takes into account



such reports on interests which all directors and executives have a duty to prepare and submit to the Chairman of the Board of Directors and the Chairman of the Audit Committee in accordance with the Board of Directors' policy requiring directors and executives to report on their personal interests.

5. The Company discloses that the connected transactions have been executed according to market price and in accordance with the ordinary course of business. In the previous year, the Company did not execute any connected transactions in violation of or not in compliance with the rules of the Stock Exchange of Thailand and/or the Office of the Securities and Exchange Commission. In this regard, other than the notifications of such connected transactions via the channels of the Stock Exchange of Thailand, the Company also discloses the connected transactions in its Annual Report.

6. The Company has no the structure of business group with connected transactions in such a manner which may have a conflict of interests, taking into account the shareholding structure and level of execution of the connected transactions within the business group, based on the Company's income and expenditure as a result of the business operation in the group, compared with the total income and expenditure. In this regard, the level of execution of connected transactions shall be considered, both income and expenditure, which shall be less than 25 percent, except for transactions in the ordinary course of business and transactions with subsidiaries or associated companies without related persons holding shares exceeding 10 percent.

7. Any shareholder unable to attend the meeting in person may exercise his/her right to vote by appointing proxy to attend and vote on his/her behalf. In addition, the Company nominates members of the Audit Committee who are independent directors as an option for appointment of shareholders' proxy. The Company sends Proxy Form B, together with the notice of the shareholders' meeting, in order for the shareholder unable to attend the meeting on the scheduled date to enjoy his/her equal rights as shareholder.

8. Proxy Form sent by the Company with the notice of the shareholders' meeting specifies clear details, documents and evidence in support of the appointment of proxy, together with suggestions and procedures for appointment of proxy to enable shareholders to produce complete documentations without any difficulty in attending the meeting by proxy.

9. As for the requirement for appointment of proxy by any shareholder unable to attend the meeting in person, the Company has not set out any rules or conditions causing any difficulties to the appointment of proxy to attend the meeting on his/her behalf. Instead, such documents shall be certified by the proxy grantor and the proxy holder to confirm the exercise and granting of the right to attend the shareholders' meeting in accordance with the criteria.

10. The Company delivers the notice of the shareholders' meeting to shareholders in advance at least 21 days prior to the meeting.

11. The Company posts the notice of the meeting, together with details of the complete notice of the shareholders' meeting, on the Company's website in advance 30 days prior to the meeting date for the shareholders to have time to consider details of each agenda item, especially for those shareholders unable to attend the meeting in person.

12. The Company delivers the notice of the shareholders' meeting and supporting documents in Thai version to Thai shareholders. For foreign shareholders' convenience, the Company prepares the notice of the shareholders' meeting and supporting documents in English version to the



foreign shareholders. In this regard, both all Thai and foreign shareholders shall receive complete documents within the period of time specified by law.

13. The Company has no policy to provide any financial support, whether loan or guarantee, to any companies which are not the Company's subsidiaries, except such loan or guarantee due to the Company's shareholding in accordance with a joint venture agreement.

14. Last year, the Company did not execute any transactions on acquisition or disposition of assets in violation of or not in compliance with the rules of the Stock Exchange of Thailand and/or the Office of the Securities and Exchange Commission.

### 3. Role of Stakeholders

The Company realizes the significance of rights of all groups of stakeholders, whether inside, such as staff and executives of the Company and the subsidiaries, or outside, such as customers, traders, competitors, creditors, communities, society, public sector and other relevant authorities, to ensure that the basic rights of these stakeholders are well protected and taken care of under the provisions of the laws and other relevant rules and regulations. The Company recognizes support from these stakeholders which could help building up the Company's competitiveness and profitability to result in long-term success for the Company. The Company's Board of Directors has set out the Corporate Governance Policy that the Company shall take care of the stakeholders based on their rights under the relevant laws, shall not take any acts in violation of the rights of stakeholders, and shall establish measures to compensate any stakeholders suffering from damage arising from violation of rights. The practices towards the Company's stakeholders are as follows:

#### 1. Shareholders

- The Company has performed duties with integrity, honesty and fairness, taking into account both major and minor shareholders, and for the benefit of the group of related persons as a whole;
- The Company has managed its business to ensure prosperity, stability and good return for shareholders;
- The Company has protected its assets from depreciation or unnecessary loss;
- The Company has, regularly and in a timely manner, disclosed the accurate and sufficient information, both financial and non-financial, relating to the Company's business and the operational results, and representing the Company's actual operational and financial status;
- The Company's treatment of shareholders complies with the CG Code in the Chapter: Shareholders' Rights and Equitable Treatment of Shareholders. In addition, the Company pays significant attention to the annual ordinary general meeting of shareholders by complying with the assessment of the shareholders' meeting by the Office of the SEC and the Thai Investors Association before the meeting, during the meeting and after the meeting for facilitating all shareholders' exercise of their right to vote in the meeting equally.



## 2. Traders and/or Creditors/Debtors

- Every trader and/or creditor/debtor has been equally and fairly treated by the Company, taking into account the Company's optimum benefit and based on the fair returns for both parties;
- Based on the conditions of selection of traders, the Company's competition is on the basis of equal information access, without preventing any trader from participating in business competition;
- The Company has utilized copyrighted goods and services and does not support any goods or any actions in violation of the intellectual property;
- The Company has prepared appropriate and standard contracts;
- The Company has arranged for management and monitoring systems to ensure the full compliance with contracts, and internal control system to prevent any fraud and misconduct in every step of the procurement procedures;
- The Company has made payments to traders on time in accordance with terms of payment as mutually agreed, and has strictly complied with various conditions as mutually agreed upon with traders and/or creditors;
- The Company has refrained from seeking any trader's secret by any dishonest or improper means, such as, bribing any director and staff of competitors;
- The Company has refrained from making any negative accusation against traders without actual information;
- The Company has avoided the situation which causes a conflict of interest, as well as complying with the contractual obligations;
- The Company has provided actual information and accurate report. The negotiation for problem resolution is based on the business relationship;
- The Company has strictly complied with various agreements or conditions as mutually agreed, including commitment and contingent liability. In case it is unable to comply with any condition or there is a default on debt repayment, the lenders must be informed thereof without any undisclosed facts to jointly seek a justifiable solution;
- The Company manages fund to ensure appropriate structure in support of the Company's business operations and to maintain creditors' trust;
- The Company is determined to maintain the sustainable relationship with creditors and mutual trust.

## 3. Customers

- The Company has clear and concrete policies and practices with fairness and responsibility towards customers. The Company maintains the optimism and gives priority to customers, treats customers willingly, actively, politely, keeps customers' confidential information from misuse for personal gain or others, as well as treating all customers equally without discrimination;
- The Company delivers quality goods at fair price in accordance with agreements with its customers;
- The Company provides correct, adequate and up-to-date information, news, and suggestions relating to goods and services to customers;



- The Company strictly complies with various conditions with customers. If the Company is unable to comply with any of such conditions, the Company must promptly give notice to customers to jointly consider finding a solution to such problem.
- The Company has a procedure for customers to submit any complaint about quality, quantity, safety of goods and services, including turnaround time for delivery, and the Company makes its best efforts to ensure rapid turnaround time to customers.

