



Charoen Pokphand Foods Public Company Limited

Corporate Governance and Sustainable Development Policy

## 1. Objectives

The Company is committed to build the organization's sustainable and inclusive growth along with promoting its economic growth that maintains the fine balance on environmental and societal aspects. The implementation of, and compliance with, the principles and guidelines established by this Policy throughout the organization shall be the mission for the Board of Directors, the executives and employees of the Company and its subsidiaries.

## 2. Scope

The scope of this Policy applies to the Company. The subsidiaries can deploy this policy as appropriate to align with their business context and internal management processes according to the geosocial background of each country.

## 3. Definition

**The Company** means Charoen Pokphand Foods Public Company Limited

**Subsidiaries** means subsidiaries of Charoen Pokphand Foods Public Company Limited according to securities laws which are included in the financial statements of the Company, but excluding:

- (a) a subsidiary whose ordinary shares are listed in any stock exchange;
- (b) any subsidiary of a company under (a)

**Policy** means Corporate Governance and Sustainable Development Policy

**Director** means directors of Charoen Pokphand Foods Public Company Limited

**Executives** means executives of Charoen Pokphand Foods Public Company Limited, including executives according to securities laws

**Employees** means Employees who are paid monthly and daily whether permanent or temporary employment or employment with a special contract

**Personnel** means directors, executives and employees of Charoen Pokphand Foods Public Company Limited

## 4. Principles

This Corporate Governance and Sustainable Development Policy has prepared in accordance with the Principles of Good Corporate Governance for Listed Companies for the year 2012 by the Stock Exchange of Thailand and for the year 2017 by the Securities and Exchange Commission (the Corporate Governance Code or "CG Code"), the Corporate Governance guideline prepared by the Organisation for Economic Co-operation and Development or OECD and guidelines for assessing corporate governance of the global sustainability indices and all of which has been applied appropriately to the Company's context. This aims to increase the competitiveness of the Company and build confidence for shareholders, investors and all stakeholders. This Policy consists of 5 major chapters namely:

- (1) Rights of Shareholders,
- (2) Equitable Treatment of Shareholders,
- (3) Roles towards Stakeholders,
- (4) Disclosure of Information and Transparency, and
- (5) Responsibilities of the Board of Directors.

The Board of Directors has appointed the Corporate Governance and Sustainable Development Committee to be responsible for formulating key policies and goals related to corporate governance and sustainable development, as well as overseeing, monitoring and evaluating the implementation and report the progress to the Board of Directors.

## Chapter 1 Rights of Shareholders

### Principle

The Board of Directors recognizes the rights of shareholders as provided by laws, and support the exercise of their rights in a manner not inconsistent with the provisions of the laws. The Board of Directors will not do anything which violates or deprives shareholders of their rights.

### Guidelines

To promote the exercise of rights by shareholders, the Board of Directors has established guidelines as set forth below.

#### General Practices

1. The Company shall ensure that all shareholders have the fundamental rights as prescribed by the laws, such as the equal right to profit sharing, the right to receive adequate news and information of the Company in a timely manner, etc., and shall facilitate and encourage shareholders, especially the institutional group, to attend and exercise their voting rights at shareholders meetings.
2. The Company shall ensure that the total number of shares held by directors does not exceed twenty-five percent (25%) of the total number of shares issued and sold by the Company.
3. The Company shall ensure that the proportion of ordinary shares held by minority shareholders (free float) is maintained not less than the proportion prescribed by relevant laws or regulations.
4. The Company shall not obstruct or cause obstacle to communication opportunities among shareholders.
5. When a shareholders agreement is to be executed by any shareholders, the Company shall endeavor to ensure that such shareholders agreement will not materially affect the Company or other shareholders.
6. The Company shall refrain from doing anything to limit shareholders' opportunities to study information publicly disclosed by the Company.

#### Procedures before the Date of Shareholders Meeting

7. The Company shall ensure that a notice of meeting, in Thai and English, is sent to shareholders at least 21 days prior to the meeting date, and posted on the Company's website at least 30 days prior to the meeting date (except in cases of necessity and urgency which the Company may deliver and disseminate the notice of shareholders' meeting in advance for a shorter period of time than stated above. but not contrary to the time limit specified by law). A notice of meeting shall consist of the following information:

- 7.1 the date, time and place of the meeting, an agenda which clearly describes the respective agenda items, the rules and procedures relating to attendance of the meeting and voting under each agenda item, as well as adequate information, rationales, and opinions of the Board of Directors for the proposed agenda items so as to enable shareholders to exercise their independent decision making and protect their interests and the Company's overall interests.

