



# **CORPORATE GOVERNANCE POLICY MANUAL**

**Precious Shipping Public Company Limited**

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## **Introduction**

Precious Shipping Public Company Limited (“The Company”) recognizes that Good Corporate Governance is important and necessary for sustainable growth in business and long term shareholder value. We will manage all our business affairs in accordance with the highest principles of Good Governance.

The Board of Directors has reinforced corporate governance by including policies and directions on operating the business, set up adequate internal controls and internal audit systems and monitoring management to perform effectively under the policy to ensure long term interests of shareholders under applicable laws with full transparency and correct business ethics. A Corporate Governance Policy Manual outlining its features has been drawn up by the Company according to the principles and practices as set out in the latest Corporate Governance Code (CG Code) issued by the Thailand Securities and Exchange Commission (“SEC”) and already circulated to the Company’s employees for the recognition of the necessity of Good Corporate Governance

The Board of Directors conducts an annual review of Corporate Governance Policy and evaluation of the policy implementation so that the Corporate Governance Policy of the Company is up to date and appropriate with the current situation.

## **Definition**

**Corporate Governance** is a set of structure and process of relationships between company’s management, its board and its shareholders to enhance its competitiveness towards business prosperity and long-term shareholder value taking into consideration the interests of other stakeholders.

**The main components of the Company's Corporate Governance Policy are as follows:**

1. Rights of Shareholders
2. Equitable treatment of Shareholders
3. Role of Stakeholders
4. Information Disclosure and Transparency
5. Responsibilities of the Board.
6. Supervision of subsidiaries and associated companies
7. Controlling Systems and Risk Management Policy
8. Business Ethics



## 1. Rights of Shareholders

The Board of Directors is expected to be careful and circumspect in discharging its responsibilities with full awareness of all shareholders' rights and the need for equitable treatment and maintain a smooth working relationship to safeguard the best interests of all the shareholders.

The Company's Shareholders shall have the rights as follows:

- Right to buy /sell or rights to transfer shares.
- Right to share in profits of the Company.
- Right to obtain relevant and adequate information on the Company in timely manner.
- Right to participate and vote in the shareholders meetings to elect or remove members of the Board, appoint the external auditor and make decisions on any transactions that affect the Company such as dividends payment, amendments to the Company's articles of association or the Company's byelaws, capital increases or decreases, and the approval of extraordinary transactions, etc.
- Right to propose agenda items for shareholders meeting and nominate suitable candidates to be a member of the Board of Directors of the Company.

Shareholders are fully informed of the criteria and procedures governing shareholder meetings. Sufficient information regarding the issues to be decided in each agenda item has been provided in advance of the meeting. Shareholders are able to query Directors both in the meeting and by sending their questions in advance. The Board of Directors recognizes and values shareholders rights and avoids any action that violates those rights.

### Shareholders' Meeting

- The Board of Directors publicly discloses policies to encourage all Shareholders including institutional ones, to attend the Company's shareholders meeting.
- Shareholders receive adequate and complete meeting information in advance of the shareholders meeting and can access the information via the Company's website one month prior to the meeting.
- All arrangements are made for Shareholders to participate in the meeting. Conveniences like registration and barcode based vote-count system, proxy form that allow Shareholders to exercise their voting right and convey their decision without attending the meeting. List of Independent Directors that Shareholders can grant proxy to, refreshment, language translation services, etc., are provided for the convenience of both, Local as well as International Shareholders.



- The Shareholders meeting shall proceed in accordance with the meeting notice. In the election of Directors, Shareholders can propose, vote for or against each nominated candidate individually. During the meeting, Shareholders are open to inquire or express points of view, and concerned Directors will explain adequately. There will be a precise resolution outlining the conclusion after each agenda's vote casting.
- The Board encourages the Company to appoint an independent party of scrutinizers/inspectors to count and/or validate votes at the shareholders' meeting. These scrutinizers are disclosed at the meeting and recorded in the minutes.
- For the sake of transparency and future reference, the Board encourages the use of voting cards for important agenda items such as related party transactions or acquisitions or disposal of significant assets.
- All Directors should attend the shareholder meetings. Shareholders are able to ask questions directly to the chairpersons of the committee responsible for any specific issue.
- The Company prepares minutes of shareholders' meetings, which are clear and complete and include the names of Board members' who attended the meeting. The minutes also include a correct and complete record of questions/answers, voting method, vote counting procedure and voting results.

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

The Company takes care and treats all shareholders, both major shareholders and minority shareholders as well as foreign shareholders on a fair and equal basis. The Board ensures that all shareholder rights are protected and that they all get fair treatment.

### **Release of information before the Shareholders' meeting**

- The Board of Directors ensures that the Company releases its annual general meeting notice, with detailed agenda and explanatory notes, at least four weeks before the date of the meeting.
- The Board ensures that the company informs shareholders of meeting procedures and voting criteria, including the voting rights.
- The Company's notice of shareholders meeting is fully translated into English and published at the same time as the local language version.



### **Protection of Minor Shareholders' Rights**

- The Board defines the procedures and provides an opportunity for Shareholders to propose agenda items and to nominate candidates to be Director in advance for the Annual General Meeting of Shareholders (AGM) through various channels including the Company's website.
- The Board provides an opportunity for Shareholders to elect Directors by voting on the given ballot papers for each of the Directors separately
- The Board is committed to not adding any new agenda item without notice to shareholders in advance.

