

# POLICY ON GOOD CORPORATE GOVERNANCE

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The Board of Directors realizes the importance of good corporate governance and enhances the good corporate governance according to the guidelines of the Stock Exchange of Thailand and the Securities and Exchange Commission. It is importance to the business operation in order to administrate effectively manage and support the continuously growth, create confidence to shareholders, investors, stakeholders and optimization in the long term to the Company as 5 sections as follows:

- Section 1: Good Corporate Governance
- Section 2: Rights and equitable treatment of shareholders
- Section 3: Role of stakeholders
- Section 4: Disclosure and transparency
- Section 5: Responsibilities of the Board of Directors

## Section 1: Good Corporate Governance

The Company has written a policy which is supporting the good corporate governance and be under the requirement of several laws and business ethics in order to control the Company's and subsidiaries' operations. The Board of Directors circulated the policy of good corporate governance and business ethics to directors and all employees to follow. The policy is included the following main topics:

- To treat all shareholders and stakeholders equally and fairness
- To commit to creating long term value for the Company by managing the business carefully and cautiously. To be accountable for actions and to perform their duties with all their abilities sufficiently and effectively in order to maximize shareholders' benefit. In addition, the Board of Directors is also responsible for resolving all conflicts of interest.
- To perform their duties transparently, virtuously, auditable, and to disclose adequate information to all stakeholders.
- To carry out the business with risk aversion and place appropriate controls and risk management tools.
- To set up the Company's guideline for ethical conduct in compliance with the guidelines of the SET for directors, management, and all employees to follow. The guideline focus on having adequate control and internal audit systems to oversee the management and to ensure that they are efficient and providing the long term shareholders' benefit under the laws and business ethics.
- To encourage all directors and management to regularly take courses with the Thai Institute of Directors Association: IOD) and other institutions in order to be more knowledgeable in all aspects of the directors and management's roles and duty.

## Section 2: Rights and equitable treatment of shareholders

### 1. Rights of shareholders

The Board of Directors acknowledges the equitable treatment of shareholders and initiates policy in order to treat and protect their basic rights as follows:

1. Every shareholders has equal rights to buy, sell, transfer shares in their possession, right to share in profits of the Company, right to have adequate access to the Company's information, right to vote for election or removal of the directors and appointment of an auditor, right to attend and vote in the shareholders' meeting to decide significant matter which has impact to the Company, such as allocation of dividend, determination and amendment of the Company's affidavit, articles of associations, capital increase or decrease and approval of special transactions and etc.
2. Equal voting rights for the same class of shares
3. The Company regular updates on the Company's news and information via SET channel and updated to the Company's website. The shareholders can direct contact for information of their rights and other matters via e-mail address [info\\_ir@cgd.co.th](mailto:info_ir@cgd.co.th)
4. The Company has provided the opportunity to propose the a meeting agenda, and nomination of candidate director to the Board of Directors before at least 1 month prior the annual general meet of shareholders according to the company criteria.
5. The Company shall send the invitations with the meeting agenda and the Board of Directors's opinion to shareholders at least 7 days prior to the date of meeting except any change of rules, regulations, announcements or notification regarding to the Stock Exchange of Thailand and the Securities and Exchange Commission and disclose the invitations and other supports on website prior the date of meeting for shareholders to consider and make decision.
6. The Company clearly state rule and method of the attending the shareholder meeting to shareholder by the invitation of shareholder meeting including informing the method of voting in shareholder meeting. The shareholder meeting shall be conducted step by step with the meeting process of propose, question, voting and conclude the meeting resolution. The shareholder can register for attending the meeting in advance of 1 hour before time of meeting.
7. The Company does not lessen the rights of the shareholders to study the Company's information that must be disclosed according to various requirements and to attend the shareholders' meeting. For instance, the Company does not abruptly distribute documents containing additional important information in the meetings, add new agenda items or alter sensitive information without prior notice to the shareholders, not provide shareholders with the right to pose questions to the Board of Directors in the meeting, restrict the right to attend of shareholders who come late for the meeting etc.
8. The Company facilitates and encourages shareholders to attend and entitle their votes in the shareholders' meeting i.e. proceeding agenda according to the invitation. In the appointing of directors, shareholders can vote separated one by one vote. The Company also provides an opportunity for shareholders to ask questions or raise issues and answer adequately by the related directors.
9. In case that shareholder cannot attend the shareholders' meeting themselves, the Company has provided the proxy form B which can be specified their votes and proposed at least 1 independent director to be proxy in the meeting. The shareholders can download the proxy form A and B via the Company's website.
10. The Company shall record the minutes of the shareholders' meeting accurately and completely for further review by shareholders and disclose to the Company's website after the submission to the Stock Exchange of Thailand.