Where a meeting is convened via electronic means, the Company shall notify the details, duration and method thereof and prepare the documents for shareholders to provide in advance their meeting registration/authentication or proxy granting to the Company;

- 7.2 the brief profiles of persons nominated to be directors, e.g. their ages, educational background, work experience and number of companies in which they hold directorship position, the rules and method of nomination, the types of directors who are nominated for re-election, their attendance of meetings during the previous years and

the date of their first appointments as directors, etc. for the shareholders' information and consideration under the agenda item relating to the election of directors;

- 7.3 the names of auditors nominated for appointment, their companies, experience, expertise, independence, and fee for the shareholders' information and consideration under the agenda item relating to the appointment of auditors; and
  - 7.4 the dividend payment policy, approved by the Board of Directors, and the proposed amount and rate of dividend payment, including other supplementary details for the shareholders' information and consideration under the agenda item relating to dividend payment.
8. The Company shall provide shareholders with an opportunity to raise questions relating to the agenda items to the Board of Directors prior to the meeting date.

#### **Procedures on the Date of Shareholders Meeting**

- 9. A shareholders meeting shall be held in a locality with convenient transportation to facilitate attendance of the meeting by shareholders or arrange a meeting via electronic media in accordance with the rules and procedures prescribed by law.
- 10. Sufficient personnel and technologies must be provided to examine the documents of shareholders and fully facilitate their attendance and voting, as well as to support vote counting and the announcement of the results, so that the meeting can be conducted expeditiously and so the voting results are accurate.
- 11. All directors and management are encouraged to attend shareholders meetings to answer shareholders' questions.
- 12. The Company shall arrange persons to verify vote counting in the shareholders meeting, and disclose them in the minutes of the shareholders meeting.
- 13. Before the commencement of a shareholders meeting, the chairman of the meeting or a person assigned by them shall explain the rules for the meeting and the voting procedures and method.
- 14. During a meeting, the chairman or a person assigned by them shall inform the meeting of the details and rationale supporting its decision on the proposed matters, and the votes required for the respective agenda items.
- 15. For each agenda item which requires a resolution of the meeting, the voting shall be made by ballot, unless shareholders have voted in advance through their forms of proxy.
- 16. Voting for election of directors shall be conducted on a person-by-person basis, under the agenda item relating to election of directors.
- 17. Shareholders shall be given opportunities to raise questions, express their opinions and make recommendations in an independent and appropriate manner, based on the meeting agenda.

#### **Procedures after the Date of Shareholders Meeting**

- 18. Resolutions and voting results of a shareholders meeting shall be disclosed on the day following the meeting date, via a newsletter which is publicized through the information disclosure system of the Stock Exchange of Thailand and on the Company's website.
- 19. Minutes of the shareholders meeting shall be prepared and publicly published on the Company's website within 14 days of the meeting date. Resolutions of the meeting, including the numbers of affirmative, negative and abstaining votes for the respective agenda items, shall be clearly recorded in the minutes.

## Chapter 2 Equitable Treatment of Shareholders

### Principle

The Company's shareholders shall be treated equally and fairly based on their fundamental rights, the Company therefore set a policy and supervisory approaches to prevent misuse of insider information for the interests of oneself or other persons, or disclosure of information to persons associated with directors or executives to the detriment of shareholders as a whole. The Company has also conduct shareholders' meeting to support equal treatment of all shareholders.

### Guidelines

To ensure protection of all stakeholders' fundamental rights, the Company has established guidelines as set forth below.

#### Use of Insider Information

1. The Company has a policy on the use of inside information and securities trading with an aim to ensuring that significant information which may affect the price and value of its securities has been disseminated correctly, and in accordance with the relevant laws and regulations. Moreover, the policy also determine the proper measures to preserve the confidentiality of the information which all directors, executives and employees are obligated to strictly adhere. This policy includes the management and type of inside information as well as the method to disseminate such information publicly.
2. The Company has prepared name lists of working groups' members undertaking projects that contain significant information which have not yet been disclosed to the stock exchange. All persons who can access to internal information must strictly comply with the policy and regulations relating to the use of inside information.
3. The Company's directors, executives and including all persons who can access to inside information must prepare and submit a report on the holding, sale and purchase of securities issued by the Company within the period of time prescribed by the relevant law and regulations whenever there is a change. The Company's Secretary Office must also report changes in the securities holdings of the directors and executives to the Board meeting on a quarterly basis and report changes in the securities holdings of the persons who can access to inside information to the Executive Committee meeting on a quarterly basis. In addition, the regulation on securities trading also clearly specify the blackout periods as follows: (1) since the following date after the end of each quarter until (include) the day which CPF discloses its quarterly financial performance (2) since the beginning of project containing significant information which have not yet been disclosed to the stock exchange which have not disclosed publicly until (include) the end of such project and (3) any other period that the Company Secretary might specify from time to time.

In the event that the Company's directors, executives or the persons who can access to inside information wish to sale and purchase securities issued by the Company, they are required to notify the Company Secretary Office on such transactions at least 1 business day prior to the transaction date.

