



# Corporate Governance Policy

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## Message from the Chairman

The Board of Directors of Home Product Center Public Company Limited realizes the importance of corporate governance and believes that the system and the good corporate governance are essential elements to create effectiveness and efficiency, stability and continuous growth, including abilities to make fair treatment to all relevant parties.

This Corporate Governance Policy is made to reflect that the Company's Board of Directors is determined and focus on applying the corporate governance policy to assist in improving the Company's policies and practices for succession in doing business to maximize benefits, and to create fairness to all stakeholders.

For the effective implementation of this Corporate Governance Policy, the Company's Board of Directors has determined the company to display it on the website for increasing the channel for the management, employees including all stakeholders to be aware of the operation guideline and to implement it effectively.

The Board of Directors has strongly determined to develop the corporate governance for achieving the goal in creating stability, continuous growth and sustainability to the Company and the shareholders eternally.

Truly Yours

(Mr. Anant Asavabhokin)  
Chairman  
Home Product Center Public Company Limited

# Corporate Governance Policy

## Home Product Center Public Company Limited

### 1. Vision and Mission

#### *Vision*

“Being a leader in Home Solution and Living Experience in Thailand and Southeast Asia regions.”

#### *Mission*

- We will provide exceptional products and services exceeding customer’s expectations and improve their well-being righteously and sufficiently
- We will partner up with business alliances to develop products and services innovation in order to increase Management Effectiveness for our mutual success
- We are heavily focused on the importance of Human Resource Development to increase their potential and work effectiveness, to spread the code of conduct accepted in the corporate culture, to increase their quality of life, and to encourage employee engagement
- Our management was based on Good Governance while being social-responsible and creating good relationships with the community and environment
- We are constantly looking for new business opportunities in order to increase added value to our stakeholders

## 2. Organizational Culture

### *Organizational Culture*

CUSTOMER FIRST

TEAMWORK

THINK&ACT AS HOMEPRO

PASSION

INTEGRITY

### 3. Corporate Governance Principle and Policy

The Board of Directors realizes the importance of the corporate governance and believes that the system and the good corporate governance are the key factors for operating effectively and efficiently, having stability and continuous growth, and create fairness to all relevant parties.

The Board of Directors, therefore, determined the good corporate governance policy by having the contents covered with the essential subjects on the rights of shareholders, the equitable treatment of shareholders, the roles of the stakeholders, the information disclosure and transparency, and the Board responsibility. These are applied to be the operation guideline to achieve the objective and goal prescribed on the accuracy and transparency. The Company has instilled the employees to realize and concern about business conduct ethics which reflects the good management standard and made the Company received a great acceptance. Such shall be divided into 9 sections as follows:

**Section 1** Right of Shareholders and Equal Treatment to the Shareholders

**Section 2** Consideration to the Role of Stakeholders

**Section 3** Disclosure of Information and Transparency Policy

**Section 4** Responsibility of the Board of Directors

**Section 5** Sub-Committee

**Section 6** Business Ethics

**Section 7** Policy related to the Internal Control System

**Section 8** Risk Management Policy

**Section 9** Policy on Society, Environment, Safety, and Labor Relations

## **Section 1 Right of Shareholders and Equal Treatment to the Shareholders**

### **Rights of Shareholders**

1. The Board of Directors has supervised and protected all shareholders to receive the basic rights:
  - Right in profit sharing
  - Right to trade or transfer of shares
  - Right to sufficiently and timely receive news and information of the business in form of appropriate content for decision-making which affects the Company and the shareholder itself;
  - Right to participate and vote in shareholders meeting for deciding to change the Company's important policy and the matter relating to the right of shareholders which the Board of Directors is required the shareholders approval
  - Right to determine the remuneration for the directors
  - Right to appoint or remove the directors
  - Right to approve the independent auditor appointment.
2. Apart from the legal rights, the Company provides the essential information via its website for the shareholders to visit, etc.
3. The shareholders should receive the invitation and the meeting information and the matter to be considered whereby the Company shall provide the appropriate venue and time for the convenience of shareholder.
4. The Company shall not restrict the rights of shareholders in studying the information of the Company which needs to be disclosed pursuant to the regulations, and in participating in shareholders meeting, for instance, no additional agendas nor changing essential information without prior notice to the shareholders, or no sudden distributing of documents containing essential information in the meeting, etc.
5. Under the provisions of laws and the Company rules, the shareholders can propose the agenda and inquire, ask for explanation and express their opinions in the meeting as appropriate.
6. The Company provides the opportunity to the minority shareholders to propose the agenda in advance per the guideline of the Stock Exchange of Thailand.