## 2. Conflicts of Interest

The Board of Directors and management consider eliminating and preventing the conflicts of interest with honesty, appropriateness and independency unethical standard. Directors, management and connected persons shall report their interest and shareholding to the Board of Directors via notifying to Company Secretary according the regulations of the Securities and Exchange Commission. In addition, in the Board of directors meeting and management meeting, the connected parties are required to abstain from casting their votes on any transactions deemed to have conflicts of interest. The Company has a policy and approval procedure, in line with the announcement of the SEC and SET, for connected party transactions that requires a disclosure of names, relationship, pricing policy, and transaction value, as well as the Board of Directors' opinions on such transactions. In addition, the Audit Committee must report to the Board of Directors on connected party transactions and other transactions deemed to have conflicts of interest, which are already carefully considered and in line with the requirements of the SET, and disclose them on a quarterly basis with interim results and in the annual report and the 56-1 form.

Directors and management of the Company and its subsidiaries are prohibited to use or disclose nonpublic information, directly or indirectly, in order to deal with any securities issued before that information is made public for the benefit of themselves or other parties. Moreover, those who are in possession of the Company's financial information are not allowed to use it during a one month period prior to making the information public and have been informed not to deal with the Company's securities before the financial statements are released to the public. All directors and management are aware of and abide by the requirement of SEC and SET (Section 59 and 275 of the Securities and Stock Exchange Act B.E.2535) and report on the Company's securities trading. The Company also sets in its code of conduct disciplinary measures in dealing with employees who are in violation of the rules and regulations and the Company's code.

## Section 3: Role of stakeholders

The Company places great importance to all stakeholders i.e. shareholders, employees, the Company and the subsidiaries' management teams, partners or external stakeholders i.e. business partners, competitors, creditors, communities and societies, as well as state agencies and related agencies as follows:

- Shareholder:** The Company is committed to creating added value in the long run and continuously to providing investment returns for the benefits of shareholders with focus on transparency disclosure and credible.
- Employees:** Employees are encouraged to improve their skills and abilities to ensure the highest operational efficiency. Employees are provided with suitable and fair hiring conditions and a meritocratic system of advancement within the Company. The Company ensures a safe work environment that is in line with accepted standards.
- Partners:** The Company collaborates with partners in a professional and transparent manner for its mutual best interest
- Customers:** The Company encourages providing service according to the agreement and acknowledges the importance of customers is the first with create the good relationship regularly and continuously.

**Business partners:** Company shall treat all the partners equally, fairly and keep confidentiality including create good relationship and benefit with partners.

**Creditors:** The Company treats lenders fairly according to the debt hierarchy and in line with the relevant contract and the law.

**Competitor:** The Company competes fairly and treats competitors equally, respectfully and professionally.

**Community/Society:** The Company recognizes the supporting in activities of promoting quality of life and cultivating social responsibility spirit to employees at all level that can lead to the development in community, society and environment

**State agencies:** The Company complies with all relevant laws, criteria, rules and regulations in the related agencies.

**Environment:** The Company encourages the employees to acknowledge the environment preservation and creates the policy to develop the project under the Environmental Impact Assessment (EIA).

The Company have policy to protect the right and treat all stakeholder equally. The Company realize that all encourage and motivation of stakeholder can make the level of competition and benefit for the Company in long term. The Company realize the right of each stakeholder by perform its any action in accordance with law, rule including any agreement.

If there is a complaint, suggestion, or query on wrongdoing, violation of ethics, error in the financial statements, or deficiency in the internal control system, please direct them to the Secretary to Audit Committee via Tel: 66(0) 2657 7888 and Fax: 66(0) 2658 7880.

The Company will investigate into the matter confidentially and report the finding to the Board of Directors.

## Section 4: Disclosure and transparency

### 1. Disclosure

The Company is aware of the information which effects the decision making of to the investing community and other stakeholders i.e. financial and non-financial with accuracy, completeness, and timeliness of information disclosure, both, as well as the requirements of the SET and SEC. The disclosure is generally made through the announcement to the SET, other publications, annual reports, form 56-1, and the Company's website.

The company provides the responsibilities concerning the company's financial reports alongside the auditor's report in the company's annual report.

### 2. Relationship with Investors

The Board of Directors acknowledges the important of the accuracy, completeness, and timeliness of both financial and non-financial information disclosure, as well as other important information, to investors, analysts, and general public. The disclosure is generally made through the announcement to the SET and/or other publications, as well as the Company's website.