#### Protection of the Rights of Minority Shareholders

4. Minority shareholders are given opportunities to propose matters to be included in the agenda before the meeting date, and to nominate qualified individuals for being election as directors. The rules, channels, and timing for submitting these matters are posted on the Company's website for shareholders' information.
5. The Company provides a proxy form on which shareholders can dictate the direction of their voting through proxies in the event that shareholders are unable to attend the meeting in person. At least one independent director will be nominated in a notice of meeting as an alternative proxy for shareholders.
6. A notice of meeting shall specify the documents or evidence, including instructions and process for appointing a proxy, in order to ensure correct preparation by shareholders and to avoid problems in the attendance of meeting by

proxies. The rules, procedures, and conditions for the appointment of proxies will be prescribed according to the legal requirements. The Company shall not intentionally include any other requirement to make it complicated for shareholders to appoint proxies.

7. The Company shall ensure that no shareholder who is an executive can add any agenda items without advance notice, through the same process applicable to general shareholders.
8. Shareholders are equally entitled to one vote for each share held by them.
9. A policy regarding transactions which may cause conflicts of interest shall be established to provide explicit guidelines and prescribe a careful, reasonable, and independent consideration process for the execution of such transactions within the scope of the code of ethics and for the interests of the Company and shareholders as a whole.
10. Directors and executives are obliged to report their interests according to the criteria and method determined by the Board of Directors; such report of interests shall be submitted to the Chairman of the Board of Directors and the Chairman of the Audit Committee within the time prescribed by the law.
11. The Company shall explicitly disclose shareholders information on related party transactions, which include the names and relationships of the related persons, pricing policies, and transaction values, as well as the Board's opinions relating to such transactions.
12. In case of related party transactions requiring shareholders' approval, the decision shall be made by shareholders who have right to vote only, excluding shareholders who have a conflict of interest according to the relevant regulations of the regulatory bodies.

### Chapter 3 Roles toward Stakeholders

#### Principle

The Company has several groups of stakeholders, namely shareholders, employees, customers, business partners, trade competitors, creditors, community, society, government, including the media. All groups of stakeholders shall be fairly served by the Company according to their statutory rights and agreements with the Company. Should there be any damage; the Company shall provide proper indemnification to all parties concerned.

#### Guidelines

1. The Company shall provide measures to indemnify stakeholders who sustain damage as a result of the Company's acting in violation of their statutory rights.
2. The Company shall open up to whistleblowing and complaints relating to any violation of law or the Company's ethics, which can be made through the Company's independent directors and audit committee members. The Company shall also provide measures to protect employees or persons who report any violation of law.
3. The Company shall provide procedures after complaint is received, whereas information received shall be verified and matters with material impact must be investigated and reported to the Board of Directors.
4. The Company shall prepare channels which stakeholders may lodge complaints relating to infringement of their rights, including providing contact details of the delegated persons clearly.
5. The Company shall establish the policies or rules or requirements relating to the Code of Conduct as follows:
  - Conflict of Interest Policy
  - Anti-Corruption Policy
  - No Gift Policy
  - Corporate Social Responsibility towards Sustainability Policy
  - Code of Conduct for Business Partners
  - Supply Chain Management Policy
  - Human Rights and Labour Practices Policy
  - Whistle Blowing Policy
  - Personal Data Protection Policy
  - Occupational Safety and Health Policy
  - Information Management Policy, and
  - Anti-money Laundering Policy
6. The Company shall promote communication and embed its objectives and major goals which shall be reflected through decision-makings and operations performed by employees of all levels.

To ensure that all groups of stakeholders are fairly treated according to their rights and agreements with the Company, the Board of Directors has established guidelines as set forth below.

#### Roles toward Shareholders

The Board of Directors acts as a representative of the shareholders in monitoring and supervising the management to manage the businesses for maximum returns and the best satisfaction of shareholders, by taking into account the value and sustainable growth of the Company. Therefore, the Board of Directors has established the following guidelines:

- to organize an efficient nomination process in order to recruit qualified individuals to be directors, whereas the Remuneration and Nominating Committee is assigned to be responsible for this process; and

- to disclose the Company's financial information and other matters in an adequate, transparent and reliable manner, whereas the Investor Relations Office and Company Secretary Office is assigned to act as a channel of communication between investors or shareholders and the Company.