### **Protection against abuse of inside information**

Pursuant to section 59 of the Securities and Exchange Act B.E. 2535, all Directors and Management Team members are required to report the changes in their shareholding to the Office of the Securities and Exchange Commission within 3 business days from the date of trading/transfer of the Company's shares and/or warrants (as the case may be). Such reporting shall extend to any change in shareholding of any Director/Management Team member's: (i) spouse, (ii) cohabiting partner, (iii) minor children, and (iv) any juristic person in which such Director/Management Team member holds more than 30% of the total voting rights of such juristic person (including that of his/her spouse, cohabiting partner and minor children), ((i) to (iv) referred to as "Relevant Persons"). The changes in the shareholding of the Directors are reported to the Board of Directors at the quarterly Board meetings.

To prevent abuse of inside information, the Company does not allow the following persons to trade/transfer the Company's shares/warrants (as the case may be) during the period of one month before and two days after any financial announcement of the Company and also at least 5 days before the Company makes any other significant announcement:

- All Directors and Management Team members including their Relevant Persons; and
- The Company's personnel in the Finance & Accounts Department, the Legal Department, the Internal Audit Department, the Information Systems Department and the Investor Relations Department who are close to the relevant inside information of the Company.

Moreover, all Directors and Management Team members are encouraged to inform the Company their intention (including that of their Relevant Persons) to trade/transfer the Company shares/warrants (as the case may be) at least a day in advance.



### **Conflict of interest**

The Board has established guidelines to prohibit a Director/Executive, who has conflict of interest on a particular issue, from participating in the decision – making process.

Any transaction which could lead to a potential conflict of interest and/or a related party transaction is considered very carefully by the Board of Directors with a view to full compliance with the relevant rules and regulations of the Stock Exchange of Thailand (“SET”) and the SEC, Thailand, apart from compliance with the internal policies and guidelines set up by the Company. Moreover, such transactions are entered into strictly on an “Arms-Length” basis. The terms and conditions of such transactions are always in compliance with generally acceptable, standard commercial terms and conditions and appropriate disclosure regarding the details of the transactions viz. value, counter-party, reason and necessity of the transaction is made in the Annual Report and also in Form 56-1.

## **3. Role of Stakeholders**

Board of Directors is expected to be aware, careful and circumspect of the stakeholders’ rights as provided by law and encourage cooperation between the Company and stakeholders to create wealth, jobs, financial stability and sustainability of the business. Stakeholders should have access to necessary information.

The Company defines clear measures on how stakeholders can launch their complaints, opinions, and suggestions, or raise complaints about illegal or unethical conduct by the Company’s employees or other stakeholders.

The Company sets guidelines for treatment of stakeholders based on fair and equitable treatment.

The above measures/guidelines are explained in Business Ethics and Code of Conduct Manual of the Company.

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

- Board has a duty to disclose information whether it is related to financial matters or not. The disclosure should be accurate, complete, adequate, reliable and timely so that the company’s shareholders and stakeholders (if required) are well versed with the information equally as stipulated by laws, state agencies and concerned organizations.

- Company information must be compiled with care, clarity, and should be concise, linguistically simple and transparent. Important information must be disclosed regularly, both, on the positive and negative side, but due care must be exercised not to confuse and mislead users.



More attention must be paid to the content than the form, and all efforts must be made to completely spell out the conditions or assumptions made.

- Company must maintain information dispensing channels that are easy for users to access information in a timely manner. The result should be worth the cost.
- The Board must set up an Investor Relations unit to assist in communicating with the shareholders, investors, as well as securities' analysts. The Board should provide for adequate resources to help develop executives' knowledge and abilities in presenting information and enhancing their communication skills.

### **Silent Period**

For a period of two weeks prior to the planned release of financial reports (known as the "silent" or "quiet" period), the spokesperson as a representative of the Company will not discuss matters related to the Group's future financial performance or expectations with financial media, analysts and investors.

## **5. Responsibilities of the Board**

### **5.1 Leadership and Vision**

The Board of Directors is the main driver in defining the direction of the Company's performance, achieving its goals and objectives and to define the Company Mission, Vision, Core Values, Strategy, Business Plan, appointment of competent and effective management and managing the Company's affairs with Good Corporate Governance in order to achieve its objectives in accordance with the Company's policy and in accordance with the law. The Board of Directors comprises of persons who have the knowledge, expertise, business experience and backgrounds which qualify them to perform their duties and responsibilities in accordance with the highest standards of business ethics.

### **5.2 Set-up of clear Structure, Rules, Duties, responsibilities and Independence of the Board of Directors**

**The Company has 6 Boards/ Committees as follows:**

#### **5.2.1 The Board of Directors**

##### **Board Composition**

- The Board of Directors is composed of at least five and not more than twelve Directors out of which at least one - third are Independent Directors, which shall not be less than 3 Directors.



- The Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board members represent diversity from a range of perspectives including gender, age, educational background, skills, knowledge and professional experience.

- The Chairman of the Board and Managing Director are separate persons in order to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman of the Board is an Independent Director, the leader of the Board, and has duties as the chairman of both Board and shareholders' meetings. The Managing Director is the head and leader of the Company's executives and is responsible to the Board for managing the Company in order to achieve all planned objectives.