The Company also appointed the Company Secretary to take the responsibility of providing information to the general public and disclosure of the Company's news and information to the Stock Exchange. He can be reached at 66(0) 2658 7888 and the fax number 66(0) 2658 7880, or E-mail: info\_ir@cdg.co.th.

## Section 5: Responsibilities of the Board of Directors

### 1. Leadership and Vision

The Board of Directors comprises experienced and knowledgeable persons who are able to provide guidance, set Company's policy, vision, strategy, target, and direction, as well as supervise the management team under the legal framework, the Company's objectives and Articles of Association, and resolutions of the shareholders' meeting. It shall perform its duty with care and honesty in order to yield maximum benefit for the Company, and raise confidence among shareholders. Furthermore, the Company also emphasizes the importance of internal control system, internal audit process, and continuously assesses the effectiveness of the management, as well as monitors the internal process regularly by its internal audit department which constantly reports to the Audit Committee.

The Board of Directors has considered specify and separate the roles and responsibilities between the Board of Directors and management team. The authority is defined clearly which communicates roles and responsibilities to directors and employees regularly.

### 2. Code of Conduct

The Company has determined a Code of Conduct for its directors and employees to ensure appropriate action in accordance with the Company and shareholders' expectation in performing their functions. It also provides a guideline for good business conduct as follows:

1. To perform the functions in accordance with the laws, the Company's objectives and Article of Association, the resolution of the Board of Directors, and good corporate governance and director's ethics.
2. To manage the business for the benefit of all current and future stakeholders, as well as preserve the Company's image.
3. To avoid any conflicts between personal and the Company's interest, directly or indirectly.
4. To stay away from having direct or indirect interests in a connected or competing businesses.
5. To manage with care and avoid commitments that may conflict with its duty in the future.
6. Do not take advantage of the job to gain direct or indirect personal benefit.
7. To devote full ability to carry out the job for the maximum benefit of the Company.
8. Do not conduct or become a major shareholder in a competing business, or have a relatives on the Board of Directors or being shareholders in the same kind of business, regardless of benefitting one's or others' interest.

The Company's directors and all employees are aware of the code of conduct, and behave and perform their functions professionally and ethically, with the goal of maximizing the Company's and shareholders' benefit.

### 3. Component of the Board of Directors

1. The Board of Directors will consider candidates whose skills, experience, and expertise are essential for the Company's business and nominate them for selection in the shareholders' meeting,
2. The Board of Directors consists of specifies the number of directors on the shareholders' meeting which shall not less than 5 members whose skills, experience, and expertise are essential. In addition, at least one-third but no less than 3 members of the Board of Directors must be independent from the Company.
3. Independent Directors have qualification as follows:

- a. Holding shares not exceeding 1 percent of the total number of voting rights of the company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director.
- b. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two years prior to the appointment.
- c. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary.
- d. Not having a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgment, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years prior to the appointment.

The Business relationship accordance with paragraph above is included normal business transaction on rental and lease of property, asset and service transaction or financial transaction which to be borrow or lend of loan, guarantee, debt collateral including other similar transaction which the party of transaction have obligation to make the payment of debt to other party from 3% of Net Tangible Asset of the Company or Twenty Million Baht which lower than.

- e. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years from the appointment.
- f. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the appointment date.

- g. Not being a director who has been appointed as a representative of the company's director, major shareholder or shareholders who are related to the company's major shareholder.
  - h. Not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business affairs. After appointment, the independent director with clearly understanding in the Company business may assign from the Board of Directors to operate the Company, the subsidiary, affiliate or juristic person who may have conflicts of interest, to make decision under Collective Decision.
- 4. Each director has a term on the Board of Directors as specified in the Public Company Act, and has no limit on the number of consecutive terms they can served on the board.
  - 5. Each director can serve directorship no more than 5 listed companies' Board of Directors unless approved by the Company's Board of Directors or shareholders on a case by case. This is to encourage directors to fully perform their directorship and directors and top management teams shall report their information regarding the other directorships in other companies to be acknowledged by the Board of Directors. Currently, none of the Company's directors serves on more than 5 listed companies.

