



Corporate Governance Policy

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Corporate Governance Policy

Laguna Resorts & Hotels Public Company Limited (“The Company”) is committed to maintaining high standards of good corporate governance within the organization to protect and enhance long-term shareholder value. The principles of good corporate governance, in compliance with principles advocated by the SET, have been established and continuously developed in order to benefit its business to have good long-term performance and create value for sustainable business. The Company’s Corporate Governance Policy covers the following principles.

1. Rights of Shareholders

Recognizing the importance of shareholders' rights, the Company refrains from committing any act that may violate or curtail the rights of the shareholders. Shareholders' basic rights include, but not limited to, the right to buy, sell, or transfer shares, to share in the profit of the Company, to obtain relevant and adequate information on the company in a timely manner and on a regular basis and to participate and vote in shareholder meetings on significant matters such as to elect or remove members of the board, appoint the external auditor, and make decisions on any transactions that affects the company, such as dividend payment, amendments to the company’s articles of association or by-laws, capital increases or decreases, or the approval of extraordinary transactions. Shareholders are also given ample time to ask questions or give comments on matters that the Board of Directors presents or requests for approval at the shareholders’ meetings.

- 1.1 All shareholders have the same basis and rights in the casting of votes at the meetings and the receipt of dividends when declared by the Company. These are calculated based on their respective shareholding in the Company.
- 1.2 At every shareholders’ meeting, shareholders are given the right to approve important matters such as election of directors (shareholders can elect directors individually), directors’ remuneration, appointment of auditors and dividend payment, etc.

Furthermore, any shareholders who arrive at the meeting after the meeting has commenced are still entitled to vote on the agenda items that are still under consideration and have not been voted upon.

- 1.3 The Company has a policy to facilitate and encourage all groups of shareholders including institutional shareholders to attend the Company’s shareholders’ meetings and are given an opportunity to propose agenda or send questions relating to the Company’s business in advance through the distribution of a package containing the notice and meeting documents which include proxy forms to facilitate shareholders who are unable to attend a meeting in person, in English to foreign shareholders, selecting a meeting

venue that is convenient for attendance, etc. In addition, the Company provides separate registration desks to facilitate institutional investors.

- 1.4 The Company invites shareholders to propose agenda items in advance of the Annual General Meeting by disclosing criteria and procedures through the channels of the SET and the Company's website (www.lagunaresorts.com).
- 1.5 Through the Thailand Securities Depository Company Limited, the Company's share registrar, the Company sends out package containing the notice and agenda of the meeting to the shareholders at least 7 or 14 days prior to the meeting depending on the agenda as per specified regulations. The meeting documents include the facts and rationales and opinions of the Board as well as other information relating to the agenda items such as information on the persons nominated for election as directors, auditors' profiles, the part of the Company's Articles of Association that relates to the shareholders' meeting, map showing the venue of the shareholders' meeting, proxy forms, documents and evidence of entitlement to attend the meeting, etc. This is to enable the shareholders to prepare themselves for the meeting. In addition, except under force majeure circumstances, the notice of the shareholders' meeting is advertised in the newspaper and all information contained in the meeting documents will also be posted on the Company's website (www.lagunaresorts.com) at least 30 days prior to the meeting. Moreover, shareholders are always invited to register at least 1 hour before the meeting begins.

For convenience, transparency and accuracy of the registration, a barcode system is used for registration, and vote counting at the shareholders' meeting.

- 1.6 At every shareholders' meeting, all agenda items are clearly identified and particularized, objectives, and rationale and opinions of the Board are also presented in the meeting for consideration of the shareholders. The Chairman will conduct the meeting according to the sequence of the agenda and will not add any additional agenda items which are not indicated in advance in the notice unless there is a proposal to consider other matters other than those specified in the notice, in accordance with the law, from shareholders holding not less than one-third of the total number of shares issued.
- 1.7 Before the start of every shareholders' meeting, the Company Secretary will explain the voting methodology (voting rights, criteria and procedures on how to use voting slip and vote counting) to shareholders. In the interest of good corporate governance in regard to transparency, minority shareholders are also invited to witness vote counting of each agenda item. A team of legal counsels from a leading international law firm is appointed to verify the registration procedure before the Chairman of the meeting announces to the shareholders, the number of shareholders and proxy holders present at the meeting and the number of shares held by them. The legal counsels also verify the vote counting procedure in respect of each agenda item before the votes are announced as resolution

of the shareholders' meeting. Shareholders may verify the detailed results of the vote of each agenda item at the end of each meeting. The same results and a summary of questions from shareholders and answers will also be included in the minutes of the meeting which are accurately and completely documented in all material aspects and will be sent out to all shareholders for their review prior to the following meeting.

