

# CORPORATE GOVERNANCE REPORT

The Board of Directors is the main driver in defining the direction of the Company's performance, achieving its goals and objectives and defining the Company Mission, Vision, Core Values, strategic business plan, appointment of competent and effective Management and managing the Company's affairs with good corporate governance in order to reach the objectives in accordance with Company's policy and in accordance with the law.

At the Board of Directors' meeting held on 15<sup>th</sup> November 2021, the Board reviewed the Company's Vision and Mission Statement and Core Values and found that they are in line with the Company's strategic objectives and the principles of sustainable development.

This Corporate Governance Report not only captures the relevant principles of corporate governance that the Company follows, but also the key performance of the Board in respect of corporate governance for the year 2021.

## 1. Nomination, Development and Performance Assessment of the Board

The Nomination Committee shall recommend candidates to the Board of Directors to replace retiring Directors or to fill any other vacancy.

### Independent Director

The Independent Directors are independent from the Management and have no business or activities with the Company and must not be involved in the day-to-day management of the Company or an affiliated company which may compromise the Interests of the Company and/or the Shareholders.

### Qualifications of Independent Directors of the Company:

The following qualifications of Independent Director of the Company are more rigorous than the requirements set by the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission, Thailand ("SEC").

- 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 SEC 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 THB 20 million 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 Director's Roles and Duties**

- Independent Directors should have access to adequate financial and other business information for them to perform their duties effectively.
- They should regularly attend every board meeting, including committee meetings, and raise questions to ensure the interests of Company's shareholders' and the protection of rights of other stakeholders', and that the Company complies with best practices.
- Independent Directors should possess abilities and display willingness to learn the Company's businesses, and express their views independently, as well as dedicate time and attention to the Company as needed.
- Independent Directors should 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.
- It is expected that there should be specific terms given to Independent Directors, and no director is expected to 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.

#### **Nomination and selection of Directors and Executives**

The Nomination Committee shall review the structure and composition of the Board of Directors, set nomination criteria and search for candidates with qualifications appropriate for the company's situation and needs.

### **Criteria to nominate/appoint Directors**

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 merit. 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 must 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.

#### **Procedure for nominating/appointing Top Executives including the Managing Director**

The Company follows the following procedure when selecting and appointing new executives including the managing director:

- The Nomination Committee identifies the qualifications, skills, knowledge, experience, and expertise of candidates for any top executive position that the Company needs which should be in line with the Company's strategic direction.
- The Nomination Committee screens profiles of the applicants, interviews them, and shortlists the preferred candidates who fit the criteria. The Nomination Committee then proposes such suitable candidate for the Board's consideration by way of submitting its recommendations to the Board.
- The Board may interview such candidate as the Board deems fit before the Board concludes its decision.

#### **Nomination of Directors for the year 2021**

The Company invited the shareholders to nominate a candidate to be elected as a member of the Board of Directors in the Annual General Meeting of Shareholders (AGM) No. 1/2021 through the Company's website from 1<sup>st</sup> October 2020 to 31<sup>st</sup> December 2020. However, there were no proposals from the shareholders.

The Board of Directors proposed the re-election of the following directors who retired by rotation at the AGM No. 1/2021 for the shareholders' consideration and approval:

- |    |                               |  |
|----|-------------------------------|--|
| 1. | Mr. Chaipatr Srivisarvacha    | Chairman of the Board of Directors/ Independent Director   |
| 2. | Professor Dr. Pavida Pananond | Independent Director/ Audit and Corporate Governance Committee Member/ Remuneration Committee Member/ Risk Management Committee Member |
| 3. | Mr. Kirit Shah                | Director/ Remuneration Committee Member  |
| 4. | Ms. Nishita Shah              | Director   |

The Board of Directors, on the recommendation of the Nomination Committee, was of the opinion that the above four directors were eligible to be, and should be nominated for re-election. They were mature, highly qualified and widely experienced in international business and have vast experience, specifically in international trading, finance and shipping. It was expected that the Company would benefit immensely from their knowledge, ideas and suggestions that they would bring to the Board of Directors.

The Shareholders approved the re-election of the four Directors who retired by rotation, with the majority votes cast by all shareholders who were present and eligible to vote. The shareholders who were eligible to vote had one vote for each share they held.

## 2. Directors' Development

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. All the Company's Directors have attended important training courses that are available such as the Director Certification Program (DCP) or the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD).

The Company encourages every director to acquire further knowledge through training imparted by the Thai Institute of Directors Association (IOD), Thai listed Companies Association (TLCA) and other leading organizations as well as attend seminars to enhance their ability to perform their roles. In 2021, the Company's management attended a "Strategy Review" session together with the Board of Directors. Besides presentations by members of the Management, there was also a presentation on the outlook of the Shipping market, by an industry expert.

### Details of Directors attended training programs/seminars in 2021

Director's Name	Seminar/Training Course	Conducted by
Professor Dr. Pavida Pananond	Panelist, Investment in Sustainable Recovery: Empirical Analysis, Lessons Learnt, and a Future Research Agenda	Academy of International Business & United Nations Conference on Trade and Development
	Panelist, Trade Wars, Technology, and Global Value Chains,	United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
	Participant, Virus/ Vaccine Dynamics/ Challenges in the Mekong Region: The Regionalisation Imperative?	The Institute of Security and International Study, Chulalongkorn University
Mr. Gautam Khurana	Directors Certificate Program (DCP) Class 313/2021	Institute of Directors (IOD)
	E-Learning CFO's Refresher Course	The Stock Exchange of Thailand
Ms. Sirasa Supawasin	Personal Data Protection Law for Practitioners	Law and Development Research Center (LDRC), Faculty of Law, Chulalongkorn University

### Directors' Orientation

The Company Secretary provides any newly appointed director with the background of the Company's business, profile and industry along with all the relevant documents such as the 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.

The Company arranged such a Directors' Orientation program for the 2 new Directors who were appointed in 2020.

### 3. Performance Evaluation of the Board, the Sub-committees and the Managing Director

The Company conducts evaluation of the performance of the Board of Directors, the Sub-committees, and the Managing Director at least once a year.

#### Board Self-Assessment

In the Board of Directors Meeting held on 15<sup>th</sup> November 2021, Board members conducted a self-assessment through a questionnaire following the SET guidelines which covered the subjects as follows:

- Structure and characteristics of the Board
- Roles and responsibilities of the Board
- Board of Directors' meetings
- The Board's performance of duties
- Relationship with Management
- Self-development of Directors and Executive Development

The scores of Board's Self- Assessment fall in the level of "Excellent". The Board of Directors intends to use this result to further improve its performance. The Company intends that the self-assessment be done every year in order to comply with the Good Corporate Governance practice and accordingly this exercise will be conducted again in year 2022.

