



# **CORPORATE GOVERNANCE POLICY**

## **CH.KARNCHANG PUBLIC COMPANY LIMITED**



The Board of Directors puts their trust in and realizes the significance of the Corporate Governance Code, consisting of establishing clear leadership role and responsibilities of the Board contributing to the sustainable value creation for the business, and conducting business with responsibility for the Environment, Social and Governance or “ESG”, which is always given the priority by the Board of Directors and all executives. The Board of Directors also defines the Company’s missions, visions, and code of business ethics which are in consistency with such commitment, and enhances the significance of formulating operational policies to attain the business sustainability in a more concrete way, while also carrying out competency development, nurturing innovation, alongside having agility against changing circumstances, by having effective risk management and internal control systems in place in order to control and balance the power to assure the transparent and verifiable management, including respect for human rights, respect for the nature and our world, together with respect for rights and equality of shareholders by encouraging and supporting engagement and communication with shareholders; ensuring disclosure and financial integrity, as well as ensuring all stakeholders-oriented management. These are key factors in adding value and bringing the highest returns to the Company’s shareholders in the long run on a sustainable basis.

To boost confidence of all shareholders, investors and stakeholders, and ensure development contributing to the Company’s good corporate governance on a continuous basis, including understanding of the Board of Directors in the Company’s business operations, expectations of stakeholders, opportunities and risks affecting the business operations, the Board of Directors then requires that the corporate governance policy and compliance with such policy shall be regularly reviewed on a yearly basis. In this connection, the Company has publicized the Company’s corporate governance policy on its website to allow all shareholders, investors and stakeholders to have access to the Company’s practical guidelines and business operations based on the Principles of the Corporate Governance Code. Moreover, the Company has widely disseminated and communicated the Company’s good corporate governance to the Company’s staff for acknowledgment, and encouraged its staff to comply with such policy.



## **Corporate Governance Policy**

The Board of Directors has understood the roles, duties, benefits and principles of the Corporate Governance Code 2017 (CG Code). After the promulgation of such CG Code, the Corporate Governance and Risk Management Committee, as the Company's subcommittee responsible for supervising and monitoring to ensure the Company's compliance with the CG Code to promote and support the Company's business operations with a commitment to sustainable value creation for the business and adherence to the Company's Code of Business Ethics (Code of Conduct), reported to the Board of Directors on the promulgated CG Code in accordance with the guidelines stipulated by the Office of the Securities and Exchange Commission (Office of the SEC). The Board of Directors then assigned the management to educate all staff of the Company about such CG Code for strict compliance therewith, while also requiring that such compliance be evaluated at least once a year. To that end, the Board of Directors has authorized the Corporate Governance and Risk Management Committee to consider and evaluate the implementation of such CG Code before proposing the same to the Board of Directors for consideration.

The Board of Directors' Meeting resolved to grant approval for the Board of Directors to consider reviewing the Company's corporate governance policy, by requiring that the principles under the CG Code be applied by means which are suitable for the Company's business and in conformity with the Company's Code of Conduct, as well as jointly evaluating the compliance with such CG Code, thereby resulting in a profound understanding on the CG Code's benefits and principles in ensuring sustainable value creation for the Company's business, as well as a plan to develop and add guidelines in aspects which the Company should have to improve and remedy to make it suitable for the Company's circumstances. Meanwhile, any principles which could not yet be or have not yet been applied were already recorded, together with their reasons, in the resolution of the Board of Directors.

### **1.1 Overview of the Company's Corporate Governance Policy and Guidelines**

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 of Thailand and as shareholders who own the Company, in accordance with the accepted Principles of the Good Corporate Governance of the SET, namely:

#### **1. Shareholders' Rights**

Encouraging shareholders to exercise their basic rights, and taking greater care of shareholders than their rights provided by laws, without any actions violating or infringing 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 Conduct.

##### **1.1.1 Policies and Practices relating to the Board of Directors**

The Board of Directors is comprised of knowledgeable, skilled and experienced persons who can bring considerable benefits to the Company. All directors of the Board of Directors are fully committed to performing their duties to the best of their abilities. The Board of Directors is appointed by the Company's shareholders to formulate the Company's operating guidelines and to appoint specific subcommittees to be in charge of the specific areas as assigned; as well as to appoint the Management to be responsible for the business operations, together with the appointment of the Company Secretary to be responsible for meeting proceedings, compliance with applicable laws and regulations related to various matters, including the appointment of the Company's auditor.

Moreover, the Company has established the policies and guidelines related to the Board of Directors and executives in the corporate governance policy in the Chapter: The Board of Directors' Responsibilities under the Fiduciary Duty, which require adherence to four principles as follows:

1. Duty of Care;
2. Duty of Loyalty;
3. Duty of Obedience; and
4. Duty of Disclosure.

##### **(1.1.1.1) Policies and Practices relating to Nomination, Appointment of**

#### **Directors and Top Management**

The Company's policies on nomination, appointment of directors and top management are in accordance with the criteria as provided by the law and the Board of Directors. Initially, the Nomination and Remuneration Committee is assigned to consider whether candidates are qualified to perform the duties as a director under the policies stipulating that the structure of the Board of Directors shall be composed of those who have knowledge in various fields, whether in terms of professional skills, expertise in specific fields, or gender, among other things, all of which shall be considered from those who have knowledge, expertise, and experience which bring substantial benefits to the Company, with their great dedication and time to fully perform their duty and responsibilities. Such candidates will be nominated to the Board of Directors for approval before presenting them to the Shareholders' Meeting for approval and appointment. Moreover, the Board of Directors has appointed subcommittees to be responsible for specific matters as assigned.