- The Director's term is defined in the Company's articles of association. A Director who has completed his/her term is eligible for re-election by Shareholders.

### **Board Diversity**

The Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. The Board members represent diversity from a range of perspectives including gender, age, educational background, skills, knowledge and professional experience. And for selection of new directors, the Board of Directors will consider candidate's qualifications, having regard to the mix of skills, diversity and in line with the Company's strategic direction.

### **Qualifications of Directors**

- Qualified according to the Public Limited Companies Act, Securities and Exchange Act including other relevant laws and regulations and in accordance with the Good Corporate Governance Policy of the Company.

- Knowledgeable, possess good background experience, capable, independent to perform director's duties with care and loyalty, and able to attend Directors' meetings regularly.

- Having knowledge in one or more of the following fields: Shipping, International Trading, Business Strategy, International Accounting, International Finance, Law and Corporate Governance.

- Not holding board positions in more than 5 listed companies (including the Company).

- Not holding position or involved in any competing maritime business.

- Completed the Thai IOD Director's Certification Program within 6 months of appointment.

- Age not more than 70 years unless specifically extended.





## **Independent Directors**

An Independent Director is a Director who is independent from management of the Company and/or its subsidiaries, who does not have any related business or activities, and has no business with the Company, which may compromise the interests of the Company and/or the Shareholders, and has the full qualifications prescribed by the announcements of the SEC and SET. An Independent Director shall serve a three years term. The appropriate term for Independent Director is no more than three consecutive terms except for when a director is deemed suitable to hold the position for a longer period. The Board will consider the independence and effectiveness of the Independent Director who is under consideration and defend their decision to the shareholders, if required.

### Roles of Independent Director

- At least one-third of the Board of Directors is comprised of Independent Directors and there are at least 3 Independent Directors on the Board.
- The Chairman is an Independent Director
- The Audit & Corporate Governance Committee is entirely comprised of Independent Directors.

### Qualifications of Independent Directors

- The Independent Director must not hold shares exceeding 0.5 percent each, including shares held by a related person, of paid-up capital of the Company, a subsidiary or of an affiliated, associated or a related company.
- The Independent Director must not be involved in the day-to-day management and must not be an executive director, employee or advisor who receives salary or other kinds of compensation from the Company, its subsidiaries, or affiliated companies, associated companies or related companies or with the major shareholders of the Company during the period of two (2) years before the date of appointment as Independent Director.
- The Independent Director must not have any business relationship pursuant to the regulations of the Securities and Exchange Commission and also must be free of any present, direct or indirect, financial or other interest in the management and business of the Company, its subsidiaries, associated companies, or its major shareholders during the period of two (2) years before the date of appointment as Independent Director.

The term 'business relationship' under the above paragraph, such as any normal business transaction, rental, or lease of immovable properties, transaction relating to assets or services, or grant or receipt of financial support through receiving or extending



loans, guarantee, providing assets as collateral, including any other similar action whose value exceeds 20 MB or more than 3% of the net tangible assets, whichever is lower.

- The Independent Director must not be the external auditor of the Company, its subsidiaries, or affiliated companies, associated companies or related companies, or with its major shareholders nor be a significant shareholder, a controlling person or a partner of such audit firm which employs external auditors of the Company, its subsidiaries, or affiliated companies, associated companies or related companies, or with its major shareholders during the period of two (2) years from the date of appointment as Independent Director.

- The Independent Director must not be a provider of any professional services, such as legal advisor, financial advisor or asset appraisal who receives service fees exceeding Baht 2,000,000 per year from the Company, its subsidiaries or affiliated companies, associated companies or related companies, or with its major shareholders during the period of two (2) years from the date of appointment as Independent Director.

- The Independent Director must not be a blood relative or legal relative of any Executive Director, executive officer, major shareholder or significantly influential person in/of the Company.

- The Independent Director must not be acting as a nominee or representative of any director, major shareholder or shareholders, who are a relative of any major shareholders of the Company.

- The Independent Director must be able to carry out their duties, exercise their judgment, and report the committee's performances, which are assigned by the Board of Directors without being influenced by Executive Directors or major shareholders of the Company, including related persons or relatives.

#### Independent Directors' Roles and Duties

- Independent Directors should gain access to financial and other business information adequately for them to perform their duties effectively.

- They are expected to regularly attend every board meeting, including committee meetings, and raise good questions to ensure the interests of company's shareholders' and the protection of rights of other stakeholders', and ensure that the Company complies with best practices.

- Independent Directors are expected to possess abilities and display willingness to learn company's business and are also expected to express their views independently, as well as dedicate time and attention to the company as needed.



- Independent Directors are expected to regularly hold meetings among themselves, and try in every way possible to look for opportunities in which they can discuss business management issues with the management.
- Independent Directors are expected to submit a confirmation letter to the company verifying their independence in accordance with the company's definition; on the date they accept the appointment and every subsequent year if required.
- There should be specific terms given to Independent Directors, and no Director must stay on beyond a certain time limit. Nonetheless, the difficulties of searching an appropriate replacement and the benefits of the working relationship built up over the years within the Independent Directors and their understanding of the business must also be taken into account. Accordingly, at present no time limit has been set up for the Independent Directors apart from the statutory limits placed under applicable law.