#### The Board Committees' Self-Assessment

The Company has 5 Board Committees i.e., the Audit & Corporate Governance Committee, the Risk Management Committee, the Executive Board of Directors, the Nomination Committee and the Remuneration Committee. In the Board of Directors Meeting held on 15<sup>th</sup> November 2021, the Board of Directors acknowledged the results of each board committee self-assessment conducted by members of each board committee through a questionnaire following the SET guidelines which covered the subjects as follows:

- Structure and characteristics of the Board Committees
- Board Committees Meeting
- Roles and responsibilities of the Board Committees in each particular committee

#### The scores of each board committee self-assessment are summarized as follows

Board Committees	2021 Results of self-assessment
Audit & Corporate Governance Committee	Very Good
Risk Management Committee	Very Good
The Executive Board of Directors	Excellent
Nomination Committee	Very Good
Remuneration Committee	Very Good

Each Board Committee intends to use this result to further improve its performance. The Company intends that the self-assessment be done every year in order to comply with Good Corporate Governance practice and accordingly, this exercise will be conducted again in year 2022.

## Managing Director Evaluation

In the Board of Directors Meeting held on 15 November 2021, the Board of Directors acknowledged the results of Managing Director Evaluation conducted by Non-Executive Directors through a questionnaire following the SET guidelines which covered the subjects as follows:

- Leadership
- Strategy formulation
- Strategy execution
- Financial planning/ Performance
- Relationships with the Board
- External Relations
- Human Resources Management/ Relations
- Succession
- Product/ Service Knowledge
- Personal Qualities

The score of Managing Director Evaluation fell in the level of “Excellent”. The Company intends that the Managing Director Evaluation be done every year in order to comply with Good Corporate Governance practice and accordingly this exercise will be conducted again in year 2022.

## 4. Meeting Attendance and Remuneration of Directors

### 4.1 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, through the year, an agenda is predetermined by the Chairman of the Board of Directors and Managing Director. The meeting has a specific agenda, which would include a review of the Company’s operations.

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.

Board of Directors’ meetings are held after the Audit & Corporate Governance Committee meeting so that the minutes of the Audit & Corporate Governance Committee meeting can be sent to the Board of Directors for their consideration and discussion during the Board meeting. Directors are free to contact an Executive Director directly, should they feel the need to obtain any additional clarification.

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.

A Board meeting via electronic means is held in accordance with relevant laws and regulations concerning electronic meetings.

Details of Directors’ attendance for Board of Directors and Sub Committee meetings held in 2021 are set out in the following table

Description	Board of Directors and Sub Committee Meetings														
	Attendance / Total Meetings (Times)														
	Board of Directors		Audit & CG Committee		Risk Management Committee		Executive Board of Directors		Remuneration Committee		Nomination Committee		Annual General Meeting of the Shareholders		
	In-person	By electronic means	In-person	By electronic means	In-person	By electronic means	In-person	By electronic means	In-person	By electronic means	In-person	By electronic means	In-person	By electronic means	
1. Mr. Chaipatr Srivisarvacha	1/1	4/4												-	1/1
2. Mr. Kamtorn Sila-On	1/1	4/4	-	4/4	-	4/4			1/1	1/1	1/1	1/1		-	1/1
3. Ms. Pensri Suteerasarn	1/1	4/4									1/1	1/1		-	1/1
4. Professor Dr. Pavid Pananond	1/1	4/4	-	4/4	-	4/4			1/1	1/1				-	1/1
5. Ms. Lyn Yen Kok	1/1	4/4	-	4/4	-	4/4					1/1	1/1		-	1/1
6. Mr. Khushroo Kali Wadia	1/1	4/4												-	1/1
7. Ms. Nishita Shah	-	5/5												-	1/1
8. Mr. Kirit Shah	1/1	4/4							1/1	1/1				-	1/1
9. Mr. Ishaan Shah	1/1	4/4												-	1/1
10. Mr. Khalid Moinuddin Hashim	1/1	4/4			-	4/4	14/14	-						-	1/1
11. Mr. Gautam Khurana	1/1	4/4					14/14	-						-	1/1
12. Ms. Sirasa Supawasin	1/1	4/4												-	1/1
13. Mr. Prashant Mahalingam							14/14	-						-	1/1
Total Meetings	5 times		4 times		4 times		14 times		2 times		2 times		1 time		
Percentage of Meeting Attendance	100%		100%		100%		100%		100%		100%		100%		

For the year 2021, all resolutions of the Board of Directors were passed by the vote of the Directors present at the Board of Directors' meetings with a quorum of more than two-thirds of all the Board members.

On 15<sup>th</sup> November 2021, the Non-Executive Directors held a meeting among themselves for discussing the business management issues and performance of the Executive Directors.

#### 4.2 Directors' Remuneration

The Board of Directors appointed the Remuneration Committee in its meeting held on 15 November 2007 in order to oversee the remuneration of Directors and Management. The proposal of the Directors' Remuneration and the recommendations and opinion of the Board of Directors regarding the Directors' Remuneration would be presented for approval in shareholders' meeting. The details of Remuneration Committee such as members, qualification, duties and responsibilities are disclosed on the website of the Company and under the subject "Organization Structure" of this Annual Report.