With regard to the nomination of a candidate for the position of President, the Nomination and Remuneration Committee will consider nominating a suitably qualified individual, namely, who has knowledge, abilities and experience useful for the administration to meet the objectives or goals established by the Board of Directors, as well as having insight into the Company's business, whereby the Nomination and Remuneration Committee will nominate such candidate to the Board of Directors for consideration and appointment.



As for executives at the managerial level or higher, the management will nominate to the Executive Board to consider appointing the candidates who have experience, qualifications and skills essential for the business management.

Details of the nomination, appointment of directors and top management are shown in Item 8.1.1.

#### **(1.1.1.2) Policies and Practices relating to Remuneration for Directors and Top Management**

The policies and practices relating to remuneration for directors and top management are in accordance with the criteria specified by the Board of Directors, namely, remuneration shall be reasonable and at the sufficient level to motivate and retain the competent directors and executives while being comparable to that offered by other companies on similar scale or of similar nature, corresponding to the Company's operational results and performance evaluation results of each director and executive as measured with the performance management system. That is:

**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, per the following details:

**Remuneration for President** : The Company formulates a policy on remuneration for President under which 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 on a yearly basis.

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

#### **(1.1.1.3) Policies and Practices relating to the Board's Independence from the Management**

Under the policies and practices relating to the Board's independence from the management, the Board of Directors allows directors to judge, provide opinions and cast votes on matters which the Board of Directors has the authority to independently decide, due to the fact that the Company foresees that the Board's decisions under pressure from the management, their duties, tasks or families, including their interests in any matter will result in the distorted decisions. The Company has then placed a premium on director independence to ensure that directors are able to perform their duties to the best of their abilities in order to protect benefits of shareholders and stakeholders of all groups. To that end, if the Company considers and finds that one of its directors has any interests or is not independent of the management, such director will be barred from participating in the decision on such matter.

#### **(1.1.1.4) Policies and Practices relating to Director Development**

Regarding the policies and practices relating to director development, the Board of Directors has a policy to support and provide training and learning for the Company's directors and executives to ensure their continued improvement and performance, including both internal and external training courses. To that aim, all directors on the Board of Directors are required to annually attend training courses or seminars that enhance their operational knowledge, such as knowledge of sustainable business operations, knowledge of the Company's



business nature, and so forth, in order to better develop and comprehend the performance of duties as a director. The Board of Directors and the high-level executives have attached significance to participation in a variety of training courses or seminars to develop their knowledge and skills. Moreover, the majority of the Company's directors have successfully completed 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 (ACP), and Role of Compensation Committee (RCC).

#### **(1.1.1.5) Policies and Practices relating to Director Performance Evaluation**

Regarding the policies and practices relating to director performance evaluation, the Board of Directors has a policy to evaluate performance of the Board of Directors as a whole, subcommittees and directors on an individual basis at least once a year, and also requires an annual evaluation of performance of the President in accordance with the criteria prescribed by the Nomination and Remuneration Committee, in order to ensure that the Board of Directors has jointly considered their performance and address problems in the previous year, as well as to improve the effectiveness in the Board of Directors' performance. Moreover, the evaluation subjects are required to be reviewed to suit and conform to the roles, duties and responsibilities, and the guidelines of the CG Code.

#### **(1.1.1.6) Policies and Practices relating to Information Technology Security**

Regarding the policies and practices relating to information technology security, the Board of Directors has considered requiring the Company to draw up an information technology security policy in accordance with the rules set forth under the amended laws and regulations, to serve as a guideline for users of the Company's computer, network, Internet systems as well as data and other information assets, to ensure that they are used appropriately and consistently with the Company's firm intention of placing an emphasis on the security of information technology systems, considerably contributing to efficiency, reliability and continuity in the Company's business operations. Furthermore, the results of the implementation of such policies are required to be monitored through risk assessment and risk management on a quarterly basis and subject to regular audit by the Internal Audit Office.

#### **(1.1.1.7) Policies and Practices relating to Supervision of Subsidiaries and Associated Companies**

Regarding the policies and practices relating to supervision of subsidiaries and associated companies, the Board of Directors has its governance mechanism to monitor and supervise the management and responsibility for operations of subsidiaries and associated companies in order to protect interests in the Company's investments. To that end, the Company's representatives shall be assigned to hold office as directors, executives, or controllers in such companies according to its shareholding proportion. The Company specifies that the assignment of such representatives shall be subject to approval by resolution of the Board of Directors' meeting, and such persons who are appointed as directors in subsidiaries or associated companies shall have the duty to ensure the best interests of such subsidiaries or associated companies; provided that such appointed persons shall obtain approval from the Board of Directors of the Company prior to passing a resolution or exercising the voting right on significant matters at the same level as that shall be approved by the Board of Directors in the Company's operations. The Company also sets out the scope of power, duties and responsibilities of directors and executives as the Company's representatives in such companies to control or participate in the formulation of significant policies on their business operations.



### **1.1.2 Policies and Practices Related to Shareholders and Stakeholders**

In 2022, the Company complied with the Principles of Good Corporate Governance for Listed Company as stipulated by the Stock Exchange of Thailand to ensure conformity with the policies and practices related to shareholders and stakeholders as established by the Company 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 taking any actions violating or infringing 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 provides an opportunity for shareholders to propose items of the agenda of the shareholders' meeting and nominate directors, by way of the Company's announcement via the channels of the Stock Exchange of Thailand and the Company's website, together with notice of detailed and clear criteria for consideration of acceptance of the proposed matters. Shareholders are allowed to propose agenda items and nominate directors in advance 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 or E-mail address: company\_secretary@ckplc.com. 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 at the meeting. Further opinions or questions relating to agenda items are allowed after the end of report or presentation of each agenda item, while further opinions or questions relating to other matters than agenda items are allowed after the meeting has already proceeded in accordance with all agenda items.