#### **Powers, duties and responsibilities of the Board of Directors are as follows**

- The Board of Directors performs its duties in conformity with applicable laws, and carries on the business of the Company in accordance with the laws, the Company's objectives and the articles of association as well as the resolutions of the shareholders' meetings. The Board of Directors is authorized to carry out the Company's activities as prescribed in the memorandum or those related thereto under the Public Limited Companies Act B.E. 2535. The Board of Directors is responsible to the Company's shareholders. Each Director represents all shareholders and takes part in supervisory and regulatory functions in the Company's operations, in an independent and impartial manner, for the benefit of all shareholders and other stakeholders.
  - The Directors, in their business conduct, are expected to generally act with care to preserve the interest of the Company.
  - The quorum for the Board of Directors meeting is at least two-thirds of Board size. However, in emergency cases, this can be waived and the quorum required by the Articles and Law will be followed.
  - The Board of Directors or the Shareholders at their meeting is entitled to designate the authorized Directors to bind the Company and accordingly, any two of the following with the Company's Seal are the present authorized signatories:
    - 1) Mr. Khalid Moinuddin Hashim
    - 2) Mr. Kirit Shah
    - 3) Mr. Ishaan Shah
    - 4) Mr. Gautam Khurana



The Board of Directors is inter alia authorized to sell or mortgage any of the Company's immovable properties, to let any of the Company's immovable properties for the period more than three years, to make a gift, to compromise, to file complaints to the Court and to submit the dispute to the Arbitration.

- Annually review and approve the Vision & Mission Statement, Core Values and Code of Business Conduct.

- Review and discuss Management's proposed strategies and options and approve major decisions in respect of the Company's business direction and policies. The Board of Directors also reviews and approves the Business and performance goals proposed by the Management.

- Monitor the implementation of the Company's strategies including monitoring the Company's performance and progress toward achieving set objectives as well as compliance with the laws, regulations and related policies.

- Ensure the existence of an effective internal control system and appropriate risk management framework.

- Ensure the establishment and communication of policy and programme relating to anti-corruption.

- Ensure an effective audit system executed by both internal and external auditors.

- Approve quarterly and annual financial reports to ensure that the reports are prepared under generally accepted applicable accounting standards.

- Ensure that the Company has a proper system in place to communicate effectively with all stakeholders and the public.

- Define policy and guidelines for risk management and monitor the management to ensure the efficiency of risk management system.

- Define policy and guidelines for good corporate governance and ensure that the duties and responsibilities of Directors and the management comply with Corporate Governance principles.

- Define policy and guidelines to implement Corporate Social Responsibility.

### **The Chairman of the Board of Directors and the Managing Director**

The Chairman of the Board of Directors is an Independent Director and has no relationship with the Management, as defined by the Stock Exchange of Thailand. The Chairman is not the same person as the Managing Director of the Company nor is he related in any way to the



Managing Director of the Company in order to segregate the duties between the policy maker and the policy manager.

The Chairman of the Board is the leader of the Board, and has duties as the chairman of both Board and shareholders' meetings. His role includes promoting corporate governance and compliance, and ensuring its effectiveness. He engages directly with the Managing Director to monitor performance and oversees the implementation of the Company strategies.

The Managing Director is the head and leader of the Company's executives and is responsible to the Board for managing the Company in order to achieve all planned objectives.

#### Powers, roles and duties of the Chairman of the Board of Directors

- Provides leadership to the Board of Directors;
- Presides over the Board of Directors meetings, Non-Executive Directors meetings and Shareholders meetings;
- Facilitates open and constructive communication between members of the Board and encourages their contribution to Board deliberations;
- Promotes the highest standards of corporate governance, ethics and corporate social responsibilities;
- Consult with the Managing Director and Company Secretary to arrange the schedule and agendas of the Board of Directors' meetings;
- Ensure that the Company has effective communication with its shareholders and relevant stakeholders.

#### Powers, roles and duties of Managing Director

- The day-to-day management of the Company and its business is the responsibility of the Managing Director, supported by the executive team.
- Develops and recommends the Company's vision, mission, strategy and business plan for the Board's approval;
- Manages the Company in accordance with strategy, business plans and policies approved by the Board of Directors;
- Reports on the Company's operation results to the Board of Directors as well as other work in progress to achieve the Company's objectives;
- Ensures that all Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;
- Builds and maintains an effective top management team capable of delivering the Company's strategy and objectives, and identifies and recruits new talent to ensure effective succession to top management positions;



- Ensures communication with shareholders and relevant stakeholders;
- Undertakes any other roles and duties assigned by the Board of Directors.

### **Company Secretary**

The Company designated the Company Secretary who has duties and responsibilities in accordance with the Securities and Exchange Act and is responsible for overseeing and advising the Board and the Management regarding applicable laws, rules, regulations and Good Corporate Governance, and also responsible for holding the Board and shareholders' meetings. The additional tasks include assisting the Board to comply with resolutions and safeguard the Company's documents and information.