In the years 2021 and 2020, the Company proposed the Directors' Remuneration for the year as a fixed retainer fee without any other compensation which was paid quarterly in equal instalments for each respective quarter, which was approved in the Shareholders' Meeting as follows:



(In million Baht)

	Name of Director	Position	Amount					
			2021			2020		
			Board of Directors	Audit & Corporate Governance Committee	Total	Board of Directors	Audit & Corporate Governance Committee	Total
1	Mr. Thira Wipuchanin*	Chairman of the Board of Directors, Independent Director	-		-	0.60		0.60
2	Mr. Chaipatr Srivisarvacha**	Chairman of the Board of Directors, Independent Director	1.20		1.20	0.88		0.88
3	Mr. Kamtorn Sila-On	Chairman of the Audit & CG Committee, Independent Director	0.55	0.40	0.95	0.55	0.40	0.95
4	Ms. Pensri Suteerasarn***	Independent Director	0.55		0.55	0.28		0.28
5	Professor Dr. Pavida Pananond	Member of the Audit & CG Committee, Independent Director	0.55	0.20	0.75	0.55	0.20	0.75
6	Ms. Lyn Yen Kok	Member of the Audit & CG Committee, Independent Director	0.55	0.20	0.75	0.55	0.20	0.75
7	Mr. Khushroo Kali Wadia	Director	0.55		0.55	0.55		0.55
8	Ms. Nishita Shah	Director	0.55		0.55	0.55		0.55
9	Mr. Kirit Shah	Director	0.55		0.55	0.55		0.55
10	Mr. Ishaan Shah	Director	0.55		0.55	0.55		0.55
11	Mr. Khalid Moinuddin Hashim	Managing Director, Executive Director	0.55		0.55	0.55		0.55
12	Mr. Gautam Khurana	Executive Director	0.55		0.55	0.41		0.41
13	Ms. Sirasa Supawasin***	Executive Director	0.55		0.55	0.28		0.28
<b>Total Annual Remuneration*****</b>			<b>7.25</b>	<b>0.80</b>	<b>8.05</b>	<b>6.85</b>	<b>0.80</b>	<b>7.65</b>

\* Retired in year 2020 to comply with the age limit for a director per the Company's Corporate Governance Policy

\*\* Appointed as the Chairman of the Board of Directors with effect from 8 July 2020

\*\*\* New Directors who were appointed in year 2020

\*\*\*\* Paid quarterly to the Chairman of the Board of Directors Baht 300,000 per quarter, each Board member Baht 137,500 per quarter, the Chairman of Audit & CG Committee an additional Baht 100,000 per quarter and each Audit & CG Committee member an additional Baht 50,000 per quarter

The comparison of remuneration of the Chairman, Directors, the Chairman of Audit & Corporate Governance Committee, Audit & Corporate Governance Committee Members and Management between the Company and other listed companies and listed companies in the transportation and logistics sector and listed companies in the services sector is as follows:

(In Million Baht/Person/Year)

Description	* PSL		** Service Sector							
			Mean		Median		Min		Max	
	2021	2020	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1.20	1.20	0.91	1.89	0.75	1.15	0.22	0.29	3.41	9.61
Executive Directors	0.55	0.55	0.49	1.04	0.43	0.68	0.15	0.22	1.78	4.69
Non-Executive Directors	0.55	0.55	0.51	1.07	0.44	0.69	0.15	0.22	2.08	4.99
Management	4.91	4.68	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	0.40	0.40	0.61	1.28	0.46	1.13	0.08	0.75	1.85	2.51
Audit & CG Committee members ***	0.20	0.20	0.38	0.99	0.32	0.93	0.04	0.65	1.40	2.01

\* PSL's figures are actuals of respective years

\*\* From IOD's Thai Directors Compensation Survey 2020 (latest available survey results) – No survey conducted in Year 2021

\*\*\* Additional Remuneration as Chairman of Audit &amp; CG Committee/Audit &amp; CG Committee Member

N.A. Not available since not reported

(In Million Baht/Person/Year)

Description	* PSL		** All Listed Companies with revenue 5,001 - 10,000 MB.							
			Mean		Median		Min		Max	
	2021		Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1.20		0.84	1.80	0.74	1.24	0.23	0.25	2.77	9.35
Executive Directors	0.55		0.51	1.10	0.46	0.74	0.18	0.27	1.52	4.81
Non-Executive Directors	0.55		0.52	1.06	0.46	0.72	0.18	0.21	1.70	4.99
Management	4.91		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	0.40		0.52	0.88	0.43	0.72	0.11	0.29	1.16	1.83
Audit & CG Committee members ***	0.20		0.35	0.65	0.31	0.56	0.05	0.14	0.85	1.46

\* PSL's figures are actuals of respective years

\*\* From IOD's Thai Directors Compensation Survey 2020 (latest available survey results) – No survey conducted in Year 2021

\*\*\* Additional Remuneration as Chairman of Audit &amp; CG Committee/Audit &amp; CG Committee Member

N.A. Not available since not reported

(In Million Baht/Person/Year)

Description	* PSL		** All Listed Companies with revenue 1,001 - 5,000 MB.							
			Mean		Median		Min		Max	
	2020		Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1.20		0.78	1.19	0.61	0.96	0.11	0.14	8.68	10.27
Executive Directors	0.55		0.37	0.71	0.32	0.55	0.08	0.13	1.09	3.91
Non-Executive Directors	0.55		0.38	0.66	0.33	0.56	0.11	0.14	1.09	2.17
Management	4.68		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	0.40		0.39	0.69	0.38	0.71	0.13	0.16	0.88	1.38
Audit & CG Committee members ***	0.20		0.29	0.55	0.30	0.59	0.07	0.09	0.74	1.20

\* PSL's figures are actuals of respective years

\*\* From IOD's Thai Directors Compensation Survey 2020 (latest available survey results) – No survey conducted in Year 2021

\*\*\* Additional Remuneration as Chairman of Audit &amp; CG Committee/Audit &amp; CG Committee Member

N.A. Not available since not reported

(In Million Baht/Person/Year)

Description	* PSL		** All Listed Companies with the Market Capital 10,001-50,000 MB.							
			Mean		Median		Min		Max	
	2021	2020	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1.20	1.20	0.98	1.73	0.75	1.33	0.20	0.22	4.30	6.49
Executive Directors	0.55	0.55	0.52	0.96	0.46	0.72	0.12	0.14	1.92	3.12
Non-Executive Directors	0.55	0.55	0.58	1.11	0.48	0.95	0.12	0.14	2.08	3.70
Management	4.91	4.68	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	0.40	0.40	0.56	1.03	0.54	1.01	0.08	0.36	1.90	2.57
Audit & CG Committee members ***	0.20	0.20	0.41	0.82	0.41	0.81	0.04	0.24	1.12	1.73

\* PSL's figures are actuals of respective years

\*\* From IOD's Thai Directors Compensation Survey 2020 (latest available survey results) – No survey conducted in Year 2021

\*\*\* Additional Remuneration as Chairman of Audit & CG Committee/Audit & CG Committee Member

N.A. Not available since not reported

## 5. Supervision of Subsidiaries and Associated Companies<sup>1</sup>

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 of 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.