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

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.

In 2022, the Company held the Annual Ordinary General Meeting of Shareholders via electronic means (E-Meeting) in accordance with the Emergency Decree on Electronic Meetings B.E. 2563 (2020) and the Announcement of the Ministry of Digital Economy and Society Re: Security Standards for Meetings via Electronic Media B.E. 2563 (2020), and also allowed its shareholders to attend the E-Meeting via such system.

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 SET's news system 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 Responsibility and Sustainability 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 and 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 Company has disclosed the structures of shareholdings in the Company and its subsidiaries in a clear, transparent and verifiable manner, without having a pyramid shareholding structure or cross-shareholding within the Company's 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, by complying with relevant criteria and has opened up an opportunity for shareholders to interact themselves. In the past year, the Company had no cases of violating or failing to follow such criteria.

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 fair and equal treatment towards all shareholders, including minority and foreign shareholders, with the following measures for protection of the shareholders' basic rights:

1. The Company issues only one type of ordinary shares and 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 has clearly notified 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 since September 1, 2022, 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. In the previous year, no shareholder proposed the agenda for the Annual Ordinary General Meeting of Shareholders or nominated any qualified candidates for appointment as directors of the Company.

3. The Company has established the written policies to prevent the use of insider information of the Company and prevent a conflict of interest under the resolution of the Board of Directors, as well as educating its directors, management and staff on such policies via the clarification report or training on a regular basis, with the Company treating them as important policies to prevent directors, management and staff from abusing their position for seeking or gaining any personal interests. The policies and guidelines for monitoring of the implementation of such policies have been specified in the Annual Registration Statement/Annual Report (Form 56-1 One Report), and the Code of Conduct and the Code of Business Ethics, and are also distributed and disseminated to all directors, management and staff of the Company for acknowledgment and compliance. In addition, such information is made available on the Company's website, as another accessible channel for all staff. In the previous year, none of the Company's directors, management, and staff violated such policies in an effort to improperly seek their own or others' benefits.

The Company's directors and management are required to disclose reports to the Securities and Exchange Commission on holding of securities in the Company by oneself, by his/her spouse, and minor children, as well as reporting on every change in such holding of securities from each 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 the securities. Moreover, directors and management have realized their duties and responsibilities, including the penalty provisions as specified in the Securities and Exchange Act B.E. 2535 (1992).

In respect of the Company's practices relating to prevention of usage of insider information and prevention of a conflict of interest, the Company attaches importance on the efficient internal control system by setting out the internal control guidelines to prevent and minimize potential risks, for instance, the Company requires that its directors, management and staff 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, as a consequence of the guidelines to prevent the use of insider information of the Company, and so on.



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 Company's Board relating to such transactions. Nevertheless, in the previous year, the Company did not enter into any related party transactions which were subject to information disclosure or shareholders' approval.

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 whether a person is a connected person or interested person, the Board of Directors takes into consideration the reports on their 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 fairly executed according to market price and the ordinary course of business. In the previous year, the Company did not execute any connected transactions or trading of assets in a way which was in violation of or not in compliance with the rules of the Stock Exchange of Thailand or the Office of the Securities and Exchange Commission or other relevant agencies.

However, other than the notification of execution of such related party transaction and connected transactions in accordance with the specified rules via the news notification channels to the Stock Exchange of Thailand and other relevant agencies, the Company also discloses such transactions (if any) in the Company's Annual Registration Statement/Annual Report (Form 56-1 One Report).

6. The Company has no the structure of business group with connected transactions in such a manner which may have a conflict of interest, one of the policies which is given priority by the Board of Directors, 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. In the previous year, the Company delivered the notice of the shareholders' meeting to shareholders in advance at least 21 days prior to the meeting.



11. The Company publicizes the notice of the meeting and supporting documents in both their full English and Thai versions, on the Company's website on the same day, in advance 30 days prior to the meeting date for the shareholders to have time to consider details of each agenda item.

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. In the previous year, the Company did not execute any transaction of this type.

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 and/or other relevant agencies.

### **3. Roles of Stakeholders**

The Company realizes the significance of rights of all groups of stakeholders, whether inside, such as directors, executives, and staff 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 has always complied with the principles of the CG Code in the Chapter: Shareholders' Rights and Equitable Treatment of Shareholders. In addition, the Company attaches significance to the annual ordinary general meeting of shareholders by complying with the principles of quality assessment of the shareholders' meeting established by the Office of the Securities and Exchange Commission 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, and at the possible opportunity, annual sports competition, to ensure the unity and good relationship;

Last year, there was no report on lost time accident or absenteeism rate or lost time injury frequency rate.

- The Company places a high value on its staff, and in order to achieve its objectives, the Company recruits and employs personnel who are knowledgeable, capable and experienced to perform works to meet the Company's requirements and growth. To this end, the Company regularly organizes programs for employee competency development to ensure that staff members have enhanced skills and capabilities;

- 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 a value creation to the business and corresponding with the Company's short- and long-term operational results;

- The Company builds the participatory working atmosphere and teamwork by thoroughly allowing its 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 respect for staff's right to freedom of association and collective bargaining.

In the previous year, the Company received no whistleblower 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 general 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 its staff's environmental consciousness and responsibility 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 messages, notice board, internal newsletters, in order to increase staff's knowledge and skills in terms of environment;



- The Company has presented the results of performance in compliance with the policies and action plans in respect of social responsibility in a form of direct report to the Board of Directors, and disseminated the CSR activities to the Company's staff, shareholders, and related persons, as well as publicizing such information via the Company's website and Annual Registration Statement/Annual Report (Form 56-1 One Report).