#### 4. Competitors

- The Company has clear and concrete policies and practices with fairness and responsibility towards competitors, based on ethics, transparency and fair competition within the scope of laws;
- The Company has free trading policy and believes that competition is a positive factor to encourage the development of service standard and innovations to be offered to customers;
- The Company has complied with the fair competition framework;
- The Company in no way discredits any trading competitor's reputation by negative accusation without actual information;
- The Company in no way accesses any competitor's confidential information through any dishonest or other inappropriate methods.

#### 5. Business Interested Parties

- The Company has clearly determined policies and procedures for approval of connected transactions to prevent any potential conflicts of interest.

#### 6. Staff

- The Company has policies and practices relating to occupational health and safety for staff at work place as well as creating a good working environment and promoting good physical and mental health of staff, by arranging for fitness room, annual sports competition, to ensure the unity and good relationship;
- The Company truly realizes the significance of its staff, and to meet its objectives, the Company recruits and employs knowledgeable, capable and experienced personnel to perform works, and in response to the Company's requirements and growth, by continually organizing programs for development of staff knowledge and capacities to advance their skills;
- The Company has concrete and open policies and practices as to management of staff remuneration and welfares on an equal and fair basis, whereby the Company has equally and fairly treated its staff through proper and fair remuneration and welfare, as well as provided more welfares than those specified by law, such as, establishment of a provident fund, medical treatment packages in hospitals designated by the Company, financial aids in the event of death of staff or their parent or spouse, annual health check-up, 5S activity, and fitness center, etc.;
- The Company truly realizes the significance of personnel development by establishing clear internal personnel development plans, encouraging all levels of its staff up to high



ranking executives to receive training for improvement of their knowledge and capacities, both in theory and practice, so as to ensure the efficient performance skills, including fair employment conditions suitable for the market and in compliance with the labor laws;

- The Company provides the fair and suitable remuneration for staff based on their performance by applying the staff performance evaluation system to measure their capabilities to ensure development of competency and clear performance measurement subject to key performance indicators (KPI) for all major activities, in support of the consideration of merits of staff to ensure incentives for staff development and remuneration in connection with value added to the business and in line with the Company's operational results for short and long term;
- The Company builds the participatory working atmosphere and teamwork by allowing staff to express their opinions relating to their works;
- The Company establishes a policy on human rights by determining clear operational guidelines and practices towards non-discrimination, equal employment opportunity for women, persons with disabilities, underprivileged groups, youth, elderly, and recognition of staff's right to collective bargaining. In 2017, the Company received no complaint about violation of human rights;
- The Company ensures that staff strictly comply with laws and regulations relating to staff, including provision of suggestions in order to prevent any illegal action, whereby the Company supervises to ensure that staff use lawful products and refrain from infringement of copyrights or intellectual property, along with support of compliance with the operational guidelines and performance of duties with integrity, without any involvement with corruption for the benefits and success of the Company.

#### 7. Society and Public

- The Company has clear and concrete policies and practices with fairness and responsibility towards society, and with transparent operations, by taking into account the public interest and refraining from taking any acts which may cause damage to the country's reputation, natural resources, environment and public interest;
- The Company has promoted and instilled into its staff at all levels the corporate social responsibility;
- The Company in no way facilitates, supports or allows to be instrumental in any avoidance of compliance with the law.

#### 8. Communities

- The Company has considered communities as part to be concerned and facilitated, and thus focuses on various activities for improvement of the quality of life of communities and environment as its contribution to society. The Company then has a policy to support and participate in activities related to development of communities by complying with laws and regulations;
- The Company regularly participates in meetings, sharing of opinions, and provides cooperation with local agencies for development of livelihood of communities;



- The Company establishes preventive and remedial measures against environmental and community impact as a result of the Company's operations.

#### 9. Environment

- The Board of Directors has set out a policy to operate the business by taking into account the environment, with a commitment to compliance with applicable laws, regulations, standards and requirements, including strict adherence to the government's environmental policies, together with its readiness to continuously and seriously carry out the development of the environmental management procedures within the organization to ensure the cost-efficient resources utilization and minimize waste with the environmental impact from the organization's activities, including provision of knowledge and training regarding environment to staff and participation in support of activities related to community development to ensure the continuity of environmental activities and reflect the business sustainability;
- The Company has developed and improved the environmental management system in all activities of the Company to continuously minimize pollution and impact on the environment, with clear objectives, goals, action plans and evaluation;
- The Company has promoted the environment preservation, as well as publicizing the information and news, and cooperated with the staff, customers, government agencies and private entities, including the public, as a gesture of the Company's image and awareness of the environmental management;
- The Company has rapidly and efficiently responded to any events giving rise to impact on the environment and communities caused by the Company's operation;
- The Company has raised the consciousness and responsibility of staff in relation to environment under the environment management system as well as campaigning conservation and consumption of energy and resources with efficiency through training and public relations media, such as, internal newsletters, notice board, internal circular letters, in order to regularly keep them well informed on knowledge and skills on environment;
- The Company has presented the results of performance in compliance with the policy and action plans in respect of the social responsibility by reporting directly to the Board of Directors and disseminating the social and environmental activities to the Company's staff, shareholders, and persons related to the Company, as well as publicizing such information via website and Annual Report of the Company.

10. The Company has set out a non-infringement of human rights policy to confirm its respect for human rights which is the foundation of personnel care and development, and which will play an important role in building the Company's quality and achievements as a whole. The Company is committed to its staff care as follows:

1. In terms of remuneration and welfare, other than the fundamental welfare as required by laws, the Company also commits itself to paying remuneration and providing welfare as appropriate and reasonable, always taking into account the overall market condition;
2. In terms of personnel development, the Company has set out a personnel development policy by ensuring satisfaction of remuneration and work environment through development of competency in response to requirements of each work unit for the purpose of the organization's competitiveness.



11. The Company determines a non-infringement of intellectual property or copyright policy and practices to prevent any problems which may damage or discredit the Company, by prohibiting its management and staff from using any illegal software and copying any copyrighted software for any reason whatsoever without prior permission of the software owners. All staff have a duty to help take care of the Company's intellectual property works and refrain from misusing or allowing any third parties to use the Company's intellectual property without permission. In addition, the Company formulates a policy to forbid any arrangements which infringe intellectual property of any kind, based on the following guidelines:

1. All staff have duty to protect and keep the Company's intellectual property confidential to ensure that such information must not be leaked out and exploited for personal gain or any other person's gain without permission;
2. All staff must respect and honor others' intellectual property and refrain from exploiting any of others' intellectual property, whether in whole or in part, without the owner's permission.

12. The Company determines an anti-corruption and bribery policy to prohibit any bribe payment for the Company's business interest or granting of any items or any other benefits to any persons having a duty or business related to the organization for the Company's business interest. It is clearly set out as a guideline to prevent any problems due to corruption and unfairness in the business operation, such as, compliance with prohibitions, action plans or internal control measures, morality, and work supervision, as a duty of staff at all levels in the Company, as well as monitoring code of ethics, morality and action plans or measures in work supervision relating to anti-corruption and bribery, including authority and duty to report on various matters directly to the Company's independent unit for inspection and monitoring. Moreover, the Company has adopted the corruption risk assessment process and the practices relating to supervision and control for prevention and monitoring of corruption risks, including guidelines for following up and evaluation of performance in compliance with the anti-corruption policy, by providing staff training to ensure their knowledge relating to the anti-corruption policy and practices at least once a year.