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

- The Board of Directors' meetings are scheduled in advance to convene at least 5 times per year, but extraordinary or special meetings, if required, may be called at any time during the year. For each meeting, throughout the year, an agenda is clearly predetermined by both, the Chairman of the Board of Directors and Managing Director.
  - The Company Secretary sends the notice of the meeting and relevant documents to all Directors at least 7 days prior to the meeting date, so as to allow sufficient time for them to review the information before joining the meeting.
  - All Directors devote their time and attention to the Company's business and are prepared to attend meetings regularly.
  - The Chairman of the Board of Directors ensures that the Board has adequate time for the management's information presentation, including their deliberation, questions and debate of significant issues.
  - The Board of Directors has established a guideline to prohibit a director/executive, who has a conflict of interest on any issue, to participate in its decision-making process pertaining to the same. Normally a director/executive, who has a conflict of interest on an issue, will leave the meeting and join back once the issue has been discussed and a decision is made.
  - In every meeting, the minutes of the meeting are recorded, reviewed and adopted by the Board of Directors. The minutes of the meeting are kept with the Company Secretary for ready reference and review by other concerned parties.
  - The Non-Executive Directors hold meetings among themselves for discussing the business management issues and performance of the Executive Directors and are expected to notify the Managing Director of the meeting outcomes.



## **Board's and Sub-Committees' Self-Assessment**

The Board and its sub-committees shall perform an annual self-assessment to be used as a framework for reviewing their performance. The result will be reported to the Board by the Company Secretary and disclosed in Corporate Governance Report section in the Annual Report.

## **Director and Management Training**

The Board of Directors continues to try and enhance their value by participation in activities, courses and events which add to their knowledge base in the continually changing business environment to ensure that they are updated and possess full knowledge.

### Director's orientation

If someone is newly appointed on the Board of Directors by the shareholders, the Company Secretary informs and provides relevant documents such as Director's handbook, the Company's corporate documents, CG Policy Manual, Business Ethics and Code of Conduct Manual, Anti-Corruption Policy, laws, regulations and practices which are related to the trading of Company's shares.

## **Directors' Remuneration Criteria**

- The Directors' Remuneration must be agreed by Board of Directors and recommended to the Shareholders for their approval.
- The Directors' Remuneration shall be a fixed amount per annum.
- The remuneration criterion shall include consideration of financial status and performance of the Company and in accordance with International Standards and comparable with other listed companies in general and should also be comparable with listed companies in the same sector in Thailand and abroad.

## **Nomination, Selection, Appointment and Re-election of Directors.**

### **Directors' Nomination Criteria**

The Company recognises that diversity at the Board level is an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments are based on meritocracy, and candidates are considered against appropriate criteria which are as follows;



- Consideration is based on a range of diversity perspectives, including gender, age and education background, skills, knowledge, and professional experience, and devotion of potential candidates expected to add value to the Board.
- Consideration of the qualities of leadership, vision, ethics, and honesty to uphold the highest principles of Good Corporate Governance.
- The candidate should not be a person blacklisted by any organization (including the SEC) or convicted of any crime.
- The candidate as an Independent Director must be qualified in accordance with the independent director's qualification.
- Consider other qualifications as may be advisable.

#### Procedure for selection and appointment of new directors

The procedure when selecting and appointing new directors varies depending upon the circumstances of the Company at the particular time. In general, when the Board of Directors intends to appoint a new director (as a vacancy occurs or as an additional member on the Board), the following procedure is followed in selecting and appointing a new director to the Board of Directors:

- The Nomination Committee evaluates the range of skills, experience, expertise and diversity of the existing Directors, and identifies other appropriate qualifications giving consideration in line with the Company's strategic direction, and gaps which need to be filled. Consideration is given to the balance of independent Directors on the Board and the best practice recommendations as set out in the SET Corporate Governance Principles.
- For seeking suitable candidates, the Nomination Committee may utilize the personal network of the Board members and Senior Management of the Company and may consider the proposals from the Shareholders or may engage an external search firm or may use Director Pool information from the Thai Institute of Directors (IOD).
- The Nomination Committee screens the Director candidates, and then interviews each interested preferred candidate to identify those individuals who best fit the target candidate profile. Once the Nomination Committee has identified an appropriate candidate for the Board to consider, it may also arrange the Board members to meet with the candidate.
- The Nomination Committee submits its recommendations to the Board of Directors, which is proposed for the shareholders' approval at the shareholders' meeting or which is proposed for the Board's approval as a temporary replacement if a director resigns during his or her term in office and a casual vacancy is created.





### Procedure for Re-election of Directors who retire by rotation

In accordance with Section 71 of the Public Limited Companies Act B.E. 2535 and Article No.17 of the Articles of Association of the Company, at every Annual General Meeting, at least one-third of the Directors, or, if their number is not a multiple of three, then the number nearest to one-third, must retire from office. In every subsequent year, the Director who has been longest in office shall retire. A retiring Director is eligible for re-election. The following procedure is followed for re-election of a director who retires by rotation:

- The Nomination Committee considers the past performance of the retiring directors e.g. attendance, participation in meetings and other contributions to the activities undertaken by the Board of Directors.
- After reviewing, the Nomination Committee submits its recommendations to the Board of Directors, which is proposed for the shareholders' approval at the shareholders' meeting.

### **Criteria to nominate/appoint Top Executives including the Managing Director**

The Nomination Committee considers the following criteria below when determining whether to nominate/appoint a top executive, including the Managing Director

- Skills, knowledge, relevant qualification and professional experience in business operations.
- Leadership potential, integrity and vision.
- No blacklisting by any organization (including the SEC) or criminal conviction.
- After review, the Nomination Committee submits its recommendations to the Board of Directors for consideration and approval.