#### **4. Roles and responsibilities of the Board of Directors**

See detail of roles and responsibilities of the Board of Directors

#### **5. Board of Directors Meeting**

The Board of Directors meeting is arranged at least once every three months. The chairman of the Board or the person assigned will call the meeting. In certain situations, two or more directors may request the chairman to call the meeting, which has to be held within 14 days from the requested date. The Chairman or the person assigned shall send the invitation letter to the Board of Directors Meeting at least 7 days prior the meeting. In the event of an emergency to protect the rights and benefits of the Company, the meeting request can be notified by other method or the meeting can be arranged sooner. The Chairman and CEO shall consider and determine the agenda and provide the opportunity that two or more directors can request the agenda according the article of association

At a meeting of the board of directors, the presence of not less than one half of the total number of directors is required to constitute a quorum. In the case where the chairman of the board is not present at the meeting or is unable to perform his or her duty and if there is a vice-chairman, the vice-chairman present at the meeting shall preside over the meeting. If there is no vice-chairman or if there is a vice-chairman who is unable to perform his or her duty, the directors present at the meeting shall elect one among themselves to preside over the meeting.

The decisions at the meeting shall be by majority of votes. Each director shall have one vote, but a director who has interests in any matter shall not be entitled to vote on such matter. In the case of an equality of votes, the chairman of the meeting shall have an additional vote as a casting vote.

#### **6. Assessment of director and top-executive**

- 1. **Assessment of Director**  
The Board of Director assign the Compensation Committee to assess the performance of the Board of Director and Sub-Committee with 2 form of assessment which are assessment of the Board of Director by group and by each director (self-assessment). The assessment shall be made director to review result of performance, problem of the last year.

## 2. Assessment of Top-Executive

The Board of Director assign the Compensation Committee to assess the performance of top executive annually. The assessment will be reported to the Board of Director in order to fix the compensation of top executive.

## 7. Balance of non-executive directors

The company is set to have at least 1 of the 3 of the directors, but not less than 3 members. Three independent directors held the position of Audit committee members with the qualifications according to the announcement of the Stock Exchange of Thailand on the roles and scope of the audit committee to perform various checks and balances of the company to be fair and accurate.

As of December 31, 2014, the experienced and knowledgeable members of the Board of directors comprise of 10 persons, as follows:

- 8 non-executive directors of which are 6 independent directors
- 2 members of the Executives

The 3 independent directors was appointed the Audit Committee with the qualifications according to the announcement of the Stock Exchange of Thailand on the roles and scope of the audit committee to perform various checks and balances of the company to be fair and accurate.

## 8. Integration or Segregation

The Chairman of the Board shall not be the same person as chief executive of the management in order to separate the duties of policies setting from regular management. The Company has defined the responsibilities of authority to approve, accounting record and assets management at each level clearly, so they can examine each other easily. The Chairman and Independent committee member is Mr. Vikrom Koopirochana. For the top management which is the company's chief executive officer is another director which Mr. Ben Taechaubol. Both positions have separate roles and responsibilities clearly and all important decision making has to be conducted through the Board of Directors. Please see details on the authority at Management and Good Governance, Scope and Responsibility of the Board of Directors and Responsibility of Chief Executive Officer.

## 9. Remuneration of Directors and Executives

The Board of Directors has appointed Remuneration Committee to consider the remuneration of Committees of the Board, subcommittees, Chief executive of management and senior management to have clear rules and transparency based on the results of operations of the Company, the performance of the Board of Directors and subcommittees, Chief executive of management and senior management, the practices of the industry, including the roles and responsibilities, to propose the Board of Directors or the Shareholders' Meeting to approve the following:

**Remuneration of the Committees:** The Remuneration Committee has the duty to determine the remuneration of the committees using rules or procedures and structures that are fair and reasonable by proposing the Board of Directors for consideration and propose the shareholders for approval. In order to look after and retain qualified committees as required and directors who have been assigned to the Audit Committee will receive additional payments based on workload increases.



**Executive Remuneration:** The Remuneration Committee determines the remuneration of the Chief Officer of the Management and Executive Board using rules or procedures and structures that are fair and reasonable and propose the Board of Directors for consideration.

## 10. Sub-Committee

The Company has set up sub-committee in order to supervise and to improve managerial efficiency. The Board of Directors has approved clearly the authorities and responsibilities. The 3 sub-committees are audit committee, compensation committee and investment committee.

1. Audit Committee consists of 3 members to be responsible according to the Charter of the Audit Committee.
2. Remuneration Committee consists of 3 members, chairman of the committee and majority are independent director to be responsible under the Charter of the Remuneration Committee.
3. Investment Committee is responsible according the instruction of the Investment Committee.

## 11. Internal control and audit system

The Company emphasizes the important of the internal control system, at both the management and operational level. There is a written Procedure Manual clearly specifying the authority of staff performing their duties and the management, and authorization chart. In order to regularly monitor the internal control system and inspect material transactions, the Audit Committee is assigned to audit the internal control system to ensure its effectiveness. Furthermore, the Company also conducts a risk assessment exercise and prepares preventive and mitigate measures, and monitor the compliance with related laws and regulations. There is also a segregation of operational, monitoring, and evaluating functions in order to encourage appropriate level of check and balance among them.