- 1.8 The Company's policy in conducting shareholders' meetings is not only to meet all legal requirements but to also provide a platform and opportunity for shareholders to communicate their views and ask the directors and management questions regarding matters affecting the Company. The Chairman allocates sufficient time for the meeting and conducts the meeting in an appropriate and transparent manner. During the meeting, shareholders are allowed to give comments and ask questions before the resolution on each agenda item. In addition, shareholders who have any questions that require the Company's clarification during the meeting may send their questions in advance to Investor Relations at "ir@lagunaresorts.com" or by way of facsimile.
- 1.9 Apart from the external auditor who will attend the Annual General Meeting, the Chairman of the Board, the Chairman of the Audit, Risk and Corporate Governance Committee and the Chairman of the Nomination and Remuneration Committee, and all of the Company's directors will endeavor to be present at the shareholders' meeting in order to assist the Board in addressing queries raised by the shareholders. The Company also invites its legal counsels from a leading international law firm to attend the meeting in case there are any legal questions that requires clarification during the meeting. Furthermore, the Company provides a professional translator to be present at the meeting to assist shareholders and the Board to communicate more effectively in English and Thai.
- 1.10 The Company gives an opportunity for shareholders to freely communicate with each other without creating any barriers and also provides convenient access to relevant news and information via the Company's website (www.lagunaresorts.com) for shareholders to receive adequate important information such as the resolutions of the Company's Board of Directors on important matters, resolutions of the shareholders' meetings, financial information, information which may affect the Company's share price, Annual Report, etc.

2. Equal Treatment of Shareholders

The Company recognizes its duty to ensure equal treatment of shareholders by complying with all relevant laws and regulations as follows:

- 2.1 With regard to voting at the shareholders' meeting, shareholders shall have votes equal to the number of ordinary shares held by each of them, which means one ordinary share is entitled to one vote. The Company has only ordinary shares.

- 2.2 For shareholders who are unable to attend a meeting in person, the Company provides the opportunity for such shareholders to appoint another person as proxy to attend the meeting on their behalf by using a proxy form B sent by the Company. Proxy form B is one of the forms prescribed by the Ministry of Commerce which allow shareholders to make voting directions. Moreover, the Company provides an opportunity for shareholders to appoint the Company's independent director as proxy to undertake proxy voting on behalf of shareholders who are unable to attend the meeting. The name of the independent director is provided in the proxy forms, together with the profile of that independent director who has been given proxy to vote on behalf of shareholders who are unable to attend the meeting, all of which are attached as part of the meeting documents.
- 2.3 Directors and management of the Company have to file a report on change in their holding of the Company's securities and derivatives to the SEC within the prescribed period in accordance with the Securities and Exchange Act. The securities and derivatives holding report is included in the agenda items of the Board meeting for the Board's acknowledgment once every 3 months.
- 2.4 The Company has formulated Corporate Governance Policy and Code of Corporate Conduct to provide guidelines for the Board, senior management and employees of all levels to comply with. The statement includes the prohibition on the improper use of insider information for personal benefit or to benefit others. Additionally, the Board approved a policy on dealing in securities of the Company which prohibits the dealing in the Company's shares while in possession of unpublished confidential and price-sensitive information during the "Embargo Period."
- 2.5 The Company provides opportunity for a shareholder or shareholders who hold shares of the Company representing at least 5 percent of the total voting rights of the Company to have the rights to propose an AGM agenda item in advance within 30 days prior to the end of the accounting period. The Audit, Risk and Corporate Governance Committee shall review the proposed agenda item and express its opinion to the Board of Directors for consideration. The proposed agenda item deemed to qualify by the Board of Directors shall be included in the AGM agenda. In the event that the proposed agenda item deemed not to qualify by the Board of Directors, it shall be announced with reasons at the AGM.