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, by which it will play an important role in building the Company's quality and achievements as a whole. Directors, management, staff are then required to comply with laws and human rights or human dignity principles, without discrimination against race, color, gender, language, religion, society, property, place of origin, political opinions or other status, and also realize their duties and responsibilities towards society and others. The Company's practical guidelines and staff care are as follows:

1) The Company shall strictly comply with laws and principles of human rights and shall in no way support any business in violation of the principles of human rights;

2) The Company has established policies and practices on fair treatment of employees, without discrimination; provision of equal opportunities to its employees at all levels, both in terms of employment/dismissal with equality and fairness; appropriate employee remuneration and welfare; promotion of the development of the Company's personnel on a regular basis; with an emphasis on work safety and fair employee benefits in various fields, without employment/dismissal due to discrimination on the grounds of gender, race, color, religion, age, marital status, pregnancy, political opinion, or disability, etc.;

3) The Company shall provide equal opportunities for all staff to work under the Company's rules, regulations, announcements and orders;

4) 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;

5) In terms of personnel development, the Company has set out a personnel development promotion policy by providing the Company's personnel opportunities for training or additional study in order to ensure their competency development as required by each work unit to enhance the organization's competitiveness and uphold the guidelines for fostering creativity so that new innovations can be designed.

11. The Company has established a non-infringement of intellectual property, copyright or trademark 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 and to 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 a 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 governance, to which the Company's staff at all levels have the duty, as well as monitoring code of ethics, morality and action plans or measures in governance relating to anti-corruption and bribery, including authority and duty to report on various matters directly to the agencies which are responsible for monitoring and inspection of the organization's independence. Moreover, the Company has adopted the corruption risk assessment process and established the practices relating to supervision and control for prevention and monitoring of corruption risks, including guidelines for following up and evaluation of performance of 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. The Company has then established the anti-corruption policy for ensuring strict adherence thereto and compliance therewith by all of the Company's directors, executives and staff. The following are the key practical guidelines:

- 1) The Company's directors, executives and staff of all levels should engage in activities with various agencies based on fairness, honesty, integrity, and transparency, provided that such activities must be proper in accordance with laws, policies, articles of association, rules announcements or accurate operational procedures.
- 2) The Company promotes and supports fair and honest treatments towards all its business alliances, including compliance with contractual obligations to the Company's stakeholders.
- 3) The Company promotes and supports awareness-raising among directors, executives and staff to ensure that they refrain from committing any fraud or corruption and realize negative impacts of corruption.
- 4) The Company supports and encourages its directors, executives and staff to refrain from receiving, agreeing to receive, providing any hospitality, gift/souvenir and any other payments which are extravagant and inappropriate from and to those who make business deals with the Company.
- 5) The Company arranges for staff training to educate them regarding the anti-corruption policy, practices and guidelines on a regular basis.

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. In the previous year, the Company was not found to engage in any misconduct in terms of corruption or ethics.

13. The Company has established a policy on information technology security, with the information technology security being a key factor contributing to efficiency and reliability in the Company's business operations, and to that end, the Company is committed to developing the information technology security system through adequate and suitable allocation of budget and resources in terms of information technology to be used for assuring that:

- 1) Access to the information technology system shall be strict to only authorized persons;
- 2) The information technology system has accuracy, reliability, and has the confidentiality of information;
- 3) The information technology system is always readily available for use;
- 4) The information technology security is regularly inspected;
- 5) The Company promotes staff's suitable knowledge, ability, and awareness as to information technology security.

The responsibility for the information technology security lies with everyone; it is then the duty of staff and third parties who are authorized to have access to the Company's information system to make every effort to ensure the highest security. Details of policies and practices relating to information technology



security are made publicly available on the Company's website, where their entirety can be viewed at <https://www.ch-karnchang.co.th/th/#/governance>.

14. The Company has the corruption risk assessment process via the risk management working group which shall meet quarterly to report on the results and submit it to the Executive Board, the Corporate Governance and Risk Management Committee, and report to the Board of Directors, respectively. The practices relating to supervision and monitoring to prevent and follow up corruption risks are established, 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.

15. 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@ckplc.com](mailto:audit_committee@ckplc.com), and/or through the Company Secretary or via e-mail: [company\\_secretary@ckplc.com](mailto:company_secretary@ckplc.com). In 2022, the Company received no complaints.

16. The Company has a policy or guideline for protection of staff or any whistleblower who informs the Company of wrongdoing, by establishing measures to protect them under the criteria as follows:

1) Any whistleblower or person who provides cooperation in fact-findings may choose not to disclose his/her identity if he/she considers such disclosure would cause insecurity or damage of any kind. However, if the whistleblower's identity is allowed to be disclosed, it will enable the organization to report on any relevant development and clarify the relevant facts;

2) The Company will not disclose name-surname, address, photograph, or any other data which may reveal the identity the whistleblower or person who provides cooperation in fact-findings;

3) The complaint or whistle-blow recipient will keep relevant information confidential and take into the safety account, whereby measures are established to protect the whistleblowing staff and a person who provides information, including cooperation in investigation, by which they will be protected from unfair treatment, such as, change of work position, job description, work place, work suspension, threat, disruption to work, employment termination, as a result of the complaint or whistleblowing report;

4) Any aggrieved parties will be relieved by means of proper and fair process.