The Company's implementation of Good Corporate Governance principles is outlined in 5 sections hereunder:

## 1. Rights of Shareholders

The Company is responsible to the shareholders in terms of information disclosure, accounting methods, internal information usage and conflict of interests. The Board of Directors and Management are expected to be honest and any decision must be based on honesty and fairness to both major and minor shareholders, and for the collective benefit of all. Some of the policies and procedures followed to protect the rights of the Company's shareholders are as follows:

### 1.1 Appointment of Board members

The Company regularly updates the information pertaining to nominees'/existing Directors', so that all stakeholders can make an informed decision in respect of their appointment. This information is in the Company's Annual Report and is also presented to the Company's shareholders in the Annual General Meeting of shareholders ("AGM"). The information is provided so that the Company's shareholders can get correct and complete information, which is relevant and required for their appointment, and includes the following:

- Nominee's/Director's profile: Name, position, age, education, relevant knowledge, occupation, working experience and illegal acts (if any).
- Nominee's/Director's positions in any materially connected business.
- Number of shares held by the Nominee/Director in the Company.
- Nomination procedures (in case of the Directors who retire by rotation).
- Directors' previous performance as Director in terms of meeting attendance.

### 1.2 Consideration of the policy on Directors' remuneration

The Company follows the policy of obtaining the approval of the policy on Directors' remuneration from the shareholders in the AGM and has also disclosed guidelines/procedures for determining Directors' remuneration in the '**Corporate Governance Policy**' of this report.

### 1.3 Appointment of auditors

The Company follows the policy of obtaining the approval of appointment of auditors from the shareholders in the AGM and has improved the information disclosure for the correctness and completeness of the information required for the decision on the appointment of auditors. The information provided in the AGM includes details as follows:

- Auditor's firm
- Auditor's name
- Auditor's remuneration for approval including separate disclosure for audit and non-audit related remuneration
- Auditor's remuneration for the previous year
- Relationship with the Company such as being the Company's advisor
- Number of years as the Company's auditor (in case of reappointment of the present auditor)
- Auditor's performance
- The reasons for changing the Auditor (in case the Company appoints a new auditor)

#### 1.4 Consideration of the dividend policy

The Company obtained the approval of its current dividend policy in the shareholders' meeting in the year 2004 and will continue to obtain such approvals in case of any changes in the future.

#### 1.5 Consideration of the share repurchase plan

The Company obtained approval for the share repurchase plan from the shareholders in the shareholders' meeting in the year 2003, authorizing the Board of Directors to repurchase the Company's shares in accordance with SET/SEC regulations and provide the correct and complete information required for their decision.

#### 1.6 Shareholders' Meetings

The Board of Directors approved and resolved that the 2021 Annual General Meeting of the Shareholders be held by electronic means due to the Company's concern over its shareholders' safety and health during the COVID-19 pandemic situation. The Company held the AGM on 19<sup>th</sup> April 2021 by electronic means ("E-AGM"). This E-AGM was held in accordance with relevant laws and regulations concerning electronic meetings such as the Emergency Decree on Electronic Meetings, B.E. 2563 (2020), the Announcement of Ministry of Digital Economy and Society on the Security Standard for the Meeting through Electronic mean B.E. 2563 (2020), and the Security Standard of the Monitoring System of the Meeting.

The Company has adhered to the recommendations of SET/SEC for holding a shareholders' meeting, which is as follows:

##### Before the date of 2021 Annual General Meeting of shareholders (AGM)

- The Company provided an opportunity to the shareholders to propose agenda items for the AGM and nominate suitable candidates to be members of the Board of Directors of the Company. This practice will be continued for AGM 2022 as well. Shareholders with a combined holding of at least 2,000,000 shares can propose agenda items or nominate qualified Directors. In 2021, the Company invited shareholders to propose agenda items and to nominate a candidate to be elected as Director through the Company's website. The invitation period was from 1<sup>st</sup> October 2020 to 31<sup>st</sup> December 2020. This exceeds the privileges required to be provided to shareholders by law. The Company set up communication channels through its website and made an announcement through the SET, based on which, a shareholder or a group of shareholders could propose an agenda item and/or nominate candidates to be Directors for consideration in the AGM.
- For AGM 2021, the Company disclosed the AGM schedule and the AGM Agenda through the SET on 19<sup>th</sup> February 2021 (59 days before the AGM date) to enable shareholders to plan their schedule for the meeting.
- Providing an opportunity to the shareholders to post questions in advance, to be addressed at the AGM 2021. This practice will be continued for AGM 2022 as well.
- Providing a complete and correct notice with full information to call each shareholders' meeting is the normal policy of the Company. The notice includes the objective and reasons for each agenda item apart from the Board of Directors' comments/opinion, which have always been included. The Company does not amend the agenda of the shareholders' meeting without giving notice to shareholders.
- For AGM 2021, the Company disclosed the notice of shareholders' AGM on the Company's website on 12 March 2021 (38 days before the AGM date). The Company also assigned the Thailand Securities Depository Co., Ltd. which is the Company's registrar to send the AGM notice to shareholders on 18<sup>th</sup> March 2021 (32 days in advance of the AGM).

- The Company publishes the notice of shareholders' meeting in newspaper for three consecutive days and at least 14 days prior to shareholders' meeting.
- Facilitating proxy voting: clearly specifying the documents required to give proxy and by sending out the Notice to the extent possible, to the Company's shareholders at least 4 weeks prior to the meeting date. For shareholders who are unable to attend each meeting, the Company designated the Chairman and/or an Independent Director to attend and to vote on their behalf in each meeting. Full details for this purpose are provided in the Notice of shareholders' meetings. Moreover, the Notice, including Proxy (Form B.), was disclosed on the Company's website to facilitate its download by shareholders.
- The Company provided detailed guidelines for attending the E-AGM which was held on 19<sup>th</sup> April 2021.
- The Company sent an E-AGM Registration Form together with a list of required documents for shareholders who wish to attend the E-AGM by themselves and for shareholders who wish to appoint a proxy to attend the E-AGM.
- After the Company received the requisite documents, the Company sent an email containing the Username and Password along with the Weblink to attend the E-AGM.