The Company provides channels for minority shareholders to make suggestions, express their opinions or make a complaint by sending the original duly signed statement together with supporting evidence to the Company Secretary by registered mail to the Company's address or by phone +66 2677 4455.

2.6 Supervision on the Use of Inside Information

Adhering to high standards of best corporate governance practice, the Company has a statement of Code of Corporate Conduct to guide its Board of Directors, senior management and all ranks and file employees in the use of inside information for the purpose of preserving the interest of all stakeholders of the Company.

In addition, in order to prevent the misuse of confidential and price-sensitive corporate information, the Board of Directors of the Company approved the policy on dealing in securities of the Company which prohibits any directors, management and employees, regardless of rank, from disclosing or using such confidential and price-sensitive corporate information. Employees are prohibited to trade in the Company's shares for personal gain or for any other reason not in the Company's interest or dealing in the Company's securities while in possession of unpublished confidential and price-sensitive information during the "embargo period" which is defined as 1 month before and up to the date of announcement of the financial results. The policy and reminder of the embargo period is communicated to directors, management and employees on an annual and quarterly basis to strictly comply with this policy. Confidential and price-sensitive information is also restricted to only directors, management and those officers who have direct responsibility over such matters. Any violation of this policy shall be subject to disciplinary actions under the working regulation. Additionally, the Company monitors the trading of the Company's securities by its directors and senior management who are required to report to the Board of Directors on a quarterly basis on the holding of the Company's securities and in accordance with the rules of the Securities and Exchange Commission.

In addition, the Board of directors shall monitor all required actions in accordance with relevant measures. Any change of securities and derivatives holding of directors and management shall be reported in the Board of Directors' Meeting and disclosed in the annual report.

2.7 Preventing conflicts of interest

The Board has established policies and measures regarding conflicts of interest as follows:

- a. Shareholding structures of the Company and its subsidiaries shall be disclosed in the Annual report and Annual Registration Statement (Form 56-1) for transparency.
- b. Each of the directors and management shall file with the Company a report covering his/her interest or his/her related persons' interests in relation to management of the Company and its subsidiaries, and update and file with the Company should there

be any change in the report. The Company Secretary shall deliver a copy of such report to the Chairman and the Chairman of the Audit, Risk and Corporate Governance Committee within 7 days upon receipt of the report.

- c. Any directors or management who has an interest in, or is related to, any transaction between the Company and an interested or related person will not participate and abstain from voting in the decision-making process involving such transaction to ensure that the Board and management make decisions in a fair manner for the utmost benefit of the shareholders. The Company shall disclose the details and reasonableness of transaction to shareholders prior to dealing with any transaction in case such transaction requires approval from shareholders and strictly follows the procedures on such transaction in accordance with the notification of the Capital Market Supervisory Board and related laws.
- d. The Company has established the policy on dealing in securities of the Company which prohibits any directors, management and employees, regardless of rank, from disclosing or using such confidential and price-sensitive information for their personal gain or for any other reason not in the Company's interest. Any violation of this policy shall be subject to disciplinary actions.

3. Role of Stakeholders

The Company pays close attention to the importance of the roles and rights of all groups of stakeholders by ensuring that they are treated properly, equitably and fairly. The Company believes that maintaining good relationships with all groups of stakeholders is important. The Company has established various guidelines for each stakeholder, details of which are shown in the Code of Corporate Conduct

4. Information Disclosure and Transparency

The Company's emphasis on the disclosure of accurate and complete information in a transparent and timely manner both in Thai and English in accordance with law and relevant rules and regulations of the SEC and the SET as well as good corporate governance through the channels of the SET and the Company's website (www.lagunaresorts.com)

Individual investors, shareholders, stock analysts and state agencies may contact the Company through the Company Secretary at telephone number 66 (0) 2677 4455 or at "ir@lagunaresorts.com" or by registered mail to the Company's address.

5. Board of Directors

5.1 Composition of the Board of Directors and the sub-committees

The Board of Directors consists of members in the number that is suitable for the size and business strategy of the Company but shall be no less than 5 members. At least one-third (1/3) of the members shall be independent directors and in any case, the independent directors shall not be less than 3 members. The Board of Directors has appointed sub-committees to supervise and monitor the business operations in accordance with the principles of good corporate governance, i.e., the Audit, Risk and Corporate Governance Committee and the Nomination and Remuneration Committee. The Audit, Risk and Corporate Governance Committee shall entirely consist of independent directors and shall comprise of not less than 3 members whereas at least one member shall have adequate expertise and experience to review the creditability of the financial reports. The Nomination and Remuneration Committee shall entirely consist of independent directors and shall comprise of not less than 3 members.