### **5.2.2 The Executive Board of Directors**

The Executive Board of Directors consists of 3 Directors and is appointed by the Board of Directors.

#### **Qualification of Executive Directors**

- Qualified according to the Public Limited Companies Act, Securities and Exchange Act including other relevant laws and regulations and in accordance with the Good Corporate Governance Policy of the Company.
- Knowledgeable, possess good background experience, capable, independent to perform director's duties with care and loyalty, and able to attend Directors' meetings regularly.
- Having knowledge in respective field of appointment as part of Senior Management



- Not holding board positions in more than 3 listed companies (including the Company)
- Not holding any position or involved in any competing maritime business.
- Not holding any other executive position in a full-time capacity.
- Completed the Thai IOD Director's Certification Program Course.
- Age not more than 70 years unless specifically extended.

**Powers, duties and responsibilities of the Executive Board of Directors are summarized hereunder:**

- To manage the Company's business under the resolutions / regulations of the Board of Directors.
- To execute any agreements / contracts binding the Company the terms and conditions of which must be in their scope of authority vested by the Board of Directors. Such agreements / contracts must be affixed with signatures of any two Executive Directors together with the Company's seal.
- To generally act on behalf and in the interest of the Company and its subsidiaries as may be required to carry on the business.
- The Executive Board of Directors shall report on the business operations conducted by the Executive Board to the Board of Directors for acknowledgement and discussions. However, policy-related issues, or issues likely to have significant and major impact on the Company's business, or issues requiring action by the Board of Directors in compliance with laws, or the Company's Articles of Association, must be approved by the Board of Directors. This also includes issues for which the Executive Board of Directors considers it appropriate to seek the approval of the Board of Directors on a case-by-case basis, or per the criteria designated by the Board of Directors.
- Prepare and review strategic objectives, financial plans and key policies of the Company, to be submitted to the Board of Directors for approval.
- Review management authority in various aspects stipulated in the approval authority hierarchy, to be submitted for approval to the Board of Directors.
- Appoint, monitor and evaluate the performance of employees from the level of department head down to middle managers.
- Monitor and report on the Company's operating results to the Board of Directors as well as on other work in progress to achieve the Company's objectives.
- Communicate with external stakeholders, per designated authority, and as deemed appropriate.



- Prepare and review policy and guidelines for risk management and monitor the management to ensure the efficiency of risk management system.
- Prepare and review policy and guidelines for good Corporate Governance and guidelines to implement Corporate Social Responsibility.
- Develop and implement anti-corruption systems, as well as encourage employees at all levels and related parties to follow the anti-corruption policy in order to create an anti-corruption culture.

### **5.2.3 The Audit & Corporate Governance Committee**

The Audit and Corporate Governance Committee was appointed by Board of Directors with the objective of having a mechanism to assist the Board independently in accordance with the regulations and the recommendations in respect of Good Corporate Governance, to give opinion of company's financial report's correctness, credibility and transparency, to encourage the good corporate governance including coordination with the Board of Directors for risk management and internal control systems in the Company. This is expected to create efficiencies in operations and also provide for an independent check on the functioning of the Management of the Company including checks on conflict of interest issues and connected party transactions, if any.

#### **Composition of Audit & Corporate Governance Committee**

- There must be at least 3 persons in the Committee.
- The Company's Chairman is not the Chairman of the Committee nor a member.
- A secretary may be appointed by the Audit and Corporate Governance Committee to assist the Audit Corporate Governance Committee. Accordingly, the Company Secretary is also presently acting as the Audit and Corporate Governance Committee Secretary.
- Audit & Corporate Governance Committee members shall serve a two years term and shall be eligible for reappointment.

#### **Qualifications of Audit & Corporate Governance Committee Members**

- Must be appointed by the Board of Directors or by the shareholders in a shareholders meeting.
- All the members must be Independent Directors.
- Not a Board member of parent company or subsidiary company which is also a listed company



- Not holding shares exceeding 0.5 percent of the total number of shares issued by the Company or its affiliates or associates or any other related Companies, including shares held by a related person.
- Be free of any past (for a period of 2 years) or present, direct or indirect, financial or other interest in the management and business of the listed company, its subsidiaries and associated companies and also that of the listed company's substantial shareholders.
- Not related to or a close relative of any executive Director, executive officer or major shareholder of the listed company.
- Not a Board member assigned to make decisions on business operations in the listed company, its parent company, subsidiaries or associated companies, or in a juristic person with possible conflicts of interest.
- Be able to freely perform and give opinions, or report the result of the duties assigned by the Board of Directors without being controlled by the management or major shareholders or any other related persons.
- Having duties and responsibilities in accordance with the rules and regulations of the SET.
- At least 1 committee member must have knowledge, understanding or experience in accounting or finance fields.

**Powers, duties and responsibilities of the Audit & Corporate Governance Committee are summarized hereunder:**

- To review the Company's financial reporting process to ensure accuracy with adequate and complete disclosure.
- To ensure that the Company has an appropriate and efficient internal control system subject to internal audit and to also ensure that there is an efficient internal audit system in place and to ensure the independence of internal audit department, including approval of the selection, promotion, rotation or termination process of the internal audit head.
- Review risk management system of the Company and recommend improvements on a regular basis.
- Review guidelines for the Company's Corporate Governance as compared with those of International organizations and present its recommendations to the Board of Directors.
- To review the performance of the Company to ensure compliance with the securities and exchange law, regulations of the Exchange and other laws relating to the business of the Company.