#### On the date of the E-AGM

- On the meeting date, the Company allowed shareholders to access the E-AGM system one hour before the meeting.
- One share would have one vote. For each agenda item, the shareholders had the option to vote "Approve", "Disapprove" or "Abstain". For the agenda item in relation to the nomination of Directors, the voting options were provided for the selection of each Director in order to increase transparency for the voting process.
- The Company ensured that the E-AGM system which had been selected for the shareholders' meeting was secure, reliable and user-friendly. The technical team was also on standby in case any shareholders face any technical problems with the E-AGM system before or during the meeting.
- A question function was provided on the E-AGM system, so that the shareholders can send their questions/comments to the Directors and/or the Company Secretary during the meeting, and the questions were answered at the meeting.
- The shareholders were able to log in to the E-AGM system for registration even after the meeting started in order to ensure the participation of all shareholders who attended the meeting.
- The Company appointed independent legal counselors to be inspectors of the vote-counting process.
- To enable shareholders to make decisions, the Company provided adequate information in the Notice to the meeting on the agenda items.
- All Board members including the Chairman of the Board of Directors, the Chairman of the Remuneration Committee, the Chairman of the Audit & Corporate Governance Committee, the Chairman of the Nomination Committee and all Independent Directors attended the AGM of 2021. The Auditors also attended the AGM to answer any questions raised by shareholders in respect of the accounts or the conduct of the Audit.
- At every shareholder meeting, the Company Secretary explains the voting procedures to shareholders at the start of the meeting.

- Equal opportunity is provided to all shareholders to examine the Company's operations, to ask questions and express their opinions and advice. It is ensured that all items and resolutions including questions and answers are properly recorded in the minutes of the meeting.
- At the meeting, the Company provides simultaneously English and Thai translation of the questions, replies and comments for the benefit of all attendees.
- The Company arranges a video recording of the entire meeting and posts this on the Company website.

#### After the date of AGM

- The Company prepares comprehensive minutes of shareholders' meetings, which 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. Thereafter, the minutes of shareholders' meetings are sent to the SET and disclosed on the website of the Company under the subject of "Investor Relations" within 14 days after the meeting. A video recording of the proceedings is also provided on the Company website.

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

The Company ensures the equitable treatment of all shareholders, regardless of whether they are minor or major shareholders, Thai or Foreign shareholders, Retail or Institutional shareholders. Also, all shareholders are treated on a fair and equal basis in terms of calling and holding shareholders meetings and for protecting the Rights of Shareholders for other matters by taking the following steps:

- Ascertaining that the date, time, venue of the meeting is convenient to attend.
- Ensuring a reliable electronic meeting platform (in case of an EGM).
- Offering one-share-one vote.
- The registration process commences at least 1-2 hours (as the case may be) in advance to keep adequate time for completion of registration.
- Providing ballot papers/electronic voting system for each agenda item.
- Arranging barcode system/electronic system for registration and vote counting for shareholders' convenience and accuracy of the vote-count.
- Providing an opportunity to 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.
- Providing an opportunity for shareholders to elect Directors by voting on the given ballot papers/electronic voting system for each of the Directors separately.
- Not adding any new agenda item without notice to shareholders in advance.
- The Company provides full opportunity for shareholders to participate in the meetings and encourages the shareholders to ask relevant questions which are answered by Management and/or related persons.
- The Company has always followed practices and policies for the protection of shareholders rights and has always complied with all laws pertaining to the protection of the rights of shareholders, including obtaining shareholders' approval for any major event and in case of any serious situation that affects the Company's operations and provided correct and complete information required for their decision. Some examples of this are i) the acquisition of 15 ships during the year 2004, ii) the signing of contracts for 12 new buildings during the year 2007 and 3 new buildings during the year 2008, and iii) the signing of contracts for 12 new buildings during the year 2014. In all instances, the Company also appointed an Independent Financial Advisor to advise the shareholders.

- The Company follows the policy of regularly reviewing the outstanding unpaid dividends and tries to contact all the shareholders who may have, for some reason, not received their dividends. Thereafter, the Company helps shareholders in terms of reminding and advising them on the required procedures to collect the dividends.
- Directors disclosing their interests and those of their related parties to the Board.
- Directors reporting their ownership of Company's shares and warrants to the Board regularly.
- Directors and Executives disclose and report their conflict of interests, including dealings with their relatives, if any, to the Company for the Company's use in complying with the regulation about connected transactions. Such report on interest is also useful in monitoring their adherence to their duties, by the following practices;
  - A new Director/Executive submits the "Report on Conflict of Interest Transaction" Form within 30 days after appointment.
  - Thereafter, if there is a change, Director/Executive submits the updated "Report on Conflict of Interest Transaction" Form immediately or no later than 7 working days from the transaction date.
  - The Company Secretary submits a copy of the report on interest to the Chairman of the Board of Directors and the Chairman of Audit & Corporate Governance Committee within seven working days from the date on which the Company has received such a report.
- The Board of Directors has established a system to prohibit a Director/Executive, who has a conflict of interest on a particular issue, from participating in the decision-making process related to that issue. Normally a Director/Executive, who has a conflict of interest on an issue, will leave from the meeting and join back once the issue has been discussed and a decision on the same is made.
- Providing detailed explanation of related-party transactions characterizing names, relationship, policy and value of each transaction as explained under the "**Connected Transactions**" section of this Annual Report. No non-compliance cases involving related-party transactions have been detected.
- Following an appropriate policy and laying down procedures for monitoring the use of insider information as explained under the "**Insider Trading Controls**" section of this Annual Report. No cases of insider trading involving the Directors and/or the Management have been detected.

### 3. Role of Stakeholders

The Company recognizes the importance of all stakeholder groups whether it is the internal stakeholders such as shareholders, employees and Management of the Company and subsidiaries or external stakeholders such as creditors, suppliers, customers, communities, government agencies and other related organizations. The Company is aware that the support from each stakeholder would help establish the Company's competitive advantages and profitability, which would contribute greatly to the Company's long-term success and prosperity. The Company has also amended the Company's website to include, under the subject of "Stakeholder Activities", the Policy and Code of Conduct towards stakeholders in Business Ethics and Code of Conduct Manual and included therein a way whereby the website can be used as one of the intended channels for any stakeholder to express his/her opinion and contact the Board of Directors in case they wish to contact the Board of Directors directly without going through the Management. The Board will treat such information seriously and will maintain utmost confidentiality. If the complaints are not unfounded, the Board would take all remedial action that may be necessary.

- **Management:** The Company recognizes that the Management is one of the key determinants of success for the Company's operations and accordingly, Management remuneration is appropriately structured and comparable with the industry norms and other equivalent listed companies in Thailand. The Management is also allowed to work independently without interference as defined in their duties and responsibilities, which are approved by the Board of Directors.