17. The Company arranges for channels for all stakeholders, general public, and staff to make complaints on unfair treatment or to provide any clues relating to matters which may be considered illegal, and provides for solution process, including measures to protect the whistleblowing staff and notice of the results to the whistleblowers on a systematic and fair basis. Staff are provided with channels through which they can file their complaints and independently provide their opinions, as follows:



1) The complaint or whistle-blow recipient shall gather facts concerning violation of or non-compliance with the laws or ethics;

2) The complaint or whistle-blow recipient shall report the facts to the independent directors with the duty to 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 or whistle-blow 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 or whistle-blow recipient shall notify the whistleblower of the results should such whistleblower disclose his/her 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.

18. 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 Public Limited Companies Act, the Securities and Exchange Act, including rules and regulations issued by the SET and the Office of the SEC.

Over the past period, the Company has disclosed its significant information via the SET's news system and prepared its financial reports and other reports, such as connected transactions, acquisition or disposition transactions, shares distribution reports, and so forth, in accordance with the requirements of the SET 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 SEC, 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/Annual Report (Form 56-1 One Report), 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, CSR activities, etc. 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 attaches great significance to 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.

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 Registration Statement/Annual Report (Form 56-1 One 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 did disclose the roles and duties of the Board of Directors and various subcommittees, number of meetings and attendances of each director in 2022.

6. The Board of Directors and the management have reported on their respective securities holdings and change in their securities holdings 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 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 Office 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 SET, 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.

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 connected transactions, which importantly, 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 has established its long-term objectives/goals that the Company's business operations must be able to achieve the balanced growth and produce engineering works for sustainable infrastructure development for life and society, while also generating the highest returns for stakeholders of all sectors.

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

The Board of Directors acknowledges its responsibilities and role in setting policies and directions for the Company's operations to ensure compliance with laws, the Company's business objectives, Articles of Association, as well as resolutions of a shareholders' meeting. To that end, the Board of Directors monitors and supervises to ensure that the management efficiently and effectively performs in accordance with the specified policies in order to protect the Company's interests, maximize its economic value and create the greatest wealth for shareholders based on the principles of the CG Code. The Board of Directors also monitors and supervises to ensure that the strategies have been applied to the business administration 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 suitable 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 Principles of the Corporate Governance Code for Listed Companies 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 for the Company, comprising: six executive directors and four independent directors, in consistency with the proportion specified by the Office of the SEC. The Chairman of the Board of Directors is an independent director by the definition of the SET and has no relationship with the 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.

### **2. Subcommittees**

The Company establishes five subcommittees to closely monitor and supervise the operations. Each of such subcommittees has evaluated its self-performance and has reported on the evaluation result to the Board of Directors on a regular basis. Details of information and report of the respective subcommittees are shown in Item 7.3. The subcommittees consist of the following:

1) The Executive Board has performed its duties to provide useful suggestions and advice to the management and consider scrutinizing works proposed to the Board of Directors, 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 the Company's 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 strategies for risk management.

5) The Corporate Social Responsibility and Sustainability Committee has performed its duty to establish the operational policies which will act as a catalyst for the business sustainability in a tangible way, by providing suggestions, monitoring performance to ensure achievement of the goals in accordance with the social and environmental policy as well as considering and following up on progress of social and environmental works, 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 a corporate governance policy to which adherence by directors, management, and staff of the Company is required, and ensures that it has mechanism sufficient and conducive to the implementation, follows up performance, and also requires it to be 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 formulation of the Company's vision, missions, values, and strategies, including financial targets, action plans and budgets, as well as supervising, controlling, monitoring to ensure the 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, missions, and values reviewed and approved at least every five years. Subsequently, the Board of Directors' Meeting No. 7/2014 on December 24, 2014 resolved to grant approval for the Board of Directors to consider reviewing the Company's vision, missions, and values 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's code of ethics has been prepared since 2003 and updated to suit its business context as appropriate, with the approval by the Board of Directors. The code of ethics contains proper practices of directors, executives and staff as guidelines for their treatment towards the Company, colleagues, third parties and society, in accordance with the best practices. Over the past years, all directors, executives and staff have acknowledged and well understood the proper and ethical practices and adhered to such practices in the performance of their duties for achievement of 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 for 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 requires a regular review of its Code of Conduct, if it is found that any desirable practices in its Code of Conduct have not embraced the concept of the Company's business operation, it shall be promptly amended by the Company to reflect it. Other than this, the Company has not only arranged for the annual evaluation of compliance with the Code of Conduct by all of the Company's directors, executives and staff, and which all of them are also required to sign attesting to their commitment to upholding the Company's Code of Conduct, but also continues to encourage its high- and middle-level executives to undergo training courses in good corporate governance in order to enhance their knowledge, understanding, support and uphold the good vision and attitude towards management based on the CG Code to ensure leadership qualities and succession to the executive positions, including adherence to morality and ethics in performing duties and advancing the organization.

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 never had records of violation of 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 their opinions relating to adequacy of the internal control system in the Annual Registration Statement/Annual Report (Form 56-1 One Report).

8) The Board of Directors properly considers the transactions which may have a conflict of interest 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 interest 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 interest 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/ Annual Report (Form 56-1 One 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 interest, 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 or 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 the 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, Deputy Chairman of the Executive Board, 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, Executive Vice President: Internal Audit Department, and Executive Vice President: Project Support.

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 of plans or 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 directors in the number specified by law may convene additional meetings as necessary. The Board of Directors regularly meets every two months. The Company Secretary and 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 of Directors' 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. In 2022, the Board of Directors convened a total of eight meetings, one of which was 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 whether a person is a connected person and interested person, the Board of Directors shall take into consideration the report on their 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, under which the directors present at the meeting shall not be less than two-thirds of all directors.