7. The Company also gives the opportunity to the minority shareholders to nominate the qualification person to be a director in accordance with the appropriate practice.
8. The Chairman, Managing Director and any Chairman of Sub-Committee shall attend the shareholders meeting at least for answering the questions.
9. After the shareholders meeting, the shareholders should receive and enable to access to the information related to the conclusion of the consideration and voting.

### **Equal Treatment to the Shareholders**

1. The Company shall send the meeting invitation and supporting documents to the shareholders prior to the meeting date as provided by laws.
2. The Company provides opportunity to the shareholders to study the supporting information of the meeting in advance via its website which has the same information sent to the shareholders in form of documents.
3. The Company is impartial with any group of shareholders by not providing non-disclosure information to the specific groups.
4. The Company has the policy and protective measurement to prevent using the internal information from directors, executives, and employees for the benefit of its own. The Company communicates such to all of them and regularly follows up.
5. The Company informs the criteria and procedures to participate in the shareholders meeting in the meeting invitation.
6. The Company provides the information of the agendas in the invitation sufficiently for making the decision, such as, agenda to appoint the directors, agenda to consider the remuneration of directors, agenda to appoint the auditor and determine the audit fee, agenda to consider and approve dividend payment, and agenda to consider essential matters, for instance, increase/decrease of capital, amendment to the Articles of Association, Merger, etc.
7. The Board of Directors shall nominate at least 1 independent director in the meeting invitation to be a proxy holder of shareholder to participate and vote in the meeting.
8. Shareholder has the right to vote according to the number of shares held and have an equal treatment in the information related to the Company.
9. In the meeting, the shareholders shall be treated with fairness.
10. The Company shall disclose the minutes of the meeting via the Stock Exchange with in 14 days from the meeting date.



11. In the event that the director or executive has related to undertake any matter, such director or executive shall inform the Board of Directors prior to performing at least 7 days in advance. The notification shall be made via the Managing Director, or in case of Managing Director, he shall inform the Board of Directors directly.
12. The director or executive related in any matter shall have no right to participate in the consideration making process of such matter.

## **Section 2 Consideration to the Role of the Stakeholders**

1. The Board of Directors defines the definition of the stakeholders to include customers, employees, business partners, creditors, shareholders or investors, community, society and environment.
2. The Board of Directors should realize the rights of the stakeholders as provided by laws and support for cooperating between the Company and the stakeholders in order to create wealth, works and businesses to be sustainable success. The Board of Directors assures that the right of the stakeholders shall be protected and well treated.
3. The Board of Directors concerns to make the stakeholders' benefit by making the Company's competitive advantage.
4. The Board of Directors shall not do any act which infringes the right of the stakeholders and there shall be the compensation in case the stakeholders incur damages due to the right infringement.
5. The Board of Directors provides the channel for notifying of facts or complaint in relation to violation of laws or ethics, false financial statement or malfunction of the internal control system via the Internal Audit Office.

### **Section 3 Disclosure of Information and Transparency Policy**

1. The Company has the policy to disclose information both financial and non-financial information relating to the business and performance of the Company which is true, complete, adequate, up to date and reflects the actual performance and financial status of the Company.
2. The Board of Directors is determined to strictly supervise the compliance with the laws, rules and regulations relating to the disclosure and transparency as follows:
  - To prepare the financial statement to reflect the financial status and performance of the Company, as provided by laws and disclose other information which is complete, adequate, reliable and up to date in order for the shareholders and the stakeholders to receive the information equally.
  - To cause the Internal Audit Office be established to supervise the strict compliance with the laws, rules and regulations related to the information disclosure and transparency.
  - To cause the Investor Relations be established in order to communicate and publish useful information to shareholders, investors via other channels such as meeting with analyst, telephone conference, visiting the business of invertors and analyst, answering question by telephone and e-mail, making publication via medias and website of the Company.
  - To implement an appropriate accounting policy and in compliance with generally accepted accounting standard and having an external auditor certify the financial statement, and to be able to show the straight forward expression to increase the confidence and creditability of the financial report.
3. The Company regularly discloses additional information in the annual report as follows:
  - The performance in the previous year of the Board of Directors and all sub-committees
  - The remuneration policy to directors and executives
  - The Corporate Governance Policy in summary
  - The policy relating to society, environment and safety in summary
  - The business ethics in summary
  - The training records of directors
4. The Company regularly assesses the effectiveness of the disclosure process in order for the ability to improve, to keep it updated, and accessible.