- **Employees:** The Company recognizes that employees are key drivers for smooth and successful operations. The Company provides equal opportunities in employment and career advancement without prejudice to race, gender, religion and age. The Company emphasizes its recognition and commitment towards gender equality by way of including a separate Diversity and Inclusion Policy in its Business Ethics and Code of Conduct to ensure that all job applicants and employees are treated with fairness and dignity at the workplace, regardless of their gender and background. In October 2021, the Company has also become a signatory to the Women’s Empowerment Principles established by UN Global Compact and UN Women, which are a set of Principles offering guidance to business on how to promote gender equality and women’s empowerment in the workplace, marketplace and community. Human resource policies conform to local labor law regulations. The Company ensures that employees possess adequate knowledge and skills to perform their jobs for the Company’s business and understand relevant code of conduct and practice and are encouraged to gain knowledge and ability and keep them updated following Industry trends. The subject of safety and occupational health of all seafarers serving onboard the Company’s ships has been explained under the subject of “**Sustainability Report**” of this Annual Report.

The Company provides remuneration to office employees as salary, bonus, and other benefits, like Provident Fund on a voluntary basis, although such other benefits are not required by law. Remuneration is based on their performance, roles and duties and incentives/ increments/ bonuses are also based on financial status/performance and future plans of the Company. As a long-term incentive, the Company does not have an Employee Stock Option plan in place since the Company feels that to a large extent, the share price of the Company depends on a number of factors beyond the employees’ direct control like the state of the International Freight Markets and therefore, the Company’s share price may not adequately reflect the better performance of the employees. Therefore, the Company has implemented a profit-sharing scheme, which ensures that the employees are paid bonuses annually based on the performance of the Company against specified quantitative targets, which are laid down annually in advance.

The Company provides in-house and external training for officers of the Company both at Head Office as well as on the Ships. The costs of such training are borne by the Company. Moreover, the Company allows special leave and flexible working hours for employees who are undergoing longer term professional or degree courses. Moreover, the Company supports good relationship between all employees including the Management.

- **Brokers:** The Company recognizes that shipbrokers with whom the Company regularly deals with for obtaining business for Company’s ships are one of the Company’s key success factors. Accordingly, terms are negotiated with a view to ensuring fairness and in keeping with industry norms so as to ensure a mutually beneficial long-term working relationship.
- **Creditors:** The Company recognizes that Financial Creditors are an important determinant of the success for the Company, given the Company’s highly capital-intensive business. The Company values its relationship with and its commitment towards all of its lenders and therefore, the Company generally complies with all terms in borrowings including compliance with the objectives of using the borrowed funds, repayment, collateral, and other conditions as may be agreed. Moreover, if at all there is any covenant in any of the loan agreements with which the Company is not be able to comply, the Company proactively approaches the lenders to seek a waiver or achieve other mutually acceptable solutions.
- **Suppliers:** The Company recognizes the importance of satisfied Suppliers and so the Company always ensures that terms and conditions for suppliers are based on industry norms and practices and thereafter, agreed terms and conditions are strictly followed by the Company.
- **Customers:** The Company recognizes that its Customers are a key driver of success. The Company always protects customers’ interests, is attentive and ultimately responsible for the needs of the Customers with regard to service, and in setting and maintaining steady standards of service. The Customers’ confidential information is used exclusively for concerned business, without revealing it

unless required by laws, regulations, or with consent from the information owners, including issues related to marketing, market power exercises, price setting, and details of services, quality and safety.

- **Competitors:** The Company acts within the rules of fair trade and refrains from making any attempt to damage trade Competitors' reputations with false allegations against their companies. The Company does not make any attempt to access competitors' confidential information or use dishonest or inappropriate means for any purpose. The Company is proactive in sharing information that can benefit the Shipping industry as a whole and contribute to sustainable economic, social, and environmental development of society.
- **Social Responsibility to the Community:** The Company recognizes its responsibility to the Community and is often involved in supporting community activities and being attentive to the consequences of the Company's conduct that affect the people more than what the laws require, including making efforts to absorb social accountability. The Company has provided a separate detailed report under the subject of "**Sustainability Report**" of this Annual Report.
- **Regulators:** Apart from the various regulations which the Company's ships are subjected to and explained hereunder in this Report, on a corporate level, the Company recognizes that the Government is a regulator who is in control of the Company's operations in respect of the fairness and transparency of trading. The Company recognizes the significance of compliance with related laws and regulations and has included its review of compliance as one of the duties of the Internal Audit Department headed by a qualified Internal Auditor. The Internal Audit Department provides an annual compliance review report of related laws and regulation and directly report to the Audit & Corporate Governance Committee as explained under the "**Audit & Corporate Governance Committee Report**" of this Annual Report.
- **Environment:** The Company recognizes that shipping operations if conducted irresponsibly may affect the environment, particularly in terms of air and/ or water pollution.  
As part of its Environmental Protection Policy, the Company is committed to the protection and conservation of the environment and ranks environmental considerations equally with commercial and operational factors in managing its operations and implements this policy. The Company has provided a separate detailed report under the subject of "**Sustainability Report**" of this Annual Report detailing the steps taken by the Company and its compliance with various regulations/norms.
- **Respect for International Human Rights Principles:** The Company requires that all of its Directors, Management and staff strictly respect International human rights laws including those that relate to forced labor or child labor. The Company does not tolerate any violations thereof. All stakeholders are treated fairly and in a dignified manner, without any discrimination on the basis of national origin, race, gender, age, skin color, religion, physical condition, status, or birth. The Company also promotes the monitoring of human rights compliance within the Company and encourages subsidiary companies, investors, business partners, and all stakeholders to observe the international standards of human rights principles.
- **Ethics for Intellectual Property Rights:** The Company requires that all of its directors, the management and staff respect the intellectual property rights of others, whether in relation to trademarks, patents, copyrights, classified commercial information, or other stipulated categories of intellectual property, such as using only licensed software that has been inspected and installed by the Company's Information Technology Department, and encouraging our staff to ensure that the application of research findings or other data in their work does not constitute a violation of other people's intellectual property rights.

## 4. Disclosure and Transparency

The Company has tightened procedures to take care of important information to be disclosed, including both financial and non-financial statements and reports. The information is disclosed correctly, accurately, on a timely basis and transparently through the proper channels that users can conveniently access.

### 4.1 Board of Directors' Report

The Board of Directors is responsible for the Company and its subsidiaries' financial statements and financial information presented in this Annual Report. The Report on the Board of Directors' Responsibilities for Financial Statements is presented along with the Report of Independent Auditor and Audited Financial Statements in this Annual Report.