#### **1.2 Code of Conduct and Anti-Corruption**

The Company has established the Code of Business Ethics which have been intertwined with its vision, missions, strategies, and practices to contribute to value creation for the organization's stable and sustainable growth in accordance with the defined values: C-K-S-A-T-I, namely C: Commitment to Quality, K: Knowledge and Knowhow, S: Synergy and Sustainability, A: Agility, T: Trust in Teamwork, I: Integrity and Innovation, since 2003. The Code of Business Ethics has always been reviewed and updated to suit the Company's current business situation. This is to codify formalities, define scopes, standards, conducts and behaviors to which all the Company's personnel should adhere in operating the business and performing their duties, and to ensure that they perform their works in the same direction based on the framework of ethics, morality, integrity, and to achieve an orderliness, equality, and impartiality to lay foundation of the Company to become an organization with sustainable growth, while also building confidence of shareholders, stakeholders of all groups, and society.



Given that the Board of Directors has approved and encouraged the Board of Directors, executives and staff of the Company to comply with the Code of Business Ethics in pursuit of a good corporate culture since the Company's Code of Business Ethics encompasses management, director and staff codes of conduct for desirable practices towards the Company, colleagues, third parties, and society based on good morality, over the past period, all of the Company's directors, executives and staff have accordingly acknowledged and understood the proper and ethical conducts as well as fulfilling their duties with integrity and fairness based on such conducts for the attainment of the Company's missions. The Company has communicated and promoted compliance with the Code of Business Ethics of the Company. To this effect, the Human Resources Department has written the Code of Business Ethics of the Company for its staff and regularly provides all of its staff training on compliance with the Company's Code of Business Ethics. In 2022, there were 19 training sessions, in which 99 new hires were trained.

Furthermore, the Company has its guidelines which have underpinned the business operations in compliance with the Code of Business Ethics, including monitoring of such performance, and to that end, the Ethics Compliance Survey Forms are arranged and sent to all of the Company's directors, executives and staff to regularly conduct the annual evaluation of their own performance of the compliance with the Code of Business Ethics of the Company, and the results of the surveys are then concluded and used as a benchmark for ensuring earnest adherence to the Code of Conduct. In 2022, there were 96 executives (from the levels of Section Manager upwards to Chairman of the Executive Board) who conducted such evaluation and all 96 executives returned the evaluation results to the Human Resources Department, accounting for 100 percent, with the overall evaluation results representing very good; meanwhile, there were 1,328 staff (from the levels of Department Manager downwards to Operational Staff) who conducted such evaluation and all 1,328 staff returned the evaluation results to the Human Resources Department, accounting for 100 percent, with the overall evaluation results representing very good.

The overall evaluation results of the Company's directors, executives and staff regarding compliance with the Company's Code of Business Ethics can be summarized 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. Conflicts of interest: Not disclosing any confidential information of the Company to any third party; refraining from any act which will give rise to a conflict of interest between their own interest and the Company's interest; not involving in nor holding any share in any business which may have an interest or a conflict of interest 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: Performing the assigned works to the best of their ability to create value added for the organization to ensure its capability to accommodate the business growth and expand its business with continuity as well as creating value added for 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 safeguarding the Company's assets against loss, damage or misuse.

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

However, the Company requires a regular review of its Code of Business Ethics, if it is found that any part of the desirable practices in the Company's Code of Conduct have not embraced the concept of the Company's business operations, it shall be promptly amended by the Company to reflect it. Other than this, the Company has not only arranged for an annual evaluation of the compliance with the Code of Conduct by all of the Company's directors, executives and staff, and which all of them are also required to sign attesting to their commitment to upholding the Company's Code of Conduct, but also continues to encourage its high- and middle-level executives to undergo training courses in good corporate governance in order to enhance their knowledge, understanding, support and uphold the good vision and attitude towards management based on the CG Code to ensure leadership qualities and succession to the executive positions, including adherence to morality and ethics in performing duties and advancing the organization.

Moreover, the fact that the Company attaches significance to anti-fraud and anti-corruption as well as supporting and promoting awareness-raising among its personnel at all levels as to anti-fraud and anti-corruption of all types. To that end, the Company formulates a policy on anti-corruption and anti-bribery to prohibit any bribe payment for the Company's business interest or giving any gifts, assets or any other benefits to any persons having a duty or business related to the organization for the Company's business interest. It has also been incorporated into the Company's Code of Business Ethics, in which clear guidelines are set to prevent any problems due to corruption and unfairness in the business operation, which personnel at all levels, including employees, representatives, affiliated companies or any persons acting for or on behalf of the Company, regardless of their authority or power to do so, shall adhere to the same as standards for their work performance. Moreover, the Company deems any breach of duty to be gross disciplinary misconduct and the personnel in breach of duty shall be liable for punishment under the Company's work rules and required by laws.

As the Board of Directors approved the whistleblowing and complaint policy to be used as a tool to assist the Company in receiving complaints about violations of laws, work rules and regulations, and the Code of Business Ethics of the Company, which may cause damage to the Company's assets and reputation, from both internal staff and stakeholders of all groups, the Company has supported disclosure of information relating to corruption and bribery and that staff or business-related persons can rest assured that they are protected from reprisals as a result of such information reporting made in good faith. The whistleblowing and complaint guidelines have been established as follows:

### **Whistleblowing or Complaint**

1. The Company's directors, executives, staff or stakeholders of all groups can make whistleblowing/complaint about perceived violation of the Code of Business Ethics of the Company with the Chairman of the Audit Committee or agencies in charge or the personnel department or the supervisors or the President.

2. Making whistleblowing/complaint requires name-surname and telephone number of the whistleblower/complainant, factual details, witness, evidence, together with documentary evidence (if any). In this regard, the Company will keep information of the whistleblower/complainant confidential if the whistleblower/complainant intends to keep his/her identity anonymous. In such whistleblowing/complaint, facts or evidence which is clearly obvious and sufficient to prove the corruption shall be given.