In this regard, the Company conducts supervision and monitoring to prevent any fraud or corruption by determining clear and concise procedures, and the internal unit has a duty to inspect the actual performance in order to prevent any fraud or corruption.

13. The Company has the corruption risk assessment process via the risk management working group which shall meet quarterly to report on the results, to management and the Corporate Governance and Risk Management Committee for further report to the Board of Directors, respectively, and also determines the practices relating to supervision and monitoring to prevent and follow up corruption risks, as follows:

1. Staff are prohibited from granting or offering any items or any other benefits to third parties, such as, government officials, agents, representatives, counterparts, etc., with the intention of inducing such third parties to take or omit to take any acts in violation of laws or contrary to their positions or functions or in exchange for undue privileges;



2. Staff are prohibited from demanding or receiving any items or any other benefits for personal gain or for gains of others in a manner that persuades them to abuse their duties or neglect to perform their duties;
3. Any business dealings in association with various agencies, such as, government agencies, state enterprises or private sector, etc., both local and international, must be transparent, fair and lawful in Thailand and foreign countries where such dealings take place;
4. Any fraudulent acts against duties are deemed to be a serious disciplinary misconduct.

14. The Company realizes the significance of communication with all groups of stakeholders to exchange information, as well as listening to opinions and suggestions of all groups of stakeholders for common interest. In case where any stakeholders are not fairly treated by the Company, they may contact or file complaints directly with the Company through the Audit Committee or via e-mail: [audit\\_committee@ch-karnchang.co.th.](mailto:audit_committee@ch-karnchang.co.th), and/or through the Company Secretary or via e-mail: [company\\_secretary@ch-karnchang.co.th.](mailto:company_secretary@ch-karnchang.co.th)

15. The Company determines policies or guidelines for protection of staff or any whistleblower by establishing measures to protect them under the criteria as follows:

1. Any complainant or person who provide cooperation in fact-findings may choose not to disclose his/her identity if he/she considers it unsafe or damaging. However, if the identity is disclosed, it will enable the organization to report on any development and explain the facts to the complainant;
2. The Company will not disclose name-surname, address, photograph, or any other data which may identify the complainant or person who provide cooperation in fact-findings;
3. The complaint recipient will keep relevant information confidential/be concerned about safety by establishing measures to protect staff who make complaints and/or who provide information and/or cooperation in investigation, whereby they will be protected from unfair treatment, such as, change of work position, job description, work place, work suspension, threat, nuisance in performance of work, employment termination, as a result of the complaints;
4. Any aggrieved party will be relieved by means of proper and fair process.

16. The Company arranges for channels for all stakeholders, general people, and staff to make complaints on unfair treatment or to provide any clues relating to matters which may be considered illegal and correctable, including measures to protect staff who make the complaints and notice of the results to the complainants on a systematic and fair basis, by allowing staff to have channels to make their complaints and independently provide their opinions, as follows:

1. The complaint recipient shall gather facts concerning violation or non-compliance with ethics;
2. The complaint recipient shall report to the independent directors on facts, conduct an investigation of facts in order to consider the complaints, by dividing related matters into issues in terms of management, knowledge development, investigation of facts, etc.
3. As for the operational measures, the complaint recipient shall propose the independent directors to conduct an investigation of facts and establish measures to resolve such violation or non-compliance with laws.



4. As for the report on the results, the complaint recipient shall notify the complainants of the results should such complainants disclose their identity. In case of a significant matter, the results shall be reported to the Chairman of the Board of Directors and/or the Board of Directors.

17. The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. The Company, in its capacity as a public limited company listed on the Stock Exchange of Thailand, has strictly complied with the Securities and Exchange Act, including rules and regulations issued by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

Over the past period, the Company has disclosed its significant information via the news system of the Stock Exchange and prepared the financial reports and other reports, namely, connected transactions, minor shareholding distribution, in accordance with requirements of the Stock Exchange of Thailand and the Office of the SEC.

#### 4. Disclosure and Transparency

The Company realizes the significance of the good corporate governance by disclosing material information which affect or may affect change in the Company's securities value or investment decision-making or benefits of shareholders in order for shareholders and general investors to rapidly and equally acknowledge news and information.

The Company has the guidelines on disclosure of significant information relating to the Company to the public with accuracy, completeness, punctuality and transparency in accordance with requirements stipulated by the Office of the SEC and the Stock Exchange of Thailand through an easy access to information, namely, dissemination of information, both in Thai and English, on websites of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, including the Company's website, with the practices as follows:

1. To ensure shareholders/investors' acknowledgement of the structure of ownership of business in which they have invested and their rights, compared with other shareholders, the Company discloses the most recent structure of major shareholders for those who utilize information to truly and clearly acknowledge shareholders; discloses shareholding of directors and executives, both direct and indirect, including information on structure of the business group and shareholding proportion, major risks in the Company's business operations.

2. The Board of Directors establishes a policy that the Company shall undertake activities with transparency and open for inspection with sufficient information disclosure to all relevant parties as well as monitoring to ensure disclosure of correct, complete, timely and reliable information, and everyone can equally access such information. In disclosing the Company's significant information, other than by way of dissemination under the specified criteria via the Stock Exchange of Thailand's channels, the Company also disseminates such information on the Company's website: [www.ch-karnchang.co.th](http://www.ch-karnchang.co.th), both Thai and English, such as, Annual Report, Annual Registration Statement (Form 56-1), Corporate Governance Policy, the Company's information, nature of business operations of the Company, financial statements, public relations news, shareholding structure, organization structure, business group structure, information relating to directors and executives, investor relations information, the Articles of Association, the meeting notice, the operational results, financial ratio, dividend payment record, together with other information, such as, corporate social responsibility activities. In this regard, the Company regularly updates the website for up-to-date information and news for convenient access and to the best interest of users.



3. In respect of investor relations, the Board of Directors is well aware of the significance of accurate, complete, transparent, thorough and timely disclosure of information relating to the Company. Therefore, the Company has set up an Investor Relations unit to be specifically responsible for disclosure of information to shareholders and investors, both financial and non-financial, such as, financial report, operational results, financial ratio, dividend history and other information which may impact the Company's securities value. Such information and news in support of their decision making are published for investors and relevant parties through various channels and media of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, including the Company's website at [www.ch-karnchang.co.th](http://www.ch-karnchang.co.th) in both Thai and English languages.

Those interested to receive information in support of investment may contact Khun Sawanya Trivisvavet at Investor Relations, Telephone 0-2275-0026 ext. 2317-2319.

The provision of the Company's related information to securities analysts is also another main duty of the Investor Relations unit since the Company's information is made available in the Analyst Consensus to assist investors in making their decisions to invest. The Investor Relations staff are then assigned to provide such information to ensure correct understanding and maintain good relationships with securities analysts. Staff may review and correct the Analyst Consensus, as opposed to guiding or distorting the Analyst Consensus by securities analysts, or may revise only such facts which have been outdated or disclosed to the public, in which case, such revision is not treated as guiding investment.