5. In addition to the disclosure pursuant to the Company's criteria, the Company disseminates the information via its website in Thai and English languages which have the following material contents:
  - Corporate Governance Policy and the results of the compliance with the policy
  - Code of Conduct
  - Shareholding Structure which shows the true shareholders of the Company
  - Structure of the Board of Directors
  - Vision/Mission
  - Policy relating to the society, environment and Safety in summary
  - Annual Report
  - Financial Statement
  - Publication
6. The Company arranges for agency or party to be responsible for investor relations, and opens clear channel for contact.

## **Section 4 Responsibility of Directors**

### **Quorum of the Board of Directors and Appointment**

1. The Board of Directors consists of 12 persons and shall have the qualification as stipulated by laws. There is 1 Chairman and the remaining are Company's directors.
2. The Managing Director is a director who is appointed by the Board of Directors and shall not be the same person as the Chairman.
3. The Audit Directors must consist of at least 3 persons, from which at least 1 person shall have knowledge or experience in accounting and finance.
4. The Company determines the number of independent directors not less than the minimum number stipulated by laws.
5. The appointment of directors shall comply with the specific agenda. The appointment should be a transparency and obvious, including to be adequate details of the nominated person for the benefit of the shareholders voting.
6. Profile of Directors is disclosed to public regularly and every time when there is any change of director.

### **Qualification of Directors**

- 1 Having qualifications and not having prohibited characteristics as specified in the Public Limited Company Act or other relevant laws including the regulations of the Stock Exchange of Thailand and the Articles of Association of the Company.
- 2 Having various skill and experiences, leadership and knowledgeable.

### **Definition of Independent Director**

"Independent Director" means the Director who is independent in expressing his or her opinion to the operation of the Company, must be a person who has no involvement or interest to the result of operation either directly or indirectly. The qualifications of the Independent Director are as follows:

1. Holding shares not more than 1% of paid up capital of the Company, affiliated companies, associated companies or related companies, including the shares held by the related persons.
2. Being independent directly and indirectly from both finance and management function of the Company or associated companies or its subsidiary, or major shareholders of the Company, and having no benefit or interest in such manner within 2 years before being appointed as the Independent Director, unless the Board of Director has considered that participation will not affect the duty performing and the independence in giving opinions.
3. Not being the Director appointed as the representative to maintain the interest of the Director of the Company, major shareholders, or shareholders related to the major shareholders of the Company.
4. Must not participate in management and must not be employee, staff or consultant who receives regular salary in the Company, affiliated companies, associated companies, related companies or major shareholder of the Company.
5. Not being either a related person or a close relative of the management or major shareholders of the Company.
6. Capable to perform his duty and express opinion or report result of duty performing as assigned by the Board of Directors, freely and not under the control of the Executive or major shareholders of the Company, including related person or close relatives of such person.
7. No other character that causes the inability to give opinion to operation of the Company independently.

### **Role, Duty and Responsibility of the Board of Directors**

- 1 The Directors must have knowledge, skill and experience which are useful to the business operation, being interested in the business of the Company, being honest and having integrity to the business operation.
- 2 The Directors must perform their duties according to the laws, objectives and the Articles of Association of the Company, including the resolutions of the shareholders meeting, with honesty and defending company interests and accountability to the shareholders.
- 3 The Board of Directors is obligated to determine the policy and direction of the business, and to monitor and supervise the management to implement the policy effectively and efficiently for maximizing economic value and shareholder wealth.
- 4 The Board of Directors should always follow up the operation of the Company and should be aware of the procedure according to the laws and regulation relating to the Company's operation. Beside, the Board of Director should consider the management to inform essential matter of the Company for operating effectively.

- 5 The Board of Directors should perform the effective internal control and internal audit.
- 6 The independent director should be ready to express the opinion independently in considering the Company's strategy, administrating, spending the Company's resources appointing the director and determining the operation standard, including to be ready to oppose the other Directors or Management in case of conflict of interests which affects the equal treatment of shareholders.
- 7 In necessary circumstance, the Board of Directors may seek the external professional advisors relating to the Company's operation with the Company's expenses.
- 8 The Board of Directors shall arrange for the Company Secretary to assist the Board of Directors complying with the relevant laws and regulations when such are in effect.
- 9 The Board of Directors shall prepare the provisions on the Code of Corporate Conduct, the Business Ethics and the Code of Ethics as a practice guideline of the Company.