3. Making whistleblowing/complaints shall be made via the available whistleblowing/complaint channels, as follows:

3.1 Letter to the Executive Vice President: Human Resource and General Administration, CH. Karnchang Public Company Limited No. 587, Sutthisarnvinitchai Road, Ratchadaphisek Subdistrict, Dindaeng District, Bangkok 10400.

3.2 Email to the Executive Vice President: Human Resource and General Administration at ck.whistleblowing@gmail.com.

3.3 Via complaint box within the Company.

#### **Procedures for Consideration under the Policy on Whistleblowing/Complaint**

When a whistleblowing/complaint on suspicious act in breach of duty from any directors, executives, staff or stakeholders of all groups, is received, it shall be referred to the following procedures for consideration:

1. The person who receives the whistleblowing/complaint shall collect facts relating to corruption, violation, or non-compliance with the ethics;

2. The person who receives the whistleblowing/complaint shall report on facts to the independent directors to perform duty in investigation of facts for consideration of the whistleblowing/complaint until completion within 30 days, by dividing relevant matters into issues in terms of management, development of knowledge, inspection of facts, etc.

3. The person who receives the whistleblowing/complaint shall propose the independent directors to conduct investigation of facts and formulate the implementing measures to tackle such violation of or non-compliance with law.

4. Disciplinary punishment shall be imposed against any persons who violate or fail to comply with the Code of Business Ethics, the policy on anti-corruption and the work rules and regulations as the Company deems appropriate, and damage sustained by the affected person shall be also mitigated.

5. As for reporting on result, the person who receives the whistleblowing/complaint shall have duty to notify the whistleblower/complainant of the result if the whistleblower/complainant has disclosed his/her identity. In the case of significant matter, report on result shall be made to the Chairman of the Board of Directors and/or the Board of Directors for acknowledgement.

#### **Whistleblower/Complainant Protection Measures**

1. Whistleblowers/complainants or persons who provide cooperation in inspection of facts alternatively may not disclose his/her identity if he/she deems that the identity disclosure will make him/her unsafe or sustain damage. On the other hand, in the event that he/she discloses his/her identity, the organization will be then able to make progress report and make clarification on facts to him/her or mitigate damage more conveniently and rapidly.

2. The Company shall not disclose name-surname, address, photo of the whistleblowers/complainants or persons who provide cooperation in inspection of facts, or any other information which can identify them, except as required by law.

3. The person who receives the whistleblowing/complaint shall keep all related information confidential/have regard to security. The measures to protect staff who makes whistleblowing/complaints and/or persons who provide information and/or provide cooperation in inspection of facts have been formulated. In this case, such staff shall be protected from unfair treatment, for instance, demotion, change of job descriptions, change of workplace, work suspension, threat, work interference, employment termination, resulting from such whistleblowing/complaint.

4. In the event that whistleblowers/complainants and persons providing cooperation in inspection of facts consider that they may be unsafe or may be in trouble or sustain damage, they may request the Company to formulate appropriate measures to protect them or the Company may formulate such protective measures without their request to do so if the Company deems that such matter has a tendency to cause trouble, damage or harm.

5. Proper and fair process shall be taken to mitigate damage for the persons who become in trouble or sustain damage.



### **Punitive Measures**

If, after the investigation is carried out in accordance with the procedures set forth, it appears that there is a violation or breach of the Company's Code of Business Ethics, Anti-Corruption Policy, and work rules and regulations, and to ensure no repetitive violations against the Code of Business Ethics or various regulations established by the Company, the wrongdoer must be subject to the Company's disciplinary actions according to the severity under the Company's work rules and regulations and applicable laws. In the event of damage caused by such violation, the wrongdoer must be liable to compensate the Company or those affected by such act for damage, and may be subject to legal penalties if such act is illegal.

Nonetheless, in 2022, no whistleblowing appeared or was reported that the Company's personnel had violated or breached the Code of Business Ethics of the Company, or had committed any fraud or corruption, had given or received any bribes, or had committed any act against the unfair competition or had committed violation against the work rules and regulations. In this regard, the Company made the annual summary report on violations to the Board of Directors' meeting in the same manner as the performance report on compliance with the Code of Business Ethics.

(The Corporate Governance Policy and Practices, as well as the Code of Business Ethics and Best Practices are available in their entirety at <https://www.ch-karnchang.co.th/#/governance>).

### **1.3 Significant Changes and Developments in Corporate Governance Policy, Practices and Systems in the Previous Year**

#### **1.3.1 Significant Changes and Developments relating to Review of the Corporate Governance Policy, Practices and Systems or the Board of Directors' Charter in the Previous Year**

In 2022, the Corporate Governance and Risk Management Committee and the Board of Directors considered reviewing and approving the policies related to the Company's vision, missions, values, and strategies, including a review of the Company's corporate governance policy to ensure compliance with good corporate governance principles, which shall be made on a yearly basis, in order to keep it up to date and optimize corporate governance, with an emphasis on the roles, duties and responsibilities of the Board of Directors, executives in conformity with the CG Code in order that they can be used as the Company's best practices for corporate governance.

#### **Update of the Board of Directors' and the Subcommittees' Charters**

In 2013, the Company started to draw up the Charter for Directors and Executives in which the Board of Directors' and the subcommittees' suitable, flexible and up-to-date roles, duties and responsibilities have been designated. The Board of Directors thus considers approving the application of the Charter while also approving the yearly update of the subcommittees' respective charters, comprising, the Board of Directors' Charter, the Executive Board's Charter, the Audit Committee's Charter, the Nomination and Remuneration Committee's Charter, the Corporate Governance and Risk Management Committee's Charter, and the Corporate Social Responsibility and Sustainability Committee's Charter.