Other than public disclosure, the Company also participates in various activities to serve as a disclosure channel to directly meet with investors and hear their opinions as well as create good relationships with investors via activities, such as, Roadshow, Opportunity Day, Company Visit, Analyst meeting, exhibition booths, etc.

In addition, the Company has set out a policy to rotate high level executives from the President, Executive Vice President, Vice President: Finance, and the Company Secretary to provide information and answer questions to investors, so that they would be personally aware of opinions and requirements of Thai and foreign investors. As for internal communication, the Investor Relations unit prepares IR Report, by collecting and summarizing questions and opinions of investors towards the Company's business operations for submission to the management on a monthly basis in order to present useful suggestions or feedbacks of investors to the management for further improvement of the operations. Consequently, such activities in various forms contributed to achievements of the Investor Relations.

4. The Company discloses its financial information and reports the responsibilities of the Board of Directors towards the financial report, together with the auditor's report, the management discussion and analysis, general information and significant information in the Annual Report correctly, timely and in accordance with the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

5. The Company discloses the roles and duties of the Board and various subcommittees, number of meetings and attendances of each director.



6. The Board of Directors and the management have prepared the report on securities holding and change in securities holding in accordance with the rules of the Office of the Securities and Exchange Commission. The Board of Directors has also set out a policy requiring directors and executives to make a report on each change in their share acquisition-disposition/securities holding to the Board of Directors' meeting.

Other than the report on securities trading of executives in accordance with the requirements of the SEC, in regard to other executives along with staff who are authorized to access the Company's material information which may influence securities price movements, securities trading by usage of inside information, such as, information on capital increase or decrease, dividend payment, the Company's operational results, joint investments, etc., is considered as taking advantage of general investors. In this respect, the Company prevents any insider trading of securities by requiring its executives to report on their securities trading in accordance with the rules as required by the Stock Exchange, whereby all insiders should refrain from trading securities or should wait until the public has been informed of such information for a reasonable period of time.

7. The Board of Directors has set out a policy regarding report on interest of directors and executives by requiring directors and executives to report the Company of their personal interest or their related persons', which is related to the business operation and management of the Company or its subsidiaries, in accordance with the criteria, conditions and methods as required and announced by the Capital Market Supervisory Board. Such report also includes a disclosure of information on directorship or executive position in other legal entities and information on their shareholding in other legal entities in excess of 10 percent of the total number of voting shares by both reporters and their related persons (spouse, child/adopted minor child and related legal entity) for submission to the Company Secretary for reference, and copies of such reports shall be submitted to the Chairman of the Board of Directors and the Chairman of Audit Committee within seven business days from the date of receipt thereof.

8. In regard to the policy on payment of remuneration for directors and executives, the Company establishes a clear and transparent policy on remuneration for directors and executives, subject to review by the Nomination and Remuneration Committee. The remuneration shall be at the same level as that in the same industry and sufficient to retain the qualified directors and the President, and remuneration for executives, excluding the President, shall be in accordance with the principles and policies determined by the Executive Board corresponding to the Company's operational results and performance of the executives, as per the details in the caption of Remuneration for Directors and Executives.

9. The Company establishes a whistleblowing policy for the purpose of development of the Company's sustainable growth and prosperity. Such arrangement is a key mechanism which will help enable management, staff or stakeholders to report on acts in violation of the code of ethics, fraudulent acts, and other ethical issues, without identifying any whistleblower's name. The Company will also assure whistleblowers that the whistleblowing process is independent, reliable and dependable, together with a monitoring process for fact-findings or conclusion, including fair whistleblower protection measures.

10. The Company establishes the policy on significant connected transactions which shall be subject to consideration and approval of the Board of Directors in compliance with the requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of



Thailand. In the case of execution of connected transactions, the Company shall disclose details of persons with whom the Company executes such connected transactions, relationship, transaction description, price conditions/policies and transaction value.

11. The Company formulates its objectives/goals in the long run to become the leading construction and regional infrastructure investment development business that provides quality and full services.

## **5. The Board of Directors' Responsibilities**

The Board of Directors acknowledges its role and responsibilities to set policies and directions of the Company's operations under the laws, its business objectives, the Articles of Association, as well as resolutions of shareholders' meetings. The Board of Directors monitors and supervises the management to efficiently and effectively perform in compliance with the specified policies in order to protect the Company's interests, maximize its economic value and create wealth for shareholders based on the CG Code. The Board of Directors monitors and supervises management to ensure that the strategies have been applied to the business for sustainable growth. In respect of the significance of the role and duties of the Board of Directors towards the Company and shareholders, the Board of Directors shall consist of qualified persons who have leadership, vision, knowledge, abilities and experience in various fields, honesty and integrity as well as independence on decision-making for the optimum benefits to the Company and shareholders as a whole.

**The Board of Directors complies with the best practices of the Stock Exchange in various aspects, as follows:**

### **1. Structure of the Board of Directors**

The Board of Directors consists of 10 qualified members, with useful skills, knowledge and experience to efficiently perform their duties, comprising: six executive directors, four independent directors, constituting a counterbalance from non-executive director. The Company has four independent directors, which represents more than one-third of the total number of directors. The Chairman of the Board of Directors is an independent director by the definition of the Stock Exchange of Thailand and has no relationship with management and is not the President, so as to separate the policy-making and supervisory duty from the regular managerial duty. The Board of Directors clearly determines power and duties of the Chairman of the Board of Directors and the President.

The Company determines qualifications of "independent directors" stricter than the minimum requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Board of Directors establishes the policy on limitation to the number of listed companies in which each director will hold office as director which shall not exceed five companies, without any exemption, since, after considering the matter, it is deemed that such number enables all directors to devote their time to regularly attend meetings. In this regard, the Board of Directors has not established the policy on limitation to the number of term of office as director since directors have a good understanding of the Company's business and provide suggestions which are useful for both the Company and shareholders. Furthermore, the Board of Directors also appoints the Company Secretary in accordance with the guidelines for the CG Code to provide suggestions relating to various laws and



regulations as required by the Board of Directors and to supervise activities of the Board of Directors as well as coordinating to ensure compliance with the Board of Directors' resolutions.

The Board of Directors establishes the policy on holding of office as director in other companies by the President, whereby the Board of Directors' meetings shall be notified of reasons and details of companies in which he/she holds such office, which shall not exceed five listed companies.

## **2. Subcommittees**

The Company establishes five subcommittees to closely monitor and supervise the operation and regularly report to the Board of Directors, namely, the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance and Risk Management Committee, and the Corporate Social and Environmental Responsibility Committee. In this regard, the Board of Directors determines duties and responsibilities of each subcommittee. Furthermore, all subcommittees have reported to the Board of Directors on their respective self-performance evaluation results, as follows:

1) The Executive Board has performed its duties to provide useful suggestions and advice to management and consider scrutinizing works proposed to the Board, as well as providing beneficial opinions and instructions in terms of financial management.

2) The Audit Committee has performed its duties to review the reliability of the Company's financial reports prior to submission to the Stock Exchange of Thailand, audit the internal control system, as well as considering the disclosure of connected transactions to ensure the accurate and complete information, and provide useful suggestions and advice to management in terms of good corporate governance.