### **Term in the Office**

In every annual general meeting, the Directors shall be retired in the number of 1/3 whereby the Director who is longest in the office shall be retired. The retired director may be re-elected into the office. Apart from the retirement by the expiration of term, the director shall be retired when:

- 1) Death;
- 2) Resignation;
- 3) Lacking of qualifications or having prohibited characteristics as specified in Section 68 of the Public Limited Company Act B.E. 2535;
- 4) The shareholders meeting resolved to dismiss under Section 76 of the Public Limited Company Act B.E. 2535;
- 5) Dismissal ordered by court.

## **The Board of Directors Meeting**

1. The Board of Directors shall regularly convene the meeting at least once a month and per the necessity. In the Board of Directors meeting, the Directors shall attend the meeting not less than a half of the total number of directors to constitute the quorum.
2. The Managing Directors shall be the person who considers approval of agenda for the meeting by consulting with the management, in order that the management should consider any proposal of Directors to add in the agenda for the next meeting.
3. The Chairman should allocate sufficient time for the management to propose the documents for debate and for the Board of Directors to debate in crucial matter.
4. The management shall provide appropriate information in time to the Board of Directors. The Chairman should assure that all Directors receive the information in advance that is sufficient to study, consider and decide precisely in the meeting.
5. The director shall be able to access and request for the information, advice and other services that is necessary to the Company's operation from the management and may request for the opinion of external independent adviser.

## **Director's Remuneration**

The Company has the Nomination and Remuneration Committee who considers the fair and reasonable procedures and criteria to pay remuneration and other benefits to the Board of Directors and sub-committees by considering that:

1. The Nomination and Remuneration Committee determines the element of remuneration by concerning the operation result of the Company and the performance of each Director, which is necessary to motivate and maintain the qualified directors.
2. The Director who is assigned to perform additional duty and responsibility, (such as being a sub-committee) shall be paid with additional remuneration relatively to the assigned level of responsibility.
3. The Nomination and Remuneration Committee shall report the remuneration of Directors and management in the annual report.



## **The Assessment of the Performance of Managing Director**

The Company has the Nomination and Remuneration Committee expressing the opinion to the Board of Directors for considering the assessment of the managing director's annual performance, which is in line with the Company's goal both short-term and long-term.

## **New Director Orientation Program**

The Company has the new director orientation program providing the company's business knowledge and understanding for preparing the readiness to performing the duties to the new director.

## **Section 5 Sub-Committee**

### **Audit Committee**

The Company believes in the essence of the Good Corporate Governance, and operates the business with transparency according with the laws to shareholders, business partners and customers. The Audit Committee is a key part of good corporate governance in the Board of Committee to assure that the operation will be in accordance with the regulation and ethics and to maintain the effective internal control system without the conflict of interest and fraud. Therefore, the Board of Directors prescribes the Audit Committee Charter as follows;

#### **Scope, Duty and Responsibility**

1. Review the financial statement of the company to be appropriately made and accurate according to the Generally Accepted Accounting Principle with sufficient disclosure.
2. Review that the Company has proper and efficient internal control and internal audit system.
3. Review the performance of the Company according with the securities and exchange act, the regulations of the Stock Exchange of Thailand or the other laws relating to the Company. Review that the Company shall comply with laws regarding securities and Stock Exchange, regulations of the Stock Exchange of Thailand or laws relating to business of the Company.
4. Consider the related transaction or transaction that may have conflict of interest to be in compliance with relevant laws and regulations.
5. Review that the Company has proper and efficiency risk management system.
6. Review and jointly consider with the auditor the financial report, remarks and suggestions.
7. Consider, select, propose to appoint person who is independent to be an auditor of the Company and propose remuneration of the auditor to the Board of Directors of the Company.
8. Consider the independence of internal audit unit, also approve the appointment, relocation and termination of employment, including to consider result of annual performance of the chief of internal audit.
9. Consider and approve regulations of internal audit office.
10. Consider and approve annual internal audit plan including considering the scope of audit and auditing plan of internal audit and the auditor of the Company, in order to have supportive connections.
11. Harmonize the understanding into the same line between Audit Committee, management, internal auditor and External auditor.