The Company's policy to fix the term of office of directors is under Article 14 of the Company's Articles of Association which stipulates that at each annual general meeting, one-third of directors shall retire from office. If the number of directors is not a multiple of three, then the number of directors nearest to one-third shall retire from office. Retiring directors in the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the director who has held office the longest shall retire. Retiring directors would be eligible for re-election.

- **Terms of Directorship**

The term of office of a director of the Board shall be 3 years. A director of the Board who vacates his/her office by rotation may be re-appointed by the annual general meeting.

The term of office of a member of the sub-committee shall be 2 years. A member of the sub-committee who vacates his/her office by rotation may be reappointed.

- **Definition of "Independent Director"**

The definition of the Company's independent directors, approved by the Board, is the persons who have all necessary qualifications and independence in accordance with the criteria set by the Company which is more stringent than the criteria prescribed by the Capital Market Supervisory Board as follows:

- (1) holding not exceeding 0.75 percent of the total voting shares of the Company, its parent company, subsidiary, associate company, major shareholder or controlling person, including shares held by the connected persons of such independent director;
- (2) neither being nor having been an executive director, employee, staff, advisor who receives salary or the controlling person of the Company, its parent company, subsidiary, associate company, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of appointment. Such prohibited characteristics shall exclude the case where an independent director used to be a government official or advisor of a governmental agency, which is a major shareholder or the controlling person of the Company;
- (3) not being a person who is related by blood or registration under laws, such as father, mother, spouse, sibling and child, including spouse of child, other directors, executives, major shareholders, controlling person or person to be nominated as director, executive or controlling person of the Company or its subsidiary;
- (4) not having or having had a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person in a manner that may interfere with his/her independent judgment, and neither being nor having been a significant shareholder or the controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person, unless the foregoing relationships has ended not less than two years prior to the date of appointment.

The term of 'business relationship' aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transactions relating to assets or services or grant or receipt of financial assistance through receiving or extending loan, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or his/her counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million baht or more, whichever amount is lower. The amount of such indebtedness shall be in accordance with the method for calculating the value of connected party transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The combination of

such indebtedness shall include the indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

- (5) neither being nor having been an auditor of the Company, its parent company, subsidiary, associate company, major shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of the audit firm which employs the auditor of the Company, its parent company, subsidiary, associate company, major shareholder, or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment;
- (6) neither being nor having been any professional advisor including legal advisor or financial advisor being paid with a service fee of more than two million baht per year by the Company, its parent company, subsidiary, associated company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of the professional advisor, unless the foregoing relationship has ended for not less than two years prior to the date of the appointment;
- (7) not being a director who is appointed as the representative of the Company's directors, major shareholder, or shareholder who is a connected person of the Company's major shareholder;
- (8) not operate any business which has the same nature as and is in significant competition with the business of the Company or its subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, advisor earning regular monthly salary, or not holding shares exceeding one percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or its subsidiary;
- (9) not having any other characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

After having been appointed as an independent director with the qualifications complying with the criteria under (1) to (9) of the first paragraph, the independent director may be assigned by the board of directors to take part in the business decision of the Company, its parent company, subsidiary, associate company, same-level subsidiary, major shareholder or controlling person, providing that such decision shall be in the form of collective decision.

5.2 Role, Duty and Responsibility

- **Duties of the Board of Directors**

The Board's primary functions are to set the Company's policy and overall strategy for the Group and to provide effective oversight on the management of the Group's business and affairs. Apart from its statutory duties, the responsibilities of the Board include:

1. Overseeing the Company in managing the business for the benefits of shareholders by observing the following four practices:
 - 1.1 Performing its duties with responsibility and all due circumspection and caution (Duty of Care).
 - 1.2 Performing its duties with faithfulness and honesty (Duty of Loyalty).
 - 1.3 Performing its duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and the resolutions of Shareholders' Meetings (Duty of Obedience).
 - 1.4 Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness (Duty of Disclosure).
2. Defining objectives that promote sustainable value creation and governance outcomes as a framework for the operations of the Company.
3. Formulating and approving the Company's vision, mission, broad policies, strategies and financial objectives for business operation and reviewing them to be consistent with any change in business situation.
4. Monitoring and approving the Company's key operational initiatives, annual budget, major investment, and funding decisions;
5. Determining and reviewing the board structure, in terms of size, composition, and the proper proportion of independent directors so as to ensure its leadership role in achieving the Company's objectives.
6. Ensuring that the policy and procedures for the nomination and selection of directors are clear and transparent resulting in the desired composition of the board.
7. Ensuring that all directors are properly accountable for their duties and responsibilities, and allocate sufficient time to discharge their duties and responsibilities effectively.

8. Ensuring that directors understand the roles and responsibilities, the nature of the business, the Company's operations, relevant laws and are consistently given support to enhance their skills and knowledge necessary to carry out their roles on the board and board committees.
9. Ensuring that an appropriate director compensation structure and performance evaluation are in place.
10. Considering the appointment of the Chief Executive Officer as proposed by the Nomination and Remuneration Committee, and to carry out performance assessment of and to determine remuneration for the Chief Executive Officer.
11. Ensuring that the Company has effective human resources management and development programs to ensure that the Company has adequate staffing and appropriately knowledgeable, skilled, and experienced employees and staff.
12. Prioritizing and promoting innovation that creates value for business together with benefits for its customers, other stakeholders, society and the environment in support of sustainable growth of the Company.
13. Encouraging management to adopt responsible operations towards society and the environment and incorporate them into the Company's operational plan in order to ensure that every department and function in the Company adopts the Company's objectives, goals, and strategies, applying high ethical, environmental and social standards.
14. Establishing a framework for governance of enterprise IT that is aligned with the Company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the Company's objectives.
15. Ensuring that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies and comply with applicable laws and standards.
16. Monitoring and managing conflicts of interest that might occur between the Company, management, directors, and shareholders. The board should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.
17. Establishing a clear anti-corruption policy, relevant policies and practices, and disseminating to the Company's stakeholders for proper implementations.
18. Establishing a mechanism for handling complaints and whistleblowing.

19. Prioritizing and ensuring the integrity of the Company's financial reporting system and that timely and accurate disclosure of all material information regarding the Company is made consistent with applicable requirements.
20. Monitoring the financial liquidity and solvency of the Company and ensuring that risks to the financial position of the Company or financial difficulties are promptly identified, managed and mitigated and that the Company's governance framework provides for the consideration of stakeholder rights.

These functions are either carried out directly by the Board or through sub-committees established by the Board, principally the Audit, Risk and Corporate Governance Committee and Nomination and Remuneration Committee. The delegation of authority by the Board to sub-committees enables the Board to achieve operational efficiency by empowering these sub-committees to decide on matters within certain limits of authority and yet maintain control over major policies and decisions.

- **Role of the Chairman of the Board**

The Chairman of the Board is responsible for leading the Board with the following duties and responsibilities:

1. Summoning meeting for Board and presiding over the meeting. In making a decision, the Chairman has a deciding or casting vote in the event of tied votes.
2. Setting Board meeting agenda in consultation with the Chief Executive Officer / Managing Director, Chairman of the Audit, Risk and Corporate Governance Committee and Chairman of the Nomination and Remuneration Committee and ensuring that Board members receive accurate, complete, timely and clear information prior to the meeting in order to assist their decision making process.
3. Conducting the Board meeting according to the agenda, relevant laws and good corporate governance, allocating sufficient time and encouraging all directors to participate in the discussion, exercise their discretion prudently and express their opinions freely.
4. Overseeing and ensuring that the Board of Directors and the Sub-Committees effectively carry out their duties to achieve the Company's objectives.
5. Promoting constructive relations between executive and non-executive directors, and between the Board and the management.
6. Ensure that all directors contribute to the Company's ethical culture and good corporate governance.