3) The Nomination and Remuneration Committee has performed its duties to consider nomination criteria and procedures for qualified persons to hold the position of the Company's directors and consider determining criteria on consideration of remuneration for directors and President.

4) The Corporate Governance and Risk Management Committee has performed its duties to provide suggestions, follow up performance under the CG Code, monitor and review the Company's overall risk management, strategies for risk management.

5) The Corporate Social and Environmental Responsibility Committee has performed its duties to provide suggestions, follow up performance to ensure achievement of the goals and the social and environmental policy as well as considering and following up progress of corporate social and environmental implementation, together with evaluation of success.

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

1) The Board of Directors comprises personnel having knowledge, ability, skills and experiences in various fields to exercise their judgment independently with leadership, who determine vision, missions, strategies, goals, business plans and budget of the Company, and supervise the management to take actions in compliance with the business plans and forecast budget with efficiency and effectiveness so as to optimize the economic value to the business, including monitoring the operational results to meet the objectives and comply with the policies, rules, laws and other relevant regulations.



2) The Board of Directors establishes the Corporate Governance Policy and has such policy reviewed at least once a year.

3) The Board of Directors has a duty to consider granting approval of important matters relating to the Company's operations, such as, vision and missions of the Company, strategies, financial target, action plan and budget, as well as supervising, controlling, monitoring to ensure management's compliance with the specified policies and plans with efficiency and effectiveness so as to enhance the optimum economic value to the business, and ensure that the operational results meet the objectives and comply with the policies, rules, laws, and relevant regulations. The Company did have its vision and missions reviewed and approved at least every five years. Subsequently, the Board of Directors' Meeting No. 7/2014 on December 18, 2014 resolved to grant approval for the Board of Directors to consider reviewing the Company's vision, missions or strategies in every previous accounting year in order for the Board of Directors to oversee and monitor the implementation of the Company's strategies.

4) The Company prepares its code of ethics since the year 2003, with the approval by the Board of Directors. The code of ethics contains proper conduct and practices for directors, executives and staff, and guidelines for conduct and treatment towards the Company, colleagues, third parties and society, in accordance with the best practices. In the past, all directors, executives and staff have been informed and well understood of the proper and ethical conduct and complied with such practices in the performance of their duties in line with the Company's missions, with honesty, integrity and equality, to build up confidence of shareholders and all groups of stakeholders, including the public and society.

The Company has the guidelines in support of compliance with the code of ethics, as well as following up performance, whereby the ethical compliance survey forms shall be sent yearly to all directors, executives and staff, and the results of the survey shall be then concluded as standard for strict adherence to the code of ethics.

In addition, the Company has determined to review its code of ethics on a regular basis, should it be found that any practices in its code of ethics do not cover its business operation, the amendment thereof shall be made promptly. Other than the provision for the annual survey on compliance with the Company's code of ethics for directors, executives and staff, in which they must sign to signify their responsibility for compliance with the Company's code of ethics, the Company also continues to encourage high and middle executives to undergo corporate governance training, in order to enhance their knowledge, understanding, vision and good attitude towards management in accordance with the CG Code, to create leadership and to succeed to an office in management, as well as to further perform duties and push ahead the organization with morals and ethics.

5) The Board of Directors establishes the Internal Audit Office which shall report directly to the Audit Committee, with the duty to follow up and review the Company's operations, together with the operating system in various departments of the Company to ensure efficiency in compliance with the annual audit plan as approved by the Audit Committee. Last year, the Company



has no records of violation of any rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

6) The Company establishes the Compliance Unit to perform the duty to provide suggestions and monitor to ensure the Company's compliance with laws, the Articles of Association, relevant rules and regulations, including disclosure and information memoranda.

7) The Board of Directors and the Audit Committee shall provide an opinion relating to adequacy of the internal control system in the Annual Report.

8) The Board of Directors properly considers the transactions which may have a conflict of interests or connected transactions or related party transactions under the best practices subject to review by the Audit Committee to ensure compliance with the rules of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, as well as the disclosure of information on the execution of such transactions which may have a conflict of interests to the public. In this regard, the Company establishes the policy, rules and regulations, and procedures for approval of the transactions which may have a conflict of interests for executives, staff and the relevant persons for compliance with the significant principles, as follows:

(1) Compliance with the rules set out by the Stock Exchange of Thailand in the execution of connected transactions to propose the connected transactions to the Audit Committee for consideration and approval prior to seeking approval of the Board of Directors under the CG Code.

(2) Disclosure of information on the transactions which may have conflict of interest or connected transactions or related party transactions pursuant to the rules set out by the Office of the Securities and Exchange Commission/Stock Exchange of Thailand, in the Annual Registration Statement (Form 56-1) and the Annual Report, as well as disclosing the information of such transactions in the financial statements in accordance with the accounting standards.

(3) In the consideration of the execution of the transactions which may have a conflict of interests, the Board of Directors shall carefully consider such transactions to ensure the benefits of the Company and shareholders as a whole, whereby the interested directors shall not attend the meeting nor vote on such agenda.

9) In respect of risk management, the Board of Directors follows up and acknowledges the Company's risk management plan from management's report on operational results in every the Board of Directors' meeting and from the Report of the Corporate Governance and Risk Management Committee. In this regard, the Company determines and assesses its business risks by establishing the efficient risk preventive measures and risk management systems for the entire organization.



### Risk Management Policy

1. The Board of Directors, all executives, staff and units own the risks and have the duties to be responsible for, assess, follow up, and support the risk management process with efficiency.
2. All units of the Company shall have a risk management process, as well as having a systematic and continuous assessment and follow-up, subject to regular review at least once a year in line with business changes.
3. The risk assessment shall form an integral part of the annual work plan of all units, by considering all risks of the entire organization, taking into account such risk factors, both inside and outside the organization, including proper risk management.
4. The Corporate Governance and Risk Management Committee has the duties to assess the risk management and propose its opinion to the Board of Directors.
5. The organization culture will focus on common understanding and awareness of risks. The body of knowledge shall be established for staff at all levels to have access for study and research and sharing of experiences, which would pave the way for development and improvement of the risk management process to become an efficient mechanism in the strategic administration.

#### 10) Segregation of Roles and Duties between the Board of Directors and Management

The Company has the roles and duties between the Board of Directors and management clearly segregated, namely, the Board of Directors shall have the duty to set out the Company's policies and supervise management's operations while the Company's management shall have the duty to handle various administration affairs to ensure compliance with the policies set out by the Board of Directors. Therefore, the Chairman of the Board of Directors and the President shall be two different persons, and the Chairman of the Board of Directors shall be an independent director.

The Board of Directors consists of the Chairman of the Board of Directors and directors. The Company's management consists of the Chairman of the Executive Board, the President, Senior Executive Vice President: Operation Group, Senior Executive Vice President: Administration Group, Executive Vice President: Construction 1, Executive Vice President: Construction 2, Executive Vice President: Construction 3, Executive Vice President: Construction 4, Executive Vice President: Engineering, Executive Vice President: Business Development, Executive Vice President: Purchasing, Executive Vice President: Accounting and Finance, Executive Vice President: Human Resource and General Administration, and Executive Vice President: Internal Audit Office.