12. Review and consider the result of audit reporting and recommendation.
13. Review and amend the regulations of Audit Committee usually once a year to be up to date and appropriate with the environment of organization.
14. Carry on examination of the matters notified by the auditor of the Company. In case the auditor finds doubtful behavior that the director, manager or person who is responsible for the operation of the Company has committed an offence as stipulated in the Securities and Stock Exchange Act (The 4th Issue) B.E. 2551, and report the result of preliminary examination to the Office of the Securities Exchange Commission and auditor of the Company within 30 days from the date receiving notification from the auditor.
15. Perform any other act as stipulated by law or the Board of Directors of the Company under approved by the Audit Committee.
16. Making report on the directing and supervising of the business activities of the Audit Committee, by disclosing it in the annual report of the Company, which such report must be signed by the Chairman of the Audit Committee and must consist of minimum information as follows:
  - 16.1 Opinion in relation to accuracy, completeness, reliability of the financial report of the Company.
  - 16.2 Opinion in relation to sufficiency of internal control system of the Company.
  - 16.3 Opinion in relation to the compliance with the law of Securities and Stock Exchange and regulations of the Stock Exchange or law relating to business of the Company.
  - 16.4 Opinion in relation to the appropriate of the External auditor.
  - 16.5 Opinion in relation to the transaction that may have a conflict of interest.
  - 16.6 Number of the Audit Committee's meeting, and the attending to the meeting of each Audit Committee.
  - 16.7 Overview opinion or remarks that the Audit Committee have received from performing his duty under the charter.
  - 16.8 Other information that the shareholders and general investors ought to know, under the scope of duty and responsibility which have been assigned by the Board of Directors of the Company.

To perform the duties, the Audit Committee is responsible to the Board of Directors directly and also responsible for the operation of the Company to the third party.

#### **Quorum of the Audit Committee**

1. The Board of Directors appoints the Audit Committee from the Directors having the qualifications according to the regulation stipulated by the Stock Exchange of Thailand, at least 3 persons, and having knowledge, understanding or having the experience in accounting, finance or auditing at least one person.
2. The Vice President of the Internal Audit Office shall be the secretary of the Audit Committee.

### **Qualification of Audit Committee**

1. Hold shares not more than 1% of the paid-up capital of the Company, affiliated companies, associated companies, related companies, including the shares held by the related persons.
2. Being independent either directly and indirectly of both finance and management of the Company or associated company or subsidiary or the major shareholder, and having no benefit or interest in such manner within 2 years before being appointed as the Audit Committee, unless the Board of Directors has carefully considered and see that such participation in having benefit or interest will not affect the duty performing and the independence in giving an opinion.
3. Not being a director appointed to be the trustee of the Company's director, the major shareholder or the shareholder who related to the major shareholder of the Company.
4. Must not participate in management, including employee, staff or consultant who receives regular salary from the Company, affiliated companies, associated company, related company or major shareholder of the Company.
5. Not being a related person or relative of the executive or major shareholder of the Company.
6. Able to perform his duty and give opinions or report work performance as required by the Board of Directors, independently without any control by management or the major shareholder including any related person or relatives of such parties.

### **Term in the Office**

- 1 The term of the Audit Committee shall be 3 years, including the additional appointment and removal from the Audit Committee
- 2 The Audit Committee retired by the expiration of term may be re-appointed.
- 3 The Audit Committee shall be retired when:
  - 3.1 Expiration of term in the office;
  - 3.2 Removal from the Director of the Company
  - 3.3 Resignation;
  - 3.4 Death;
  - 3.5 Lack of qualification to be the Audit Committee under this regulations or the rules of the Stock Exchange of Thailand;
  - 3.6 Termination by the resolution of the Board of Directors.
4. In case of resigning, the resignation letter shall be submitted to the Chairman of the Company not less than 30 days in advance, the Board of Directors shall consider for approval and submit the copy of resignation letter to the Stock Exchange of Thailand.

5. In case of a vacancy occurring by the other reason, the Board of Directors shall appoint a person having qualifications to be the Audit Committee in order to keep the number of the Audit Committee as specified by the Board of Directors in the regulations. This appointed person shall retain in the office only for the remaining term of the Audit Committee who was replaced, and such shall notify to the Stock Exchange of Thailand.

#### **The Meeting of Audit Committee**

1. Holding the Audit Committee's meeting monthly and convening additional meeting depend on necessary. The Audit Committee shall invite the management or executives or employees or independent auditor to attend the meeting or deliver the necessary information.
2. The member of Audit Committee who has any interest in a matter under review shall refrain from voting. Each member of Audit Committee has one vote and the resolution of the meeting shall be supported by majority vote. The secretary to the Audit Committee shall cast no vote.