### 4.2 Relations with investors

The Board of Directors recognizes the importance of accurate, complete and transparent disclosure of financial information and general information, which may affect the Company's share price. The Company provides the information through the SET, the Company's website and through regular newsletters and communications from the Managing Director. The Company has established an Investor Relations Division to disseminate information to shareholders and other stakeholders including investors and analysts so as to foster a deep understanding of the Company and its business. The Corporate Information & performance data is posted in both Thai and English on the Company's website and through various media.

The Corporate Information & performance data posted in both Thai and English on the Company's website and through various medias.

The following three channels to contact Investor relations.

- By email: [ir@preciousshipping.com](mailto:ir@preciousshipping.com)
- By fax: +662-236-7654
- By contact IR persons: information of IR persons is hereabove in **“Organization Structure”** of this Annual Report

The Company has joined many events for press/analyst briefings, which are attended personally by the Managing Director and/or the Executive Directors. Some of the major events in which the Company participated in the last three years are enumerated herein as under:

Year / Times	Analyst Meetings / Communications	Investor Meetings / Communications	Presentations Road shows	Press & TV Interview	Total
2021	69	19	11	14	113
2020	29	26	10	4	69
2019	15	52	13	5	85

## 5. Responsibilities of the Board

### 5.1 Explicit responsibilities of the Board of Directors

The Board of Directors performs its duties and carries on the business of the Company in conformity with applicable laws, the Company's objectives and the memorandum and articles of association, as well as the resolutions of the shareholders' meetings. The Board shall be involved in any matters that may have a significant impact on the Company's business. The following matters require decision or approval from the Board:

- Designation of the authorized Directors to bind the Company.
- Appointment of Executive Directors and members of the Sub Committees, in the manner prescribed by law.
- Authorizing the sale 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.
- Approval of annual and quarterly financial results.
- Approval of the Vision and Mission Statement, Core Values and Code of Business Conduct.
- Approval of major decisions in respect of the Company's business direction and policies.
- Decision on major investments and contracts with significant impact to the Company.
- Any matters and/or transactions within the ambit of the Board pursuant to the memorandum and articles of association of the Company, the Public Limited Companies Act B.E. 2535, and other relevant laws and regulations.

The Board of Directors has clearly defined and demarcated powers, duties and responsibilities between each committee as mentioned under the "**Organization Structure**" section of this Annual Report.

### 5.2 Board Diversity

The Company developed Board Skill Matrix in order to create a wide range of expertise in line with the Company's business operations. 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 the selection of new directors, the Board of Directors will consider the candidate's qualifications, having regard to the mix of skills, diversity and in line with the Company's strategic direction.

The number of members on the Board of Directors is commensurate with the size and complexity of the Company's business. As of 31<sup>st</sup> December 2021, there are twelve Directors on the Board of Directors of the Company which consists of three Executive Directors (as full-time employees of the Company/Subsidiary) and nine Non-Executive Directors, five of whom are Independent Directors (42% of the Board). Moreover, the Board consists of five female directors (42% of the Board).

### 5.3 Succession Plan

The Board of Directors shall ensure a systematic nomination for the proper candidate to replace a Director or executive position suitably in line with the succession planning policy. The Nomination Committee is appointed to propose the appointments of new Directors and key Executives (Managing Directors and Executive Directors) to the Board by considering the proper candidate both from internal and external candidates. The Nominating Committee is responsible for considering candidates' skills, experience, and specific qualifications for the best interest of the Company. To support its succession

planning process, in 2021 the Company has hitherto been quite successful in sourcing and retaining such highly skilled and qualified personnel. The Company continues to take a number of initiatives including establishing a detailed Succession plan to attract and retain talent. Moreover, the Company has prepared and enhanced critical mechanisms, for instance, knowledge management, succession plan management and leadership development program as part of our Management Development and Succession Planning cycle.

#### 5.4 Controlling System and Internal Audit

The Company recognizes the importance of internal control systems on an operational level to ensure that the operations are conducted efficiently. Powers and duties of operations and management level personnel are laid down clearly. There is a proper level of control maintained on the utilization of the Company's property/assets for the highest benefit of the Company and there is clear segregation between the operations units, control units and assessment units for the purpose of maintaining appropriate checks and balances. Moreover, an internal control system for the financial and accounting functions of the Company is clearly set up which allows adequate reporting to the relevant management.

The Company has a robust Internal Audit Department in order to ensure that the key operations and financial activities are conducted efficiently under the guidelines and relevant laws. Moreover, to ensure that the Company has complied with laws and regulations relating to the business of the Company, the Internal Audit Department conducts regular checks. Internal auditors report directly to the Audit & Corporate Governance Committee on all matters, in order to make the Internal Audit Department completely independent of the management

Moreover, an internal control system for the financial and accounting functions of the Company is clearly set up which allows adequate reporting to the relevant managers to achieve the following objectives:

1. Efficient and effective operations, including skillful use of resources for the best benefit of the Company.
2. Accurate, reliable and prompt financial reporting.
3. Full compliance with the Company's policies, laws and regulations.

The Board of Directors recognizes the importance of risk management and is responsible directly for the risk management of the organization with the objectives to support the work performance of the management of the Company to be efficient and effective and to achieve the business objectives. The Board of Directors has specified the Company's policy on risk management and internal control on the website of the Company and under the topic "**Internal Controls**" of this Annual Report.

The Company also established the Legal & Compliance Department to review and evaluate compliance issues/concerns within the organization in order to mitigate legal risk and to ensure the Board of Directors, Management and employees are in compliance with the rules and regulations of regulatory agencies, that Company policies and procedures are being followed, and that behavior in the organization meets the Company's Standards of Conduct.

#### Guideline & enforcement of the Corporate Governance Policy

The Board of Directors defines the duties and responsibilities for the Directors, Executives, and all staff to acknowledge and comply with the policies and terms indicated in the Company's Corporate Governance Policy and Business Ethics & Code of Conduct. Moreover, the Company put in place a whistleblowing policy and the internal audit processes as mechanisms to monitor compliance to assure that all operations abide by such policy and principles. If the Directors, Executives, and staff violate these principles, they will face strict disciplinary punishment.

## 1. Conflict of Interest

The Board of Directors, through the Audit & Corporate Governance Committee, has stipulated a policy outlining the process through which transactions with a potential conflict of interest are approved:

### Potential conflict of interest transactions

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 SET and the SEC, 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 this Annual Report.