11) The Board of Directors has monitored and supervised to ensure the Company's strategic implementation by setting out policy formulation process which is clear and ready for implementation, jointly meeting among high level executives, management and workers, planning process and plan implementation process in close cooperation with each other to convey knowledge and understanding in plans/action plans to all related personnel, namely, those who have a duty to be responsible for doing various projects, those who have a duty to conduct inspection and evaluation,



appointing a working group to follow up performance, in which case, if it is found that performance fails to meet the target, trying to modify the action plans to ensure achievement of the set target.

#### **4. Board of Directors' Meetings**

The Company schedules the Board of Directors' meetings in advance for directors to manage their time to attend the meetings, except for special agenda, the Chairman of the Board of Directors or the directors in the number specified by law may convene additional meetings as necessary. The Board of Directors regularly meets every two months. The President Office shall deliver the notice of the meeting, together with agenda and supporting documents, at least seven days prior to the meeting date for the Board's review prior to attending each meeting.

The agenda shall be determined by mutual discussion between the Chairman of the Board of Directors and the President, and one of the meetings shall be convened with non-executive director without the management's presence in order to allow directors to independently discuss and share opinions as well as efficiently following up performance of the management. Moreover, the Executive Board meets on a monthly basis. Most of the directors were able to attend the meetings, except where they were engaged by urgent business. In every meeting, the Chairman of the Board of Directors shall serve as the chairman of the meeting to ensure each item shall be carefully considered and all directors shall be allowed to express their opinions and take part in discussions. In addition, the high level executives will attend the meeting to clarify the information in the capacity as persons directly relevant to the matters to the satisfaction prior to voting on each item. In this regard, the minutes of the meetings are recorded in writing and systematically kept for inspection.

Moreover, the Board of Directors sets out a policy to prohibit directors and executives who are connected persons or interested persons in relation to any items to be considered from attending the meeting or voting on such item. In considering a connected person and interested person, the Board of Directors shall take into account such report on interests which all directors and executives shall have a duty to submit in accordance with the Board of Directors' policy requiring directors and executives to report their personal interests in order to disclose such information to the Chairman of the Board of Directors and the Chairman of the Audit Committee. In addition, the Board of Directors establishes a policy relating to minimum quorum of a Board of Directors' meeting to pass resolutions, whereby the directors present at the meeting shall not be less than two-thirds of all directors.

#### **5. Self-Evaluation of the Board of Directors**

The Board of Directors has a policy that its overall performance shall be evaluated at least once a year. The Company Secretary shall deliver the board evaluation form to each director for evaluating the overall performance of the Board of Directors as a whole so that the evaluation results would be used to consider improving its performance.



In this regard, the evaluation results are divided into six subjects, namely, structure and qualifications of the Board of Directors; roles, duties and responsibilities of the Board of Directors; the Board of Directors' meetings; directors' performance of duties; relationship with management; and self-development of directors and development of executives, which can be summarized as follows:

### **1) Structure and Qualifications of the Board of Directors**

Most directors were of the view that the structure and qualifications of the Board of Directors were proper and suitable to the nature of business operations of the Company. The Board of Directors comprised personnel with sufficient knowledge, ability and experiences in a variety of fields to perform their overall duties efficiently. In this regard, the Board of Directors appointed another five subcommittees, namely, 1. the Audit Committee with the duty to help supervise and monitor the business as well as considering the appropriateness and justifications of various transactions for the optimum benefit of the Company; 2. the Nomination and Remuneration Committee with the duty to consider criteria and procedures for nomination of qualified persons to be appointed as the Company's directors based on transparency, fairness, without influence of any persons; 3. the Corporate Governance and Risk Management Committee with the duty to establish policies and directions of operations in respect of the good corporate governance of the Company, including risk management; 4. the Corporate Social and Environmental Responsibility Committee with the duty to establish guidelines and policies on corporate social and environmental activities; and 5. the Executive Board with the duty to supervise and provide suggestions to the management, and proceed with other matters as assigned by the Board of Directors.

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

Most directors were of the view that the roles, duties and responsibilities of the Board of Directors were proper, namely, the Board of Directors gave priority and contributed sufficient time to consider significant matters relating to directions of the Company's business operations, review the Corporate Governance Policy of the Company, as well as ensuring compliance with various policies, review of the code of business ethics and compliance. The Board of Directors, at the same time, set a policy to prevent a conflict of interests. As for connected transactions and transactions which might have a conflict of interest, the Board of Directors also followed the procedures by taking into account the optimum benefit of the Company. Furthermore, the Board of Directors has regularly reviewed the internal control system to ensure good and sufficient internal control system and appropriate risk management, as well as following up and monitoring the performance of duties of the management in accordance with the policies as assigned by the Board of Directors.

### **3) Board of Directors' Meetings**

Most directors were of the view that the Board of Directors' meetings were proper, namely, the Company gave prior notice of annual schedule of the meetings to directors so that they would be able to manage their time to attend every meeting. The number of meetings and agenda were suitable, thereby supporting the Board of Directors to perform duties efficiently and enabling it to supervise and monitor the Company's business operations with success. Moreover, directors also received supporting documents prior to each meeting and had sufficient time to study additional



information in preparation for each meeting. The supporting documents contained sufficient information for decision making and they could ask for additional information in support of decisions to the benefit of the Company. Furthermore, the atmosphere at each Board of Directors' meeting allowed all directors to express constructive opinions without any influence of any persons. In addition, directors could fully discuss significant issues at each meeting.

#### **4) Directors' Performance of Duties**

Most directors were of the view that directors' performance of duties was proper, namely, they were well prepared and sufficiently study information prior to each meeting and regularly attend the meetings. In addition, directors independently provided their opinions and impartially considered various matters and were independent on voting, including useful suggestions for the Company's operations; and understood the significance of each matter and properly contributed their time to consider such matter; and opened for different opinions among them without any conflict.

#### **5) Relationship with Management**

Most directors were of the view that the relationship with management was proper. Directors could straightforwardly discuss with the President and maintain good relationship with management, whereby the President could request directors' advice as and when necessary and the Board of Directors did not interfere in the performance of duties of the management. Moreover, the Board of Directors also participated in solving problems as appropriate in case the management's performance of duties did not meet the operational plans and forecast budget.

#### **6) Self-Development of Directors and Development of Executives**

Most directors were of the view that the self-development of directors and development of executives were proper, namely, directors understood their roles, duties and responsibilities, had sufficient knowledge and understanding of the Company's business, paid attention to significant information or news relating to economic and industrial conditions, changes in rules and regulations and the state of competition, which would allow directors to efficiently perform their duties. In this regard, all directors were trained to ensure their understanding of performance of duties in the capacity of directors. Furthermore, in case of new directors, the Board of Directors would have the management provide documents or briefing for the new directors to understand the business and performance of duties as directors. In addition, the Board of Directors also set out the succession plan to ensure continuity of performance of duties of the Company's high level executives.