#### **The Nomination and Remuneration Committee**

##### **Scope, Duty and Responsibility**

1. Nominating the suitable person to be the Director or the Managing Director.
2. Determining the procedures and criteria of the nomination of the Director and Managing Director for the accuracy and transparency.
3. Determining the procedures and criteria of the remuneration of the Directors which is fair and reasonable, and propose to the shareholders meeting for approval.
4. Considering the criteria for evaluating the annual performance and remuneration of the managing director.
5. Reviewing the remuneration structure related in 3 and 4 in accordance with the responsibility, the Company performance and the market condition.
6. Considering salary budget, annual awards and welfare, including other benefits of employees of the Company and its subsidiary.
7. Preparing the performance report to the Board of Directors at least once a year, and determining the policy of the Employee Stock Option proposed by the Managing Director.
8. Performing other duties assigned by the Board of Directors.

### **Quorum of the Nomination and Remuneration Committee**

1. The Board of Directors shall appoint the Nomination and Remuneration Committee from directors of the Company at least 3 persons.
2. The Senior Vice President, Human Resource shall be the secretary of The Nomination and Remuneration Committee.

### **Qualification of the Nomination and Remuneration Committee**

1. Having qualifications and not having prohibited characteristics as specified in the Public Limited Company Act or other relevant laws including the regulations of the Stock Exchange of Thailand and the Articles of Association of the Company.
2. Having skills, experiences and knowledge to perform the duty.

### **Term in the Office**

1. The Nomination and Remuneration Committee shall be retired when:
  - 1.1 Expiration of term in the office;
  - 1.2 Removal from the Company's director;
  - 1.3 Resignation;
  - 1.4 Death;
  - 1.5 Termination by the resolution of the Board of Directors.
2. The resignation of the Nomination and Remuneration Committee, the resignation letter shall be submitted to the Chairman of the Company not less than 30 days in advance, and approved by the Board of Directors.
3. In case of a vacancy occurring by the other reason besides the expiration of the term, the Board of Directors shall appoint the appropriate person to fill up the number according to regulations.

### **The Meeting of the Nomination and Remuneration Committee**

1. The Nomination and Remuneration Committee shall meet once every 3 months and as frequently as necessary. The relevant management or employees may attend the meeting to render the opinion or to deliver information which is relevant or necessary.
2. In the voting, the Chairman of Nomination and Remuneration Committee shall have 1 vote each and the adoption shall be taken by major vote. The secretary shall cast no vote.

## **Executive Directors**

### **Scope, Duty and Responsibility**

1. Considering and introspecting the issue required primary decision making prior to be proposed for the Board of Directors' approval.
2. Considering the investment, branches expansion, annual budget allocation and proposing the strategy plan to the Board of Directors.

### **Quorum of the Executive Directors**

The Board of Directors shall appoint the Executive Directors from the Company's director at least 3 persons.

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

1. Having qualifications and not having prohibited characteristics as specified in the Public Limited Company Act or other relevant laws including the regulations of the Stock Exchange of Thailand and the Articles of Association of the Company.
2. Having skills, experiences and knowledge to perform the duty.

### **Term in the Office**

1. The Executive Directors shall be retired when:
  - 1.1 Expiration of term in the office;
  - 1.2 Removal from the Company's director;
  - 1.3 Resignation;
  - 1.4 Death;
  - 1.5 Removal by the resolutions of the Board of Directors.
2. The resignation of the Executive Directors, the resignation letter shall be submitted to the Chairman of the Company not less than 30 days in advance, the Board of Directors shall consider for approval.
3. In case of a vacancy of occurring by the other reason besides the expiration of the term, the Board of Directors shall appoint the appropriate person having qualification to be the Executive Director in order to keep the number of the Executive Director as specified by the Board of Director's regulations.