#### **Roles toward Employees**

The Company believes that strong business foundation is built up by employees who possess knowledge, capabilities and expertise and are aware of the importance of their roles, duties, and values. If employees can perform successfully and accomplish their goals, the Company's business shall succeed and achieve its goals as well. Nonetheless, all these issues could happen when the Company treats every person with respect and fairness. Therefore, the Board of Directors has established the following guidelines:

- to determine a code of conduct for all directors, executives and employees as standards of business conduct and guidance on conduct and ethics, all of which shall be applied in the same direction under applicable laws, rules and regulations of each country as well as policies and practices of the Company, and including highest ethical standards. In this regard, all employees have to sign for acknowledgement and uphold the principles stated in with this code of conduct. The current CPF Code of Conduct has prescribed:
  - Business principles,
  - Corporate values,
  - Compliance with the Code of Conduct which is divided into 4 categories, namely, virtue, quality, personnel and assets, including the policies relating to the Code of Conduct in each category,
  - Compliance with laws, rules and regulations, both in Thailand and foreign countries, and
  - Operational supervision which covers whistleblowing or complaints process and penalty;
- to establish a human resource management policy which covers personnel management, treating employees with fairness, equality, politeness and respect, provision of career opportunities for employees at all levels, and development of morale among employees. In this regard, a channel of communication between the CEO and employees has been provided via the Company's intranet system, through which the CEO can communicate the Company's policies, visions and goals to employees, and through which employees' comments, suggestions and grievances can be brought directly to the attention of the CEO for timely investigation. The names of those employees will be kept confidential;
- to promote practice of equality, fairness and freedom from discrimination and harassment, and infringement of rights and personal freedoms, both directly and indirectly;
- to promotes equal opportunities, diversity and coexistence to ensure that the Company's work environment covers diversities of source, education, gender, sexual identity, sexual orientation, ethnicity, nationality, work and thought styles, religion, generation and disability, including adhering to and complying with labour laws;
- to respect employees' right to privacy, and to keep employees' personal data confidential, as well as to designate persons who are specifically authorized to access such information as necessary and appropriate, all of which are in accordance with the Code of Conduct and the personal data protection law;
- to promote learning organization and employee recognition as well as to provide employees with opportunities for capability development to become professionals, and to encourage employees to work together as a team;
- to establish a policy on employees' remuneration and welfare based on the fundamental principles that such remuneration and welfare shall be reasonable and comparable to those of the domestic peers in the same industry and based on employees' individual performance, and that they shall reflect the short-term and long-term operating results of the Company.
- to establish long-term saving for retirement scheme or compensation scheme to attract and retain employees in the long run.



### **Roles toward Customers**

The Company has placed priority on quality and safety of all products and services. This commitment is not only limited to the Company's production chain, but covered all value chains of businesses the Company has operated. Stated alternatively, The Company has placed priority throughout product lifecycles from upstream to downstream or from sources of raw materials to consumers worldwide with international manufacturing standards and stringent quality control, all of which are in alignment with the Company's Quality and Food Safety Policy and Food Traceability Policy of food production. The Company has also placed emphasis on innovation creation and dedication to research and development to enhance its production efficiency in order to produce foods that are consistent with consumer satisfaction and behavior. In addition, the Company shall conduct its sale and marketing in accountable and honest manner.

Therefore, the Company has established guidelines regarding the fair and accountable treatment of customers as follows:

- in case qualities of products and services are not in conformity with defined criteria or may not meet standards, all of which may affect safety and the Company's reliability, relevant personnel must notify their superiors for acknowledgement, take corrective action or conduct a product recall immediately. Regarding the product recall, it must be handled in compliance with the laws or stricter than the laws promulgated by each country;
- all business units must prioritize resolving complaints, whereas the management is required to review complaint management data on a quarterly basis;
- relevant personnel shall take part in communicating to customers through current channels in order to foster awareness and understanding on the Company's production quality and standards throughout the value chain, including its sustainable management system;
- to report issues relating to safety and product quality to the Company's Bureau of Food Regulations;
- relevant personnel shall treat customers with regular care and attention, present products and services in an honest manner, provide accurate information to customers to enable their decisions on selecting products and services, and to establish long-term customer relationship and acceptance according to the law and business ethics;
- regarding sales promotion and advertising, including any communication on behalf of the Company, relevant personnel must not provide inaccurate data nor cause misunderstandings, and must provide explanations of facts and related information in honest and transparent manner as well as comply with applicable laws, rules and regulations of each country, by taking into account subtle cultural and traditional differences in different countries;
- to set up a system to control the maintenance of customers' confidential information as if it were the Company's confidential information; and
- to set up Call Center to receive comments and complaints regarding the Company's merchandise, and to ensure that the designated unit shall promptly conduct an investigation and take remedial action upon receiving such complaints.

### **Roles toward Business Partners**

As the Company has worked with its business partners to deliver products and services to customers, the Company has an obligation to ensure that those involved in the supply chain have comply with ethical standards and quality requirements. Therefore, the Company has established guidelines as follows:

- relevant personnel are responsible for creating understanding, communicating principles, providing information and suggestions, including organizing necessary trainings relating to conditions and commitment with which suppliers shall comply continuously and regularly in accordance with rules for business partners as stated in the Code of Conduct for Business Partners and the Sustainable Sourcing Policy and Supplier Guiding Principle;

- in case any supplier is suspected being incompliant with determined quality standards, relevant personnel shall report to their superiors and inform work unit overseeing compliance, or notify in writing to whistleblowing unit through channel according to the Whistleblowing Policy;
- personnel shall treat all suppliers with equality and fairness, including paying respect and recognize that each supplier is one among the Company's business partners;
- selection of business shall be made on the basis of the Company's best interest, whereby the selection process must be unbiased;
- personnel must not receive any benefit from a person who is going to be chosen as a business partners since doing so may cause bias in decision making; and
- to set up a system to control and prevent disclosure or unlawful exploitation of any confidential information of business partners in the operation of businesses.