Procedures/process of the performance evaluation are as follows:

1. The Nomination and Remuneration Committee reviews the self-evaluation form to ensure its accuracy and completeness in accordance with the criteria stipulated by the regulatory unit;
2. The Company Secretary delivers a self-evaluation form to each director to evaluate the overall performance of the Board of Directors;
3. The Secretary to the Nomination and Remuneration Committee summarizes and reports the results of evaluation to the Nomination and Remuneration Committee;



4. The Nomination and Remuneration Committee reports the results of evaluation to the Board of Directors for acknowledgment and improvement of their performance to be more efficient.

#### **6. Individual Performance Evaluation of Directors**

The Chairman of the Board of Directors has conducted the performance evaluation of all directors since 2013 onwards in accordance with the criteria as specified by the Nomination and Remuneration Committee, the results of which would be used to consider establishing guidelines for improvement and development of performance of the Company's directors. In this regard, the individual performance evaluation of directors are divided into six subjects, namely, qualifications of directors; roles, duties and responsibilities of directors; the Board of Directors' meetings; directors' performance of duties; relationship with management; and self-development of directors. Procedures/process of the performance evaluation can be summarized as follows:

1. The Nomination and Remuneration Committee reviews the self-evaluation form to ensure its accuracy and completeness in accordance with the criteria stipulated by the regulatory unit;
2. The Company Secretary delivers self-evaluation forms of all directors to the Chairman of the Board of Directors to evaluate the individual performance of each director;
3. The Secretary to the Nomination and Remuneration Committee summarizes and reports the results of evaluation to the Nomination and Remuneration Committee;
4. The Nomination and Remuneration Committee reports the results of evaluation to the Board of Directors for acknowledgment and improvement of their performance to be more efficient.

#### **7. Evaluation of Performance of Subcommittees**

The Board of Directors arranges for evaluation of performance of five subcommittees, namely, the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance and Risk Management Committee, and the Corporate Social and Environmental Responsibility Committee, the results of which were used as guidance for improvement, correction and development of their performance. In this regard, the evaluation results are divided into six subjects, namely, structure and qualifications of the subcommittees, roles, duties and responsibilities of the subcommittees, the subcommittees' meetings, the subcommittee members' performance of duties, relationship with management, and self-development of subcommittee members and executives. The opinions of committee members can be summarized as follows:

1) Structure and Qualifications of the Subcommittees: The results of evaluation are proper. All subcommittee members are of the opinion that the total number of all subcommittee members is appropriate to the nature of business operations of the Company, thereby allowing the subcommittees to perform the overall duties efficiently; and the subcommittees comprise personnel with sufficient knowledge and experience in a variety of fields, which enable them to perform the overall duties efficiently. In addition, the subcommittees also have the duties in providing assistance in the corporate governance, nominating qualified persons to hold offices as directors, with transparency and justice, without undue influence of any person, including appropriate and competitive remuneration sufficient to retain qualified directors, setting out policies and directions of the implementation in respect of the corporate governance of the Company, code of ethics, as well as risk administration and management, taking care of and providing suggestions to the management, for the benefit of the Company's business operations under the good corporate governance.



2) Roles, Duties and Responsibilities of the Subcommittees: The subcommittees' results of evaluation are proper, which can be summarized as follows:

- The Executive Board has provided guiding policies, supervised, made suggestions and advice for the President and the management; has set up business plan, budget and managerial power of the Company as assigned by the Board of Directors; has inspected and followed up the compliance with the Company's policies and plans with efficiency; has conducted feasibility studies on new projects; and has reported on the Company's operational results to the Board of Directors.
- The Audit Committee has ensured that the financial statements have been prepared in accordance with the generally accepted accounting standards; the internal audit tasks have been supervised and monitored for ensuring the appropriate and effective internal audit system; the execution of transactions which may have a conflict of interest has been considered under the specified procedures and for the utmost benefit to the Company; the Company has complied with the securities and exchange law and other applicable laws; and the nomination of candidates for appointment, determination of remuneration, and assessment of the auditor's performance are appropriate.
- The Nomination and Remuneration Committee has ensured that the appropriate criteria for nomination of directors have been determined; the qualified candidates have been considered and nominated for appointment as the Company's directors; the appropriate and transparent criteria for consideration of remuneration for directors have been determined; remuneration for directors has been considered under the specified criteria for submission to shareholders; the results of the President's performance have been assessed under the specified criteria; and remuneration for the President has been considered in line with the results of assessment.
- The Corporate Governance and Risk Management Committee has conducted studies and followed up movement, tendency and practice in respect of the good corporate governance; has improved and made suggestions on the Company's Corporate Governance Policy; has followed up and evaluated the results under the Company's good corporate governance; has considered policies and work plans relating to risk management; has monitored and reviewed the Company's overall risk management, strategies for risk management; and has reported on risks and actions taken to minimize risks to the Board of Directors.
- The Corporate Social and Environmental Responsibility Committee has conducted studies and followed up movement as well as monitored progress of social and environmental operations; has improved and made suggestions on the Company's environmental policy; has searched information or followed up significant news in respect of environment, and changes in laws and regulations; and has considered setting out policies and action plans in respect of social and environmental operations.



3) The Subcommittees' Meetings: The results of evaluation are proper. Subcommittee members are given prior notice of the annual schedule of the subcommittees' meetings so as to enable them to manage time to attend every meeting; the number of the subcommittees' meetings is suitable to support the performance of its duties efficiently and to supervise and monitor the Company's business operations successfully; the agenda of the subcommittees' meetings are suitable to support the performance of its duties efficiently; subcommittee members are also given supporting documents prior to each meeting and sufficient time to read such information in preparation for each meeting; the supporting documents contain sufficient information for subcommittee members' decision making; the subcommittees can request any other necessary information in support of their decisions for the benefit to the Company; the atmosphere at each subcommittees' meeting allows all subcommittee members to express constructive opinions without undue influence of any person; and subcommittee members can fully discuss significant issues at each subcommittees' meeting.

4) Subcommittee Members' Performance of Duties: The results of evaluation are proper. Subcommittee members are well prepared and sufficiently study information prior to each subcommittees' meeting; subcommittee members have regularly attended the subcommittees' meetings; subcommittee members independently provide their opinions; subcommittee members impartially consider various matters and are independent in making decisions or passing resolutions without undue influence of any individual; subcommittee members have provided useful suggestions for the Company's operations; subcommittee members understand the significance of each matter and properly contribute their time to consider such matters without wasting time on minor issues; and subcommittee members accept different opinions among them without conflict.

5) Relationship with Management: The results of evaluation are proper. Subcommittee members may straightforwardly discuss with the President; the subcommittees maintain a good relationship with management; the President can request subcommittee members' advice as necessary; the subcommittees do not intervene with management's performance of duties; and the subcommittees participate in solving problems as appropriate in case management's performance does not meet the specified plans and budget.

6) Self-Development of Subcommittee Members and Executives: The results of evaluation are proper. Subcommittee members understand their roles, duties and responsibilities; subcommittee members have sufficient knowledge and understanding relating to the Company's business to ensure efficiency in their performance; subcommittee members have paid attention to significant information or news relating to economic and industrial conditions, changes in rules and regulations and the status of competition, which allows subcommittee members to efficiently perform their duties; all subcommittee members undergo training to ensure their understanding of the performance of duties in their capacity as members; subcommittee members are well prepared and sufficiently study information prior to each subcommittees' meeting; subcommittee members have regularly attended the subcommittees' meetings; subcommittee members independently provide their opinions; subcommittee members impartially consider various matters and are independent in making decisions or passing resolutions without undue influence of any individual; subcommittee members have provided useful suggestions for the Company's operations; subcommittee members understand the significance of each matter and properly contribute their time to consider such matters without wasting time on minor issues; and subcommittee members accept different opinions among them without conflict.