In addition to the above, the Audit & Corporate Governance Committee and the Internal Audit Department prepared the annual audit plan to review transactions that may cause conflict of interest. For the year 2021, the internal auditors audited the aforesaid transactions and reported the results thereof to the Audit & Corporate Governance Committee in the Audit & Corporate Governance Committee’s Meeting No. 1/2022 held in February 2022. The Audit & Corporate Governance Committee found that the Company has a proper policy for approval and prevention of abuse in such transactions. The existing conflict of interest transactions are made only on the basis of proper comparison of market prices and for the benefit of the Company. Adequate disclosures of all such material transactions have been made in this Annual Report.

Moreover, the Internal Audit Department has reviewed the compliance of the Company in respect of the Notifications of the SET Re: The Disclosure of Information and Acts of Listed Companies Concerning Connected Transactions 2003 as amended from time to time and Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions as amended from time to time including the circular of the SEC about the recommended practice to be followed under section 89/12 (1) of the Securities and Exchange Act (No.4) B.E.2551. The details of the connected transactions have been explained under the topic “**Connected Transactions**” of this Annual Report. The results of the review have been reported to the Board of Directors of the Company. The Board of Directors of the Company is of the opinion that such transactions are fair and for the full benefit of the Company.

## 2. Reporting changes in holding of the Company’s shares/warrants

To prevent abuse of inside information, all Directors and Senior Management must report any changes in their (and that of their spouses and minor children) holding of the Company’s shares and/or warrants to the Company and the Office of the SEC within 3 business days from the date of trading/transfer of the Company’s shares and/or warrants (as the case may be). The changes in Company’s shares and warrants of the Directors are reported to the Board of Directors meeting every quarter.

## 3. Insider Trading Controls

Precious Shipping Public Company Limited has a policy of disseminating all significant information (both financial and non-financial) to shareholders, investors and the general public on a timely basis. Strong internal controls are in place to ensure that information released is comprehensive and accurate.

The Board is committed to comply with rules and regulations in relation to the disclosure of significant information in a timely manner and with full transparency. Monitoring the use of insider information is the responsibility of the Directors, executives and senior staff who are obliged to strictly monitor and prevent any leaks of the Company’s confidential and privileged information including information not yet revealed to the

public or any data that might affect the Company's operations or share price. This includes the prohibition on use of Company's information obtained from directorships or employment for personal benefit or conducting business or other activities in competition with the Company. The Company has documented these principles and provided guidelines in the Business Ethics and Code of Conduct Manual which is disclosed on the website of the Company under the Corporate Governance section.

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").

In accordance with the Company's Corporate Governance policy, 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 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 System Department and the Investor Relations Department who are close to the relevant inside information of the Company.

According to the Company's Corporate Governance Policy, 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.

In addition to the above, the Company's Corporate Governance Policy sets out an investor relation policy which stipulates that 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 Company's future financial performance or expectations with financial media, analysts and investors.

During the year, the above policy has been fully complied with and no non-compliance cases have been observed.

#### **4. Anti-Corruption**

##### **Policy on preventing corruption and bribery**

The Company has a policy prohibiting all forms of bribery or corruption, either directly or indirectly to advance its business interests or those of its associates. The Company has a zero-tolerance policy for fraudulent and/or corrupt behavior and takes corruption and bribery transactions, if any, very seriously. Any violation of this policy is regarded as a serious matter by the Company and will result in disciplinary action, including termination, consistent with local law.

To affirm its resolve to combat corruption, the Company signed a Declaration of Intent of the Thai Institute of Directors' Private Sector Collective Action Coalition Against Corruption (CAC) in 2018, whereby the Company vowed to adhere to the Coalition's aim to fight corruption in all forms. On 5<sup>th</sup> August 2019, the Company was officially certified as a member of the CAC.

The Company implemented the “No Gift Policy” in accordance with the suggestion from the CAC, whereby the Company requested all business partners to not give any gifts for any occasion to any of its personnel, including its directors, executives, employees at all levels. The Company continued with this practice in 2021. This No Gift Policy reinforces the Company’s compliance with the Anti-Corruption Policy and good corporate governance principles.

In 2021, the Company continued to maintain high ethical standards, with a view to upholding its position against any form of bribery and corruption. The continual activities throughout the year are as follows:

- Provided a training program for all Directors, Executives and staff in line with its Code of Conduct and Corporate Governance Policy and Anti-corruption Policy.
- A regular bribery and corruption risk assessment to review the mitigation measures and ensure they are appropriate.
- Prescribes strict guidelines for preventing corruption and bribery such as the guideline for giving and receiving gifts and gratuities, transactions with government, etc. Details of this policy and guidelines are presented in the Company’s Business Ethics and Code of Conduct and Anti-corruption Policy which are informed to all the employees and posted on the Company’s website.
- A regular review of the internal control systems and procedures to ensure they are effective in countering bribery and corruption.
- A monitoring system to ensure that the policies and procedures are effective.

Moreover, the Company has established channels for reporting any misconduct, fraudulent act or corruption and provides protection and remedies for any person who files a complaint or cooperates in the investigation of the charge.

## 5. Whistleblowing Policy

To ensure fair treatment of all stakeholders under the Code of Conduct, the Company has set up a channel to contact the Board of Directors directly (without passing through the Management of the Company) for any business suggestions, complaints, or recommendations indicating impact or risks of impact on stakeholders arising from its business or from wrongful action, or violation of the Code of Conduct, and complaints for special cases like immoral/dishonest acts of Management, breach of Code of Conduct, illegal acts, etc. Any staff member or any other stakeholder is accordingly welcome to send a message by email or mail a letter to Khun Chaipatr Srivisarvacha, Independent Director and Chairman of the Board of Directors, at the following address:

**By mail:**

Mr. Chaipatr Srivisarvacha  
217/79 Crystal Garden Condominium, Soi Sukhumvit 4, Sukhumvit Road, Klongtoey Bangkok  
10110 Thailand

**By e-mail:**

chaipatr@capmaxx.co.th

### The Complaint handling procedure

When the whistle is blown or complaint is filed, the Company will collect evidence, evaluate and formulate measures to relieve damages caused to the affected person(s) by considering the overall impact. Afterward, the person responsible for the case will follow up results of the relief and report to the appropriate staff and the filer of the complaint. Results of action will be reported to the Chairman of the Board of Directors, the Chairman of Audit & Corporate Governance Committee and/or all relevant Directors, respectively, depending on each case.