- **Duties and Responsibilities of the Chief Executive Officer / Managing Director**

The Chief Executive Officer / Managing Director has the following roles and responsibilities:

1. To be in charge of the daily business operations of the Company, supervise and manage the works and operations of the Company for complying with the policy, vision, mission, values, strategy and goals, both in terms of financial and non-financial, as well as to drive the business plan to achieve the financial budget as approved by the Board of Directors;
2. To employ, appoint, transfer, dismiss, and terminate employees in all levels, except the appointment, transfer and dismissal of the Head of Group Internal Audit, which shall also be approved by the Audit, Risk and Corporate Governance Committee;
3. To determine the salary and remuneration, adjust the salary, bonus, reward, and welfare of all employees of the Company, including the senior management in correspondence with the remuneration mechanism and welfare as approved by the Nomination and Remuneration Committee;
4. To issue internal order, policies, announcement and memo of the Company to ensure that the operations of the Company are in compliance with the policy and the interest of the Company, including to maintain the organizational discipline;
5. To perform other tasks as assigned by the Board of Directors and to perform any other acts as stipulated by laws and regulations of the authorities.

- **Separation of Power, Duties and Responsibilities of the Board of Directors and the Management**

The Company has a management structure that clearly defines the separation of power, duties and responsibilities of the Board of Directors and the Management. The Board of Directors, as the policy supervisor, has the duties to define the Company's vision, mission, values, strategy and long-term goals, including overseeing monitoring and evaluating the performance of the Management. Management, as the executives, has the duties to perform day-to-day operations to be efficient, effective and in compliance with the defined policies, vision, mission, values, strategy and long-term goals and report its performance to the Board of Directors on a regular basis.

The delegation of authority by the Board to the management is clear. All major investments, acquisition of assets and loans made by the Company and/or its subsidiaries require approvals from the Board as follows:

- New investments and acquisition of assets with the value from 1.5 percent of the Company's total assets and
- New loans with the value from 5 percent of the Company's shareholders' equity

The approval to enter into a significant transaction by the Company's Board of Directors and/or shareholders' meeting as well as all information disclosure must comply with rules and regulations of the Stock Exchange of Thailand and/or the Capital Market Supervisory Board.

- **Meetings of the Board of Directors and the sub-committees**

The Board of Directors' meeting shall be held at least 4 times a year on a quarterly basis which are planned and formally agreed upon in advance. Additional meetings are to be convened as and when circumstances warrant. The Company promotes and encourages each director to attend the Board of Directors' meeting at least 75 percent of the total number of meetings in each fiscal year, except in case of necessity and emergency. The Company will provide the meeting materials to the directors in advance at least 5 business days prior to the meeting to allow the directors to have sufficient time to study the information beforehand. As for the sub-committees, the Audit, Risk and Corporate Governance Committee shall convene a meeting on a quarterly basis and may call additional meetings as and when necessary and deemed appropriate. The Nomination and Remuneration Committee shall convene at least two meetings in each fiscal year and may call additional meetings as and when necessary and deemed appropriate. In addition, the non-executive meetings are to be conducted without the presence of executive directors and management attendance to review and discuss freely on any business issues that are of interest and additional meetings can be convened as and when circumstances warrant. The essential points of concern from the meeting shall be communicated for the attention of the Chairman. In addition, the Company encourages non-executive directors to hold meetings with the external auditor as necessary without the presence of executive directors and management attendance to review and discuss freely on any business issues that are of interest.

The Company encourages that at the time of Board and/or sub-committees' decision, the quorum should not be lesser than two-thirds of total number of directors.

- **Orientation for New Director**

The Company recognizes the importance of supporting new directors in performing their duties. The Company has provided information on its business and other information related to the operations of the Company to new directors such as an annual report and relevant laws and regulations so that they are adequately informed of the rules and regulations and business of the Company prior to performing their duties.

- **Development of Directors and Management**

The Company's directors, management and employees are constantly encouraged to develop their skills by attending various seminars and training courses organized by various organizations, e.g. the Thai Institute of Directors Association, the SET and the SEC, etc. Seminars and training courses are periodically forwarded to them. Furthermore, relevant information is regularly provided to the directors so that they are kept abreast of latest developments thus enabling them to make informed decisions.

- **Performance Evaluation**

Adhering to high standards of best corporate governance practice, the Board of Directors conducts a self-evaluation of its annual performance through group evaluation and on an individual basis. The purpose of assessment is to improve the working process for a more efficient performance and to have a transparent and fair performance for a good corporate governance to promote the Company growth and progress sustainably.