## Section 6 Business Ethics

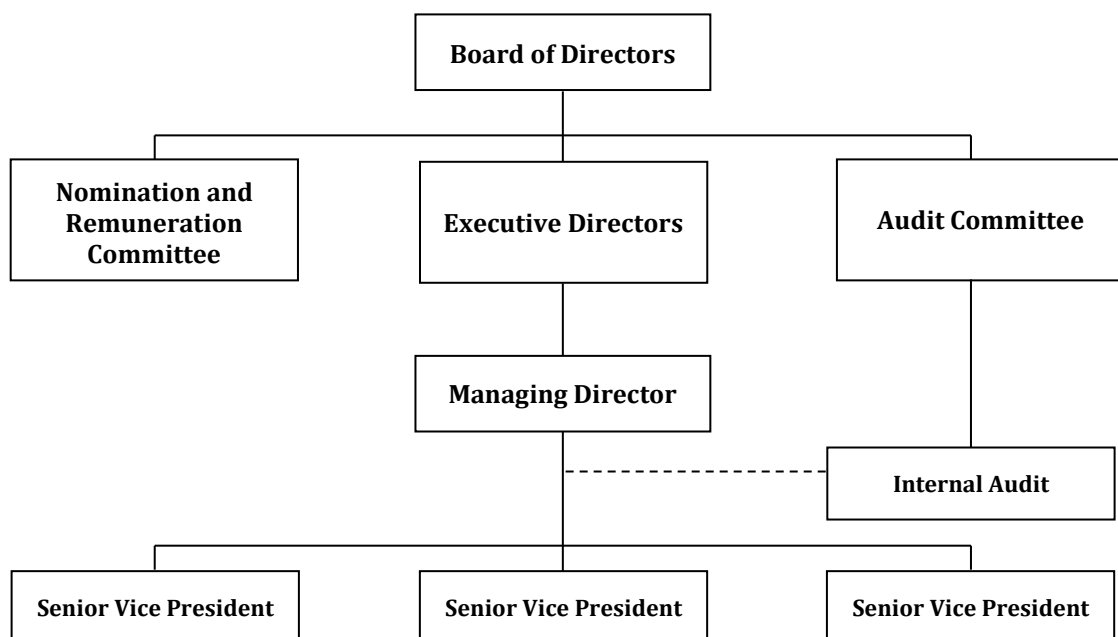
The Company focuses on the progress development of business based on the ethics and morality. The Board of Directors determines the framework and guideline for operation with ethics and morality by providing the “Business Ethics and Corporate Code of Conduct” in order to create a clear image together with the determination as a duty of directors, executives, and employees at all level to acknowledge, undertake, and comply with the policy and practice prescribed in the Business Ethics and Corporate Code of Conduct strictly.



## Section 7 Policy Related to the Internal Control System

### 1. The Administrative Structure of the Company

The internal audit is necessary and essential in the administration of the organization since the internal audit is one crucial internal control which helps the executives to assure that the existing control system is practicable regularly and appropriately, including to detect the flaw and weakness, and to develop the on-going system to be more efficient. The Company establishes the internal audit division which work and report the result of the operation to the Audit Director directly, administrative structure is as follows:



### 2. The Environmental Condition of Control

To enhance and support the environmental condition of control by:

1. Determining the clear and assessable policy, goal, direction of operation, and submitting them to the Board of Directors to consider as a guideline practice for the performance of employees.
2. Preparing the Code of Corporate Conduct by consolidating the Code of Ethics of directors, executives, employees as a guideline, and informing employees for compliance not in violation of the Ethics, with honesty, ethics and morality.

3. Managing the organizational structure suitably, having chain of command and division of work, and determining the approval authority in order to facilitate the executives managing effectively.
4. Prescribing specific job description by nature of work, duty, knowledge and skill, and making the authority assignment and responsibility in each job appropriately.
5. Having human resource management for selecting qualified person for a job, developing the employee, training, promotion, salary increment, including managing the Company's approach to employee benefits and compensation.

### **3. Control Activities**

1. Use the clearly specified Key Performance Indicator (KPI) as a tool for planning and operation control, with regular and updated report on the performance.
2. Divide the duty into 3 tasks namely:
  - 2.1 Duty of approval;
  - 2.2 Duty of record accounting transactions and information; and
  - 2.3 Duty of supervision and absolutely separated the asset for reciprocal audit.
3. For each transaction, the Company determines the authorized bank signatory in writing.
4. There is protection of Company's property for not being lost or misused, such periodical checking, and providing security guards to prevent loss of property, etc.

### **4. Tracking and Assessment System**

1. Preparing a comparative report on the actual and already specified performance and solutions regularly.
2. Internal auditing by the person who has knowledge and skill and report the audit results to the Board of Directors.
3. The discovery of the material flaw in the internal control system either by the internal auditor or independent auditor shall be reported to the executive level, the Audit Committee and the Board of Directors to consider and resolve it without delay.
4. Have the policy which instructs the executives to immediately report to the Board of Directors in the event of fraud or threatening fraud, violation of laws, and other suspicious acts which may materially affect the reputation and financial status of the Company.