#### **Roles toward Trade Competitors**

The Company believes that fair competition benefit entrepreneurs, partners and consumers. Therefore, the Company has conducted its businesses in complied with fair trade-competition law. The Board of Directors has also established the guidelines regarding fair and accountable treatment of trade competitors as follows:

- employees representing the Company must inform trade associations or industry associations of which the Company has been a member regarding the Company's standpoint on fair trading competition;
- employees representing the Company must not enter into any agreement with any trade competitor or business partner in the following manner:
  - mutually set up a price or any commercial terms, whether directly or indirectly;
  - limit quantity of product or service which each entrepreneur shall produce, purchase, distribute or provide service;
  - mutually quote a price or bid rigging;
  - define geographical areas in which entrepreneurs shall distribute or purchase products or services in such areas;
  - lower qualities of products or services;
  - appoint sole distributor which results in reducing competition or monopoly.
- to consult with the Company's legal advisor in case of being uncertain that any action is considered a trade barrier that is against the laws;
- to set up a system to monitor and prevent unlawful acquisition or exploitation of trade competitors' trade secrets;
- not to intentionally injure the reputation of any trade competitor by making an adverse accusation; and
- not to take advantage of trade competitors by any dishonest means.

#### **Roles toward Creditors**

The Board of Directors has established guidelines regarding fair and accountable treatment of creditors as follows:

- to set up a system to monitor and control strict compliance with the Company's obligations towards its creditors in order to safeguard the Company's reputation; and
- to clearly and fairly prescribe commercial terms and conditions, such as the provision of guarantee and the action to be taken in the case of default of payment.

#### **Roles toward Community and Society**

Recognizing values and importance of natural resources and environmental which are completed upstream factors and fundamentals of agro-industry and food business, the Company has placed high importance responsible uses of resources and mitigation of environmental impacts caused by continuous business operations. In addition, the Company

is also committed to advancing well-being of animals and protection of protecting the environment throughout the value chain.

The Company's commitment to sustainable resource management has been passed to its manufacturing process management, water management, power management, waste management, use of chemicals and management, transportation, packaging and container, including greenhouse gas emissions and optimization of eco-efficiency.

Additionally, the Company is also committed to running businesses according to correct and proper principles as well as paying attention to animal welfare which relates directly to food quality and safety and is a key component of responsible farming and food production according to the Company's Animal Welfare Policy.

The Board of Directors has established the guidelines regarding fair and accountable treatment of community and society as follows:

- to follow and comply with the laws, rules and regulations at local and national levels in every place where the Company has business operations;
- all personnel shall use resources efficiently by applying 4Rs principles including reduce, reuse, recycle and replenish on water, energy and waste managements;
- all personnel shall immediately report to superiors in case experiencing irregularities in the workplace which may affect the Company, employees, communities, including surroundings;
- relevant personnel shall promote and encourage business partners to comply with relevant policies and practices relating to CPF sustainable resource management;
- to disclose operational information transparently and provide opportunities to relevant community and stakeholders on expressing their opinions concerning issues that have impact on the community.

#### **Roles towards Government**

- The Company shall strictly comply to the laws, rules and regulations of the countries in which the Company operates, offer cooperation to support public-sector projects, and provide full assistance in light of emergency events.

#### **Roles towards the Media**

- The Company shall maintain a good relationship and equitable treatment to the press of all categories by providing the accurate and up-to-date information to the public to ensure that the press get to the right points of any topic of interest.

## Chapter 4 Disclosure of Information and Transparency

### Principle

The Board of Directors is responsible for overseeing preparation systems of financial reports and disclosures of critical information to ensure that they are accurate, adequate, timely, and in accordance with related rules, standards and procedures, including being accessed through convenient channels that can be accessed with ease. Therefore, the Board of Directors has established the following guidelines:

### Guidelines

In order to ensure that the Company's important information is fully disclosed in a transparent and timely manner, the Board of Directors has established the following guidelines:

#### Disclosure of Information

1. Disclose the critical information transparently and timely through channels that can be accessed easily and equally, without mistake of fact, whereas the information disclosed shall be accurate and adequate for investment decisions and are not contrary to disclosure requirements of regulatory agencies.
2. Disclose up-to-date information in both Thai and English versions, in addition to the disclosure of information according to the prescribed rules and via the channels of the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.
3. Assign an Investor Relations Office to disseminate its financial and general information to shareholders, security analysts, and investors, and to serve as a channel of communication for shareholders and interested investors. The Investor Relations Office has the duty to meet with investors and securities analysts on a regular basis to present the Company's performance.