Performance Evaluation of the Board of Directors as a whole

The assessment criteria for the Board covers 6 main topics including 1) Board Structure and qualifications, 2) Roles, duties and responsibilities of the Board, 3) Board meetings, 4) Board performance, 5) Relationship with management, and 6) Director's self-improvement and management development.

Performance Evaluation of the Board of Directors on an individual basis and Sub-committees

The Board of Directors assigns sub-committees, namely the Audit, Risk and Corporate Governance Committee and Nomination and Remuneration Committee to assess their performance and report the evaluation result to the Board on an annual basis. The assessment criteria for Board of Directors on an individual basis

and for sub-committees covers 1) Board/sub-committee structure and qualifications, 2) The meeting of the Board/sub-committees and 3) Roles, duties and responsibilities of the Board/sub-committees.

After each director / sub-committee member has completed the self-evaluation form, the Company Secretary Office will calculate the scores and provide a summary of the performance evaluation results to the Board of Directors' / each sub-committee's meeting in order for them to jointly consider, find solution to improve the unsatisfactory scores and use it as a guideline for their performance in the following year, including considering and reviewing the comments and suggestions raised by each director.

- **External Directorship Policy**

The Board of Directors has set a policy to limit the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company's best interests because it helps to ensure that directors have sufficient time to handle their duties efficiently. The Board of Directors has agreed to set the policy prescribing that each director should hold directorship of a maximum of 5 listed companies, without any exception.

In addition, the Company has a guideline that the Chief Executive Officer shall obtain prior approval for any external directorship from the Nomination and Remuneration Committee. While all other executive officers shall obtain prior approval for any external directorship from his/her superior holding the rank of Senior Vice President or higher relevant to the Executive officer's business unit. Where the approval as described was obtained but a material change in circumstances renders it inappropriate for the executive officer to continue his/her external directorship, it is a conflict of interest unless a fresh approval is obtained by the executive officer in accordance with the requirements set out.

- **Nomination of Board members**

The Nomination and Remuneration Committee will be responsible for the nomination of new directors. The Nomination and Remuneration Committee will search for potential candidates and propose the same to the Board of Directors' or the shareholders' meeting (as the case may be) for consideration and appointment. The following matters will be taken into consideration as part of the selection criteria: the structure of the Board of Directors, which shall consist of members in the number that

is suitable for the size and business strategy of the Company, the diversity in the structure of the Board of Directors (Board Diversity), including but not limited to, race, religion, national origin and gender, the appropriateness of the qualifications and skills of the director(s) that are necessary but lacking among the existing Board of Directors. The Board Skill Matrix will be used to identify the required qualifications.

- **Nomination Procedures**

The Nomination and Remuneration Committee will select candidates for the position of director(s) of the Company from the recommendation of other directors, the nomination by the shareholders of the Company, the service of external professional search firms, or the directors' pools of various agencies, or other nomination procedures as the Nomination and Remuneration Committee considers appropriate.

- **Consecutive Terms of Office of an Independent Director**

The Company encourages the consecutive terms of an independent director may serve no more than 3 consecutive terms, and the end of each term on the date of the Annual General Meeting of Shareholders in which they are due to retire by rotation. The Board of Directors may nominate their names to be re-elected at the Annual General Meeting of Shareholders as deemed fit.

- **Nomination and the Nominating Procedures for Directors**

The Nomination and Remuneration Committee will select candidates for the position of director(s) of the Company from the recommendation of other directors, the nomination by the shareholders of the Company, the service of external professional search firms, or the directors' pools of various agencies, or other nomination procedures as the Nomination and Remuneration Committee considers appropriate.

- **Succession Plan**

The Board of Directors places importance on having an effective and efficient management as well as the continuance of its business operations, which are essential factors to the sustainable growth of the organization. Thus, the Company prepares a succession plan for the positions of the Chief Executive Officer, Managing Director and other senior executive positions, and to review every 3 years in order to ensure that there will be competent senior executives for the succession of these key positions in the organization.

- **Remuneration of Directors and Management**

The Nomination and Remuneration Committee shall determine the remuneration of the directors by taking into account the Company's operating results, the size of the business, the scope and extent of a directors' responsibilities and obligations and ensuring the remuneration to remain competitive with the comparative groups in a similar industry benchmark, and further propose for consideration and approval at the Board of Directors' meeting and the shareholders' meeting on an annual basis.