- To select and nominate for the shareholders' approval or discharge, the external auditor of the Company, including recommendation of remuneration of the external auditor after considering the independence of the external auditor and to freely discuss significant matters, the Audit & Corporate Governance Committee shall meet privately with the external auditor at least once a year, without the management team being present.
- To review connected party transactions that may lead to conflict of interest to comply with all related rules and to ensure the transactions are reasonable and for the full benefit of the Company and to ensure accurate and complete disclosure of the same.
- To oversee the Anti-Corruption policy and annually review the Company's Anti-corruption procedures to ensure the effective compliance with the guidelines of the Collective Action Coalition Against Corruption (CAC).
- To review the Company's compliance with its Whistleblowing Policy and Procedures for Reporting and Investigation of Misconduct and/or Fraud, and consider all instances (if any) of misconduct or fraud and the final investigation report.
- To prepare a report on the monitoring activities of the Audit & Corporate Governance Committee, in accordance with the required details per SET regulations and disclose it in the annual report, such report to be signed by the Chairman of the Audit & Corporate Governance Committee.
- To perform any other acts as delegated by the Board of Directors and accepted by the Audit & Corporate Governance Committee.

#### **5.2.4 The Risk Management Committee**

The Board of Directors has appointed a Risk Management Committee to prescribe risk management policies that cover the entire organization and to ensure that risk management procedures or systems are in place to appropriately mitigate the impact of the risks on the businesses of the Company. Composition, authority, duties and responsibilities of the Risk Management Committee are prescribed to ensure their efficient performance as assigned by the Board of Directors.

#### **Composition of Risk Management Committee**

- There must be at least 3 Directors in the Committee.
- The Company's Chairman must be neither the Chairman nor a member of the Committee.



- A secretary may be appointed by the Risk Management Committee to assist the Risk Management Committee. Accordingly, the internal auditor is also presently acting as the Risk Management Committee Secretary.
- The Risk Management Committee members shall serve a two years term and shall be eligible for reappointment.

### **Qualifications of Risk Management Committee Members**

- Must be appointed by the Board of Directors.
- At least one (1) member must be an Independent Director.

### **Meeting**

- The Risk Management Committee plans to hold a meeting at least four times a year.

### **Roles, Duties and Responsibilities of the Risk Management Committee**

The Risk Management Committee is responsible for duties assigned by the Board of Directors as follows:

- Prescribe risk management policy, framework and procedures to cover the entire organization.
- Identify the various risks that the Company is exposed to in the business environment.
- Suggest measures for the appropriate and efficient management of the risks associated with and identified by the Company.
- Oversee the risk management process to ensure that both external and internal factors which may impede the achievement of Company objectives are considered during risk identification, the impact and likelihood properly assessed, risks properly prioritized, and appropriate risk mitigation methods identified.
- Annually review the risk management policies and procedures.
- Follow up on and evaluate the performance in accordance with the organization-wide risk management framework, including recommendation of a framework for internal controls.
- Report the Company's major risks, status, progress of measures taken to mitigate these risks and performance to the Board of Directors.
- Communicate, collaborate and share information with Audit and Corporate Governance Committee on risk management and internal control.
- Perform any other acts as delegated by the Board of Directors.



### **5.2.5 The Remuneration Committee**

The Remuneration Committee has been appointed by the Board of Directors as a mechanism to assist the Board in independently proposing the criteria of and setting guidelines for the Remuneration of Directors and senior management and to propose the remuneration the Board of Directors who will then act (accept fully, partially or reject totally) act in accordance with the regulations and good governance practices based on the proposals made by the Remuneration Committee. The Board of Directors are not empowered to fix the Remuneration of the Directors but are required to place their recommendations on the same to the shareholders for their approval.

#### **Composition of Remuneration Committee**

- There shall be at least 3 Directors as members on the Remuneration Committee.
- The Majority of the Committee shall always be comprised of Independent Directors.
- The Chairman of the Committee shall always be an Independent Director.
- The members of remuneration committee who do not fall in (2) and (3) above shall be Non – Executive Directors.
- The Company's Chairman shall not be the Chairman of the Committee nor a member.
- Remuneration Committee members shall serve a two years term and shall be eligible for reappointment.

#### **Qualifications of Remuneration Committee Members**

- They must not hold shares exceeding 0.5 percent of paid-up capital of the listed company or of an affiliated or an associated company.
- They must not be involved in the day-to-day management of the Company or an affiliated company or an associated company.
- They must be free of any present, direct or indirect, financial or other interest in the management and business of the Company, its subsidiaries or associated companies.
- They must not be a relative of any Executive Director or an executive officer of the Company or its subsidiaries or associates.
- They must not be acting as a nominee or representative of any Executive Director or an executive officer of the Company.
- They must be able to carry out their duties, exercise their judgment, and report the committee's performances, which are assigned by the Board of Directors without being



influenced by Executive Directors or executive officers of the Company or its subsidiaries or associates.