## Chapter 5 Responsibilities of the Board of Directors

### Principle

The Board of Directors has a significant role in supervising the Company's businesses. To ensure efficiency, the Board's structure, as well as its authorities, duties and responsibilities must be appropriate and clearly defined. Individuals who are to be appointed as the Company's directors must be honest in carrying out their duties and have visions, abilities and experiences, including being able to devote their time to fully perform their duties for the Company. These individuals must also be independent in their decision making for the best interests of the Company and shareholders as a whole. Furthermore, in order to enhance the efficiency of the Board of Directors, there must be committees in charge of providing assistances in areas of supervision, studying and screening works as necessary.

### Guidelines

In order to ensure that the Board's structure is suitable for the Company's business operations and to clearly define the framework, authorities, duties and responsibilities of the Board with a view to enhancing its efficiency, the Board of Directors has established the guidelines as set forth below.

#### Structure of the Board of Directors

##### 1. Composition of the Board of Directors

1.1 The Board of Directors must consist of at least 5 directors. At least one-third of the total number of directors, but not less than three directors, must be independent directors. The Chairman of the Board of Directors must not be a chairman or member of any committee, and must not be the same person as CEO.

Where the Chairman of the Board of Directors is not an independent director, the Company shall appoint the lead independent director to represent independent directors in the Board of Directors to consider matters and jointly determine the agenda of a meeting.

1.2 The Board of Directors must consist of directors who possess different qualifications in terms of skills, experiences, and special expertise such as business relevant and risk management that benefit the Company, including races, nationalities, and genders. The composition of the Board of Directors and the years of directorship of each director will be disclosed in an annual report and the Company's website.

1.3 The Board of Directors must include at least 1 female independent director.

##### 2. Qualifications of Director

###### 2.1 Director

2.1.1 All directors must possess the qualifications, and have no prohibited characteristics, as prescribed by the law on public limited companies, law on securities and exchange and notifications of the regulatory authorities. The independent directors must also possess the qualifications as prescribed by the Capital Market Supervisory Board.

2.1.2 All directors must have experiences in related fields of business and industry for the overall interests of the Company as well as an understanding of business obstacles, and must be able to perform duties in an efficient manner, to create competitive advantages in the industry and to provide insights into the handling of significant risks.

2.1.3 Without exception, no director may hold directorship positions in more than 5 listed companies.

2.1.4 A director may not have been an employee or partner of an external auditing firm engaged by the Company during the past 2 years.

2.1.5 A director who serves as an executive director may not hold a directorship position in more than 2 other listed companies.

2.1.6 In case any director holds a directorship or management position in another company, he or she shall report the details thereof to the Company for acknowledgement. This matter shall be one of his or her interests that must be reported in accordance with Disclosure of Information and Transparency of Corporate Governance Policy.

## 2.2 Additional qualifications for independent director

2.2.1 The qualifications of independent director shall at least be in accordance with the criteria prescribed by the regulatory authorities as prescribed below. The Company may add required qualifications as appropriate

Independent director shall not holds not more than 0.5% of the total outstanding voting shares of the Company, a parent company, a subsidiary, an associate, a major shareholder, or a controlling person of the Company, including shares held by a person related to the independent director.

2.2.2 Independent director must be independent of the Company's management and majority shareholders.

2.2.3 An independent director may hold directorship positions in no more than five listed companies.

## **Nomination of Directors**

3. The Remuneration and Nominating Committee is responsible for nominating individuals qualified to be the Company's directors, including the Board skills matrix and diversity of the Board as additional factors for nominating such individuals to the meeting of the Board of Directors in order to consider and approve appointments of directors (in case a directorship becomes vacant for reasons other than retirement by rotation) or to propose to the shareholders' meeting for further consideration. The Company also provides its shareholders opportunities to participate in nominating qualified individuals for election as directors in advance according to the rules prescribed by the Company.
4. Regarding nominations of directors, the Company has determined qualifications of directors, all of which shall be in line with the Company's business strategies. The Company may select appropriate persons by using professional search firm or director pool provided by external institution.

## **Term of Directorship**

5. At every annual general meeting of shareholders, one-third of the directors, being those who have held the longest term in office, shall retire. If the number of directors is not a multiple of three, the number nearest to one-third shall retire from office. A retiring director may be nominated to the meeting for re-election.
6. In case a directorship becomes vacant for reasons other than retirement by rotation, the Board of Directors shall elect a person who has the qualifications and possesses no prohibited characteristics under the law as a substitute director, unless the remaining term of office of the vacating director is less than two months. The newly-appointed director shall hold office only for the remaining term of office of the director whom he or she replaces. Such appointment must be approved by a vote of not less than three-fourths of the number of subsisting directors.
7. Each independent director may hold the position of independent director for no more than a maximum of nine consecutive years.