The Nomination and Remuneration Committee shall also review the annual bonus and salary increment policies for the Company including welfare incentives and benefits of senior management including the Chief Executive Officer.

The remuneration for the Group's senior management and senior executives aims to motivate them to achieve the Group's annual and long-term goals to ensure that they are aligned with shareholders' interests. Performance-related elements therefore form a part of senior management and senior executives' total remuneration.

- **Company Secretary**

The Company Secretary has to perform the duties in accordance with section 89/15 and 89/16 of the Securities and Exchange Act with responsibility, due care and loyalty, and in compliance with all laws, the objectives, the articles of association of the Company, the resolutions of the Board of Directors and the resolutions of the Shareholders' Meeting. The Company Secretary has the statutory duties and responsibilities as follows:

- (1) Preparing and maintaining the following documents:
 - (a) a register of Director;
 - (b) a notice calling for the Board of Directors' Meeting, the minutes of the Board of Directors' Meeting and the Annual Report of the Company;
 - (c) a notice calling for Shareholders' Meeting and the minutes of the Shareholders' Meeting;
- (2) Keeping a report on interest filed by the Director or management and submit a copy of such report in accordance with section 89/14 to the Chairman and the Audit, Risk and Corporate Governance Committee Chairman within seven business days upon receipt;

- (3) Performing any other acts as specified in the notification of the Capital Market Supervisory Board. In addition to this, the Company Secretary has other duties as specified in the job descriptions and as assigned by the Company.

5.3 Internal Control and Risk Management

The Company realizes the significance of effective system of control, such as Standard Operating Procedures, particularly in management and operations. Hence, the duties and responsibilities of the employees and the management are clearly defined. The Company has put in place policies to safeguard the Company's assets and duties between the operators and the appraisal which are clearly separated for effective checks and balances. Furthermore, the Company has also implemented internal audit of the financial and information technology systems.

- **Internal Audit**

Internal audit is an independent function within the Company which reports directly to the Audit, Risk and Corporate Governance Committee on audit matters and to the Managing Director on administrative matters. Internal audits are performed to assist the Board and Management in the discharge of their corporate governance responsibilities and to improve and promote effective and efficient business processes within the Group. The internal auditor plans its internal audit schedules annually in consultation with, but independent of, Management and its plans are submitted to and approved by the Audit, Risk and Corporate Governance Committee. The Audit, Risk and Corporate Governance Committee reviews the activities of the internal auditors on a quarterly basis to ensure it is adequately resourced; and has appropriate standing within the Company to perform its role effectively.

- **Enterprise Risk Management**

The Company has implemented a Risk Management framework for the business of the Company with the advice of an external consultant. The Risk Management framework covers all aspects of the Company's operations to enable significant business risks within the Group's current business environment to be identified, assessed, monitored, managed and evaluated. As part of the on-going risk management process, the Company's Group Risk Committee annually conducts a risk assessment, evaluation and treatment; considers the adoption of adequate and cost-effective system of internal controls to mitigate significant business risks; and provides for significant risks to be managed through regular reviews by the

Company's Group Risk Committee and the Audit, Risk and Corporate Governance Committee. The Audit, Risk and Corporate Governance Committee has reviewed the Group's risk management processes and procedures and is satisfied that there are adequate internal controls in place to manage the significant risks identified.

- **Information system and communication**

Board of Directors recognizes the importance of the information system and effective communications by assigning the Information Technology (IT) Department to regulate, monitor and continuously develop the IT system to be up to date to the current trend of technology. The Company has implemented the IT Standard Operating Procedures (SOP) to define, develop, and document the information policies that support the Company's goals and objectives and indicate responsible and procedure to achieve these goals. The policies and procedures provides a foundation for a system of internal controls, guidance in current computer and network activities, criteria for making decisions on appropriate IT security and IT officers with direction and guidance in connection with those IT policies and procedures, and report that should be uniform throughout the Company. The policies and procedures, SOP, regulation and Code of Corporate Conduct included documentations and other announcements are communicated throughout the organization via email and intranet to employees.

- **Monitoring**

The Board regularly monitors, supervises, controls and reviews the performance of the Company to ensure that it is performing according to the approved business plans in line with the Company's direction and strategy and follow-up on any inefficient process, control gaps that need corrective action.