#### **Communication of the Corporate Governance Policy**

The Company has prepared a manual on good corporate governance and Code of Business Ethics and Best Practices in order that it is used for communication to the Board of Directors, executives, and staff to ensure that they have understood and adhered thereto as a practical guideline for performing their duties and responsibilities. The Company also requires them to sign attesting to their commitment to acknowledging and upholding the corporate governance policy, the Code of Business Ethics and Best Practices of the Company. Additionally, a copy of the manual will be sent to new hires to read, comprehend, and sign attesting to their commitment to acknowledging and upholding the same.

In 2022, the Board of Directors remained committed to ensuring strict compliance with the policies and best practices, including continued improvement of the Company's corporate governance in order to ensure that the Company's good corporate governance would stay at international level, especially in the ASEAN



region, and that the Company would meet its goals of achieving stability and steady growth, and nourishing sustainability for the organization, shareholders and stakeholders of all sectors, with the emphasis on upholding standards and developing corporate governance, as well as promoting compliance with them until they are ingrained in the corporate culture through a variety of activities, as follows:

- The manual on good corporate governance and Code of Business Ethics and Best Practices has been prepared and given to all staff to read and sign attesting to their commitment to upholding it, from 2003 to the present, and whenever there are new hires, such manual has been given to them to read, comprehend, and sign attesting to their commitment to acknowledging and upholding the same. This practice has served as a standard ever since.

- There is orientation for new hires to provide them advice and understanding of the corporate culture, including the good corporate governance and Code of Business Ethics and Best Practices of the organization.

### **1.3.2 Compliance with the CG Code 2017**

In 2022, the Company mostly complied with the CG Code 2017, except for the following:

1. Determination of the number of terms of holding of office as director and independent director. The Board of Directors does not clearly determine any number of terms of holding of office as director. In regard to the determination of a term of consecutive holding of office as independent director of not exceeding nine years, the Board of Directors considers and deems that the appointment of independent directors to resume their office as independent directors will be useful for the Company and shareholders since the directors consecutively holding such office will have knowledge and experiences in the Company's business operations, thereby maximizing value to shareholders.

2. The Board of Directors has not consisted primarily of independent directors (more than 50 percent) since the Company only has its independent directors who make up more than one-third of the total number of directors who are experienced, expert in specific fields and independent in performing the duties.

3. The Nomination and Remuneration Committee has not been wholly or primarily composed of independent directors. Currently, it has independent directors equaling 33.33 percent of its membership.

4. There is not at least one female independent director on the Board of Directors since there are currently a number of the independent directors representing a variety of business fields. Currently, there is one female director on the Board of Directors.

5. The Board of Directors has been already informed regarding the signing of the declaration of intent to engage in anti-corruption campaign by participating in the private concerted efforts against corruption. However, it deemed appropriate that the Executive Board and/or management consult with Thai Contractors Association and companies in the construction industry on this matter in order to consider whether mutual participation in such campaign would be suitable.

In the last year, no cases of fraudulent offence or ethical misconduct; no resignation of non-executive director due to an issue related to the Company's corporate governance; and no damage to the Company's reputation as a result of the Board of Directors' breach of fiduciary duties occurred.



Nonetheless, an overview of the Company's compliance with the CG Code 2017 was as follows:

<b>Principles of the CG Code</b>	<b>Scope</b>
1. Establishing Clear Leadership Role and Responsibilities of the Board, contributing to the sustainable value creation for the business	The Board of Directors acknowledged and studied the CG Code and then authorized the Corporate Governance and Risk Management Committee to evaluate the compliance with such principle to rest assured that it obtained a satisfactory outcome of compliance.
2. Defining Objectives and Goals that Promote Sustainable Value Creation	The Board of Directors followed up and ensured implementation of the Company's strategies for the interests of all shareholders and stakeholders on a sustainable basis.
3. Enhancing the Board Effectiveness	The Board of Directors was composed of 10 qualified persons, namely, six executive directors and four independent directors, to meet the requirements of stakeholders, as well as carrying out operations conducive to exercising their discretion independently.
4. Ensuring Effective CEO and People Management	The Company had the process for nomination and development of the President, high level executives, to ensure that they had knowledge, skills, experience and qualifications necessary for driving the organization into achievement of the goals, had the appropriate remuneration structure, and also followed up, took care of and developed its personnel to ensure that the Company had adequate personnel who had knowledge, skills, experience and motivation as appropriate.
5. Nurturing Innovation and Responsible Business	The Company supported the creation of innovations which had added value to the business while also benefiting stakeholders of all groups, and the socially and environmentally responsible business.
6. Strengthening Effective Risk Management and Internal Control System	The Company had the work-related risk management system in compliance with applicable laws, the Articles of Association, resolutions of the shareholders' meeting, together with policies or guidelines as specified, and also had the process for approval of significant transactions, such as, execution of transactions which materially affected the Company, or execution of transactions which might give rise to a conflict of interest.
7. Ensuring Disclosure and Maintaining Financial Integrity	The Company prepared the financial reports and disclosed material information with accuracy, adequacy, punctuality, and equality via appropriate channels; protected confidential information and information which had an influence on the securities prices, to ensure that the disclosed information reflected the practices or contributed to the sustainable value creation for the business.
8. Ensuring Engagement and Communication with Shareholders	The Board of Directors gave priority to the fundamental rights of shareholders in such a way as allowing the shareholders to send their questions and nominate qualified persons as directors in advance, etc., and to receive information and news of the Company rapidly, completely and adequately via easily accessible channels.