**Powers, duties and responsibilities of the Remuneration Committee are summarized hereunder:**

The Remuneration Committee is responsible for duties assigned by the Board of Directors as follows:

- Set out compensation guidelines for Directors and Senior Management and propose the same to the Board of Directors.
- Propose the Directors' Remuneration for the Board to make its recommendations and express its opinion for approval in shareholders' meeting.
- Update the Board of Directors about compensation norms being followed by Companies in Thailand and abroad.
- Other specific jobs assigned by the Board of Directors.

**5.2.6 The Nomination Committee**

The Nomination Committee has been appointed by the Board of Directors in order to set up a mechanism to assist the Board to independently propose the criteria and set guidelines for nomination of new Directors and recruitment and selection of top executives, and thereafter propose to the Board of Directors who could then consider the proposal and decide to accept or reject the same or amend it for further approval by shareholders if required (for the appointment of Directors).

**Composition of Nomination Committee**

- All the members of the Committee are Independent Directors.
- The Chairman of Committee is an Independent Director.
- The Company's Chairman is not the Chairman of the Committee nor a member.
- Nomination Committee members shall serve a two years term and shall be eligible for reappointment.

**Qualifications of Nomination Committee Members**

- The Qualifications are exactly similarly to that of the Independent Directors.





**Powers, duties and responsibilities of the Nomination Committee are summarized hereunder:**

- Set out selection and nomination guidelines of appropriate persons and propose the same to the Board of Directors.
- Review the Board structure and propose a succession plan for Directors and Senior Management.
- Propose to the Board, names of potential candidates for appointment as Directors.
- If requested by the Board of Directors, assist in the process of review of performance of Directors.
- Prepare specific reports on latest trends and practices in the appointment of the Directors and Senior Management for consideration by the Board of Directors.
- Other jobs assigned by the Board of Directors.

**6. Supervision of subsidiaries and associated companies**

This Corporate Governance Policy, the Business Ethics and Code of Conduct as well as other company policies govern not only the Company, but also extend to its subsidiaries and associated companies<sup>1</sup> (where applicable) so as to ensure that all business operating entities of the Company, irrespective of their business locations, comply with these policies uniformly. In addition, the Company shall at all times, ensure that all the subsidiaries' and associated companies<sup>1</sup> are in compliance with applicable laws and regulations. The Board has set up the following mechanism in order to supervise and monitor corporate governance of the Company's subsidiaries and associated companies<sup>1</sup>.

- The Company shall nominate directors in each subsidiary as appropriate for the business operations of such subsidiary and the governing laws and regulations. For associated companies<sup>1</sup>, director appointment shall be as per an investment agreement (if any).
- The Executive Directors on the Executive Board of Directors the Company are generally appointed as directors in the Company's subsidiaries. However, the number of directors in each subsidiary depends on business requirements and governing laws.
- Directors of the subsidiaries perform their duties in conformity with applicable laws and ensure that the business of the subsidiaries operate in accordance with applicable laws. The Directors, in their business conduct, are expected to generally act with care to preserve the interest of the Company.
- Financial performance of the subsidiaries shall also be reported to and considered by the Company's Board of Directors on a regular basis.



- The internal control systems and policies of the Company shall extend to its subsidiaries.

<sup>1</sup> “associated company” means:

- (a) a company whose shares are held by the parent company or the subsidiary company in an aggregate number of more than twenty percent but not exceeding fifty percent of the total number of shares with voting rights of the company being held;
- (b) a company in which the parent company or the subsidiary company has power to participate in making decisions on financial policies and operational matters of the company but not insomuch as to have control over such policies and not deemed as subsidiary company or joint venture.

## **7. Controlling Systems and Risk Management Policy**

The Board of Directors recognizes the importance of Risk Management and is responsible directly on Risk Management of the organization with the objectives to support the work performance of the management of the Company to be efficient and to achieve the goals, that the organization may have to face under business uncertainties that may affect the goals or objectives of the Company.

The Board of Directors has specified policy and framework for Risk Management concerning all aspects and cover business risk factors by determining guidelines within the Company by considering the probability and the likely impact of such a risk on the business and also determine preventive and mitigation measures, reporting structures, monitoring procedures and processes and assessment with steps laid down for regular follow up including the focus on early warning signs. Currently, the Company has classified the various risk factors into 4 categories as follows:

1. Operating Risk
2. Financial Risk
3. Market Risk
4. Capacity Replacement and Expansion Risk

The Company has disclosed and explained significant risk factors in the Annual Report.

The Board of Directors assigned the Audit & Corporate Governance Committee to be responsible for reviewing internal control systems and internal audit to ensure the effectiveness of the work which internal audit department conducts to evaluate the risk and control activities in the operations within the organization including the review of the financial statements and risk management information to the Audit & Corporate Committee every quarter.

The Board of Directors has appointed a Risk Management Committee to prescribe risk management policies that cover the entire organization and to ensure that risk management



procedures or systems are in place to appropriately mitigate the impact of the risks on the business of the Company.

## **8. Business Ethics**

It is the collective responsibility of the entire Board of Directors to provide and comply with a code of conduct which ensures that all the Company's activities are conducted legally according to applicable laws and in keeping with good moral principles and the Directors and employees must be made aware of the code of conduct. The code of conduct should be continuously monitored with a view to maintaining the changing expectations of the Company and its shareholders and is disclosed in details in the Business Ethics and Code of Conduct Manual of the Company.