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

The Board of Directors has the duty to supervise the management to operate the business in accordance with the objectives, strategies and the operational plan approved by the Board of Directors, in the best interests of the Company and all stakeholders. The Board of Directors will assign the authority, duties and responsibilities relating to daily managerial tasks to President. These authorities and duties must be clearly separated from the authorities and duties of

the Chairman of the Board of Directors. The Board of Directors may appoint various committees to supervise specific areas of operation, and engage external experts or advisors to provide opinions or advice on matters relating to the Company's business operations, as necessary and appropriate, at the Company's expense. Roles and responsibilities of Board of Directors are as follows:

- 1.1 To perform its duties in accordance with the laws, the Company's objectives and Articles of Association, as well as resolutions of shareholders meetings, with due accountability, care and integrity;
- 1.2 To determine the major policies for business operations, as well as the policies relating to finance, mobilization of funds, funds management, management of the Company's risks, allocation and management of information technology, and to supervise the management for the implementation of these policies in an efficient and effective manner;
- 1.3 To consider and approve the Company's vision and mission, and cause a review thereof every year;
- 1.4 To consider and approve the Company's objectives, strategies and business plans as well as conduct a review thereof every year, and to monitor the results of the implementation of those prescribed plans;
- 1.5 To consider and approve matters other than those which are within the authority delegated to the President, or matters which must be approved by the Board of Directors or a shareholders meeting as prescribed by the law or the relevant rules or procedures of the Company;
- 1.6 To set up an internal control system covering the areas of business operations, financial reporting and compliance with the laws and the Company's rules, policies and procedures. In this regard, the Internal Audit Office has the duty to audit the compliance with this internal control system, and make a report to the Audit Committee. The Board of Directors will evaluate the risk management system and assess the adequacy and appropriateness of the internal control system on a yearly basis, and will review the significant systems at least once a year. The Board of Directors will also provide its opinions thereon in the annual report;
- 1.7 To promote innovation and the use of technology to enhance competitiveness with responsibilities to social and environmental matters and ensure that management take it into their consideration when reviewing the Company's strategies;
- 1.8 To assess the compliance with corporate governance policy and conduct a review thereof at least once a year;
- 1.9 To appoint Chief Executive Officer (CEO), to supervise and ensure that CEO performs his duties in accordance with the Company's corporate governance policy and the scope of authority delegated by the Board of Directors, and to conduct an annual evaluation of CEO's performance in order to support the determination of his remuneration;
- 1.10 To appoint directors or executives to serve as directors of the subsidiaries in order to oversee their operations in accordance with their investment objectives;
- 1.11 To appoint the Company Secretary who is to be responsible for all matters as required by the law;
- 1.12 To appoint the Audit Committee, the Executive Committee and other committees, such as the Remuneration and Nominating Committee, in order to assist the Board of Directors in supervising the business with a view to achieving the prescribed objectives. The majority of the committee members shall be independent directors. The chairmen of the committees must be independent directors; and
- 1.13 To set up a plan for director and management development, as well as a succession plan.

In addition, the Board of Directors may establish various sub-committees to help take care of specific tasks in order to perform the duties of the Board of Directors more efficiently at least must be appointed (1) Audit Committee which is responsible for audit, internal control and risk management; (2) Corporate Governance and Sustainable Development Committee which is responsible for corporate governance and sustainable development including related strategies,

goals and guidelines; (3) Remuneration and Nominating Committee which is responsible for reviewing the structure of the Board of Directors, selection of qualified persons for the position of director and review the directors' remuneration and (4) Executive Committee which is responsible for monitoring the operations and supervising the management to ensure that they are in accordance with the policies and business goals set by the Board of Directors with efficiency and effectiveness. The various sub-committees have roles, duties and responsibilities according to the charter of each committee.

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

1. Meetings of the Board of Directors shall be held at least 6 times a year. The meeting dates shall be scheduled annually in advance, but may be rescheduled if necessary. Each director will be notified of the meeting schedule, and has the duty to attend every board meeting. If any director is unable to attend a meeting, he or she shall give notice of the reason therefor to the Company Secretary prior to such meeting. The Company Secretary shall subsequently notify such director of the meeting results.
2. CEO, together with the Chief Financial Officer and the Company Secretary, shall review issues to be included in the meeting agenda of the Board of Directors before such agenda is submitted to the Chairman of the Board of Directors and Lead Independent Director (if any) for approval. Each director is freely entitled to propose any matters beneficial to the Company for inclusion in the meeting agenda.
3. The Company Secretary has the duties to give advice on laws and regulations which the Board of Directors must be aware of, to handle activities of the Board of Directors, to coordinate the implementation of the Board of Directors' resolutions, to prepare meeting documents with full and complete significant details, and to deliver these documents to the directors at least seven days before the meeting date for their thorough and complete consideration.
4. each meeting, the executives who are directly responsible for the proposed agenda items shall be invited to present such agenda items to the meeting, so that the directors can have opportunities to familiar with such executives and are able to support the Board's consideration of a succession plan. All directors are given opportunities to discuss and exchange their views, and make independent decisions. The meeting may request additional information from CEO, the Company Secretary or other executives, or seek advice from independent consultants as appropriate.
5. A minimum quorum of at least 2/3 for board decisions for each agenda is required.