Procedures/process of the performance evaluation are as follows:

1. The Subcommittees prepare a self-evaluation form in accordance with the good corporate governance principles of the Thai Institute of Directors Association and the guidelines for operations of the subcommittee;
2. The secretary to the subcommittees summarizes and reports the results of performance evaluation of the subcommittees for improvement of their performance to be more efficient.
3. The Secretary to the Nomination and Remuneration Committee summarizes and reports the results of evaluation of the subcommittees to the Nomination and Remuneration Committee.
4. The Nomination and Remuneration Committee reports the results of evaluation to the Board of Directors for acknowledgement and improvement of their performance to be more efficient.

#### **8. Assessment of Performance in Compliance with the Company's Code of Ethics**

The Board of Directors sets out the Company's code of ethics as principles and goals of the Company's business operations, and guidelines for performance of all directors, executives and staff. Directors, executives and staff will assess their performance in compliance with the Company's code of business ethics every year. In this regard, the results of assessment can be summarized as a whole that directors and executives have complied with the Company's code of ethics, as follows:

1. Compliance with the code of ethics: Understanding and adhering to the guidelines as specified in the Company's code of ethics.
2. Guidelines for business operations: Strictly complying with the laws applicable to the Company and the trading business under the desirable morality, including the Company's policies.
3. Conflict of interests: Not disclosing any confidential information of the Company to any third party; refraining from any act which will give rise to a conflict of interests between their own interest and the Company's interest; not involving in nor holding any share in any business which may have a conflict of interests with the Company.
4. Insider trading: Not disclosing any insider information which has not yet been disclosed to the public, which may affect the prices or trading of securities of the Company and its related companies.
5. Commitments to shareholders: Making an effort in best to create value added to the organization to ensure its capability to accommodate the business growth and expand its business with continuity and create value added to the shareholders in the long run.
6. Responsibilities for executives and staff: Setting out guidelines and practices for taking care of working environment to ensure safety for their life and properties at all times.
7. Commitments to communities, society and environment: Providing cooperation in making benefits for the communities, society and environment on an occasional and ready basis.
8. Disclosure of information and confidentiality: Complying with the policy to efficiently manage the Company's information; and disseminating necessary, correct and proper information to the public on an occasional basis; and not disclosing the Company's information which has not yet been disclosed to the public, including any personal information, nor using any information as known from performance of duties for their own interest.



9. The Company's assets: Setting out practices in taking care of the Company's assets to prevent them from loss, damage or misuse.

10. Gifts and parties: Setting out practices regarding giving of gifts and holding of parties by refraining from receiving any item or benefit from counterparts, contractual parties or persons who have connection with the Company's business, except during festival or according to custom, in which case, at the reasonable value as shall be considered by recipient.

#### 9. Evaluation of Performance of the President

Independent directors and non-executive directors have continued to evaluate performance of the President every year from 2012 in accordance with the criteria as specified by the Nomination and Remuneration Committee. The Board of Directors has authorized the Nomination and Remuneration Committee to consider proposing remuneration and other benefits as appropriate for the President to use in the annual performance evaluation for the Board of Directors' consideration and approval. In this regard, the criteria for evaluation can be divided into three chapters, as follows:

- Chapter 1: Success of Business Goals
- Chapter 2: Performance Measurement, comprising:
  - 1) Leadership
  - 2) Determination of Strategies
  - 3) Compliance with Strategies
  - 4) Financial Planning and Performance
  - 5) Relationship with the Board of Directors
  - 6) Relationship with Third Parties
  - 7) Management and Relationship with Personnel
  - 8) Succession
  - 9) Knowledge in terms of Products and Services
  - 10) Personal Characteristics
- Chapter 3: Development of CEO

#### 10. Remuneration for Directors and Executives

Remuneration for directors : The Company establishes a clear and transparent policy on remuneration for directors and the President in line with duties and responsibilities of each director as chairman or member of subcommittee, subject to review by the Nomination and Remuneration Committee. The remuneration shall be at the same level as that in the same industry and sufficient to retain the qualified directors.

Remuneration for President : The Company formulates policies on remuneration for President. The Nomination



and Remuneration Committee shall consider remuneration of the President in line with the Company's operational results in the short term and long term, and performance of the President for submission to the Board of Directors for consideration each year.

Remuneration for executives : Remuneration for executives shall be in accordance with the principles and policies determined by the Board of Directors corresponding to the Company's operational results and performance of the executives.

## 11. Development of Directors and Executives

### - Training for Directors and Executives

The Board of Directors has a policy to support and facilitate training and learning for its directors and executives to ensure their continued improvement and performance, involving both internal and external training courses. All directors must attend training for understanding of performance of their duties in their capacity as directors. The Board of Directors and the high level executives realize the significance of participation in training or seminars in various courses or development of their knowledge and skills. The Board of Directors attends training courses organized by the Thai Institute of Directors Association (IOD), namely, Director Certification Program (DCP), Directors Accreditation Program (DAP), The Role of Chairman (RCP), Audit Committee Program, Role of Compensation Committee (RCC).

In this regard, the Company has continuously sent directors and executives to attend training courses organized by the IOD and other institutions.

### - Orientation for New Directors

The Company also arranges for orientation for newly-appointed directors, whereby the Board of Directors assigns the Company Secretary to meet newly-appointed directors by convening a meeting with the relevant directors and/or executives and/or officers for clarification and answer to questions, as well as preparing documents and briefing for new directors, such as, information relating to the Company, business overview, shareholding structure, organization structure, listed company director's handbook, the CG Code, code of ethics, power and duties of the Board of Directors, the annual schedule of the Board of Directors' meetings. Meanwhile, the Company allows directors to attend any training course as suggested by the Office of the SEC and organized by the Thai Institute of Directors (IOD).

## 12. Succession Plan

The Board of Directors sets out a succession plan for executive level and in the primary line of work, by significantly taking into account the performance, potentials and readiness of each person. In this regard, the Company makes preparations for those potential successors in the development of their knowledge, competency and skills as required for their work positions for succession in the event that the Managing Director or executives in the key positions are not able to perform duties.



An executive who has been assigned to succeed an office shall not only be qualified and experienced in an appropriate field, but also accept transfer of knowledge and experience by rotation to other related work units, as well as attending additional necessary training courses to be well prepared in the performance of duties in a higher position in the future, and to ensure smooth succession and continued management.

The Company sets up a human resource management system with sufficient allocation, control and following up of the assessment in respect of nomination process for qualified and knowledgeable persons as required; appropriate and fair remuneration; determination of duties and responsibilities, performance of personnel; performance standard; personnel development; and efficient communication, to ensure staff knowledge and skills, by applying a performance evaluation system in support of consideration of remuneration as appropriate for staff ability and performance.