## **5. Information and Data System**

To support the continuous information development and data system, to prepare essential information sufficient for decision making. The Board of Directors receives invitation and documents of the meeting sufficient for consideration the minutes of the Board of Directors meeting, to record director's opinion, to store the document in order, to record the accounting in compliance with the principle of generally accepted accounting standard and appropriate to the nature of the Company business.

## **6. The Crucial Risk which Affects the Achievement of the Business Operation**

Having the internal and external risk management by the cooperation of the executives and related employees to structure the risk assessment, risk analysis, the operational effects, preventive measurement, tracking measurement to the factor of risk and compliance with the risk management measurement as prescribed to minimize the risk in the appropriate level, and the involved employees complies with the risk management plan.

## **Section 8 Risk Management Policy**

1. The Company prescribes the executives and employees in various divisions to monitor the risks by taking the role and participation in the development of the risk management of the organization and undertaking the responsibility related to the risk management.
2. Preparing the effective risk management process in accordance with the good corporate governance to increase the opportunity of success and to minimize the uncertainty in the performance in general.
3. Successfully conducting and support the risk management throughout the organization by effectively using limited resources in the indication, assessment and administration of risk appropriately.
4. Enhance and promote the risk management as organizational culture by demonstrating the essence of risk management.

## **Section 9 Policy on Society, Environment, Safety and Labor Relations**

### **Policy on Society**

The Company realizes the importance of the society, and the Company's responsibility to the society. Thus, the Company supports the social development to create well living society starting with the participation of the employees regarding social, cultural and traditional norms such as merit making by food offering to monk, hearing the sermon, activities in the religious and family holiday as a good beginning to the family and society.

Educational promotion activity is also under the Company's undertaking, i.e. the Computer for Education Project whereby the Company is desirous to provide the opportunity to the non-accessible children to access to new learning for which the Company's returning to the society by building the learning room with computers for children to access to internet. The Company is determined to construct the learning room in schools in every province at which the Company has its branch.

And the other Project that the Company has continuously undertaken is the construction of toilet with good hygiene standard at schools in rural areas. Such project initiated by the "Toilet for School's Kid Project" jointly with the business partners by improving the toilet of the primary school and upgrade the living quality of students and foster the appropriate use, the project started from the school in Surajthani Province and will continuously implement the project in the provinces at which the Company has its branch.

### **Policy on Environment**

In the preservation of environment, the Company treats the environment matter as the connected relations of human, animals, trees, to live in balance and harmony. Therefore, the preservation of environment is the responsibility of the Company and all employees to the society with the following objectives:

- To prevent environmental pollution;
- To control and preserve the air condition, wasted water and waste from the operation in higher standard and regulation prescribed by law;
- To use the resource economically;
- To comply with the laws currently and future enforced;
- To continuously develop the quality of the environment by setting the objective and goal which emphasizes on the use of water, energy and chemical substance including the loss prevention; and

- To provide information related to the management and environmental quality of the Company.

### **Policy on Safety**

The Company concerns the safety system as a part of business which is important and is a direct responsibility of the executives and all employees to consistently perform on the safety as provided by laws including to continuously improve and prevent danger that may happen to the employees, customers, business partners and the involved parties as per the objectives prescribed from the risk assessment as following:

- To prevent accident from fire and explosive;
- To prevent accident from shelving;
- To prevent accident from cart, forklift and equipments in sale area;
- To prevent any danger in parking area;
- To prevent hazard from chemical substance;
- To prevent danger from electronic works;
- To prevent danger from the radiation works.

The executives shall publish the objectives to the employees, arrange sufficient and appropriate resource to achieve the determined objectives and goal, provide appropriate training to employees at all levels in order to perform duty and responsibility including to revise the management system with the periodical assessment and support the employees to participate in the rendering suggestion.

### **Policy on Labor Relations**

The Board of Directors has the policy on the supervision of health-care, welfare, benefits to the employees and staff of the Company as follows:

- To provide annual medical check-up;
- To provide medical expense welfare per the allowance prescribed by the Company;
- To provide clothing welfare;
- To provide entertainment activities for relaxing and health of the employees;
- To provide provident fund;
- To provide trainings relating to the works of employees for personnel development.