If any director has a vested interest in any agenda item, he or she shall immediately disclose the details thereof to the Board of Directors and shall not participate in the decision making for such agenda item. In this case, total number of directors for the minimum quorum as mentioned in the paragraph one refers to the total number of directors who do not have vested interests in such agenda item.

6. The non-executive directors may hold meetings to discuss matters relating to the Company's overall management as necessary, without any management personnel in such meeting. The reports on the meeting results shall be submitted to the board meetings for acknowledgement.
7. The Chairman of the Board of Directors should allocate sufficient time for the management to present matters, and the directors to thoroughly discuss the same, and should encourage the exercise of prudential discretion. Every director should pay attention to all issues presented to the meeting, including corporate governance issues.
8. Each director has to attend at least 75% of all the board meetings held during the year.

#### **Evaluation of the Board of Directors' Performance**

1. The Board of Directors assigns the Remuneration and Nominating Committee to assess the Board's performance annually and report the evaluation results to the Board of Directors. The process and criteria for evaluating the performance of the entire Board of Directors are also disclosed in the annual report.



2. There shall be an evaluation of individual directors' performance. The process and criteria for such evaluation shall be disclosed in the annual report.
3. An evaluation of the performance of each sub-committee shall be conducted, and a report on the results thereof shall be made to the Board of Directors at least once a year.
4. The Board of Directors may engage an external consultant to help establish the guidelines and recommend the issues in evaluating the performance of the Board of Directors.

#### **Remuneration of Directors and Executives**

1. Remuneration of directors shall be in accordance with the rules prescribed by the Remuneration and Nominating Committee.
2. Remuneration of the executives shall be in accordance with the rules prescribed by the Executive Committee, except the remuneration of the Chief Executive Officer which will be determined by the Board of Directors.

#### **Development of Directors and Executives**

1. Upon assuming a directorship position, each director shall receive all important information about the Company, along with the Articles of Association of the Company related to the roles and responsibilities of the Board of Directors, as well as advice concerning the laws, rules, regulations and conditions relating to being a Director of a listed company on the Stock Exchange of Thailand. The person will also receive an orientation of the Company's business.

A director who has not yet attended training courses relating to director development programs, the Company shall provide to such director the training courses organized by Thai Institute Of Directors in order to obtain the following information:

- (1) roles of a director and legal liability; and
  - (2) a guide on director's duties according to regulations and code of conduct issued by the Stock Exchange of Thailand and the Securities and Exchange Commission, including principles of good corporate governance.
2. The Company shall continuously provide to its directors trainings and knowledge relating to the Company' businesses, business operating guidelines, relevant industries, regulations and knowledges relating to corporate governance and sustainability development in order to enhance their skills and knowledge for efficient performance. Training and educating activities may be organized within the Company or by external services, whereas business visits shall be also arranged as appropriate.
  3. The development of executives shall be in accordance with the executive development plan and succession plan. CEO must report the implementation of these plans to the Executive Committee every year.
  4. The Company shall continuously provide to its executives trainings and knowledge relating to the corporate governance, regulations and knowledges relating to sustainability development in order to enhance their skills and knowledge for efficient performance. Training and educating activities may be organized within the Company or by external services.

#### **Holding of Position by Executives**

1. If CEO or an executive holds a directorship position in another company other than as assigned by the Company, he or she shall report the details thereof to the Company as prescribed by the law. CEO or an executive may not serve as a president of another company, except as assigned by the Company.
2. An executive must not have been an employee or partner of an external auditing firm engaged by the Company during the past 2 years.

**Penalty**

In the event that the employee acts in any way that is a violation or does not comply with this policy, both directly or indirectly, employees (as the case may be) will be subject to disciplinary action in accordance with the Company's rules and be punished according to the law.

**Review of the Policy**

The Company Secretary Office will annually review this policy or earlier as appropriate. If found that this policy is not suitable for the Company's business conditions, the Company Secretary Office shall propose the new policy which has been reviewed and revised to the Corporate Governance and Sustainable Development Committee before submitting it to the Board of Directors to request approval for further enforcement.

**Date of Enforcement**

This Corporate Governance and Sustainability Development Policy is effective from February 24, 2023 onwards with the approval of the Board of Directors.