The Company has established the Office of Internal Audit, which performed its duties independently and reported directly to the Audit Committee, in order to audit the operations of the Company and its subsidiaries. The internal audit office was required to report the results of its auditing works directly to the Audit Committee.

In addition, the Audit Committee must conduct an annual review of the appropriateness and sufficiency of the internal control system and report the findings to the Board of Directors, which will express its opinion on the sufficiency of the internal control system in the Annual Report.

## 12. Director's report

The Board of Directors has assigned the Audit Committee to supervise the preparation and disclosure of information in the financial statements, internal control system, and internal audit, in order to assess the adequacy and appropriateness of the internal control system and the preparation of the financial statements for their accuracy, completeness, sufficiency, accountability, and effectiveness and also assigned company secretary in keeping director's report.

## 13. Knowledge and skill improvement for directors and management

The Company encourages all directors and management to take courses with Thai Institute of Directors Association (IOD) and other related courses organized by various institutions on a regular basis in order to enhance their knowledge and skills.

## 14. Directors Orientation

For newly appointed directors, the Company arranges an orientation for them to learn about the Company's policies, and other information, such as capital structure, shareholding structure, operating performance, as well as related laws and regulations. They will also be given a director handbook contains useful information on being a Company's director as follows:

Director handbook

1. Public Limited Companies Act, B.E. 1992
2. Affidavit
3. Company Business Objectives
4. Articles of Association
5. Company Corporate Governance Report
6. Listed company director handbook of SEC.

Information for directors

1. Disclosure Guidelines for Listed Companies' Management
2. Connected party transaction of the Listed Company
3. Good Corporate Governance of the Listed Company Year 2006
4. Company Profile
5. Recent Annual report

## 15. Company Secretary

The Board of Director realize the important of roles and responsibilities of Company Secretary which will make the Company to operate its business to comply with the good corporate governance. The roles and responsibilities of the Company Secretary are follows:

1. Provide legal advice, regulations to the Board of Directors
2. Take care of any activities of the Board of Directors
3. Coordinate and monitoring compliance with board resolutions
4. Prepare and keep the following documents:
  - Director registration Book
  - Invitations and minutes of the Board of Directors meeting
  - Invitations and minutes of the shareholders' meeting
5. Keep report of the conflict of interest filed by directors and management
6. Other business according the Board of Directors determination

## Overseeing the operations of the company and its associates

The Board has a mechanism to supervise its subsidiaries and associated companies. So the company can get involved in their management and control the operations of such companies. The Company will send representatives as directors or executive or controlling authority in the proportion of stock holding. When the Company needs to decide in a matter of significance, the matter should be presented to the Board of Directors for approval. Moreover, the representatives of the company shall look after the subsidiaries or associate to have the disclosure of acquisitions or disposals of assets or related transactions to meet the requirements and criteria of related controlling entities, and also the Board has to prepare financial statements in accordance with accounting standards and meet the deadlines of the consolidated financial statements.

## Control of Internal Information

The Company sets up the policy for committees, directors and employees of the Company and its subsidiaries to maintain the confidentiality, not lead to the disclosure of inside information or seek personal interests or benefit of another person, whether directly or indirectly, whether they receive remuneration or not. Moreover, The Company prevents personnel to perform such activities to disclose the information to others or used for personal gain, including securities trading. The Company approved the policy of the use of inside information as follows:

1. To inform the directors and executives to be aware of their responsibility to report the holdings of securities of their own, their spouses and minor children according to Section 59, including penalties under Section 275 of the Securities and Exchange Act of 1992 and the regulations of the Stock Exchange of Thailand.
2. To order the Executive report changes in their shareholdings to the Securities Exchange Commission and send a copy of such report to the company on the same day that the report is sent to the Securities and Exchange Commission.
3. To notify the management and employees of the Company to be aware of the duty of the management and employees of the Company and its subsidiaries. When they are informed about company's financial information, or inside information which can significantly affect the Company's stock price, they need to avoid buying the securities of the company during one month before the financial statements or internal information is publicly available and they are prohibited from the disclosure of such important information to be available to others.

## Audit Fee 2014

The Company and its subsidiary have expense of audit fee for Deloitte Touche Tohmatsu Jaiyos Co. Ltd which is auditor for 2014 of the Company and the Company's subsidiary amount of totaling Baht 3,275,000 divided to audit fee of the Company amount of Baht 1,750,000 and for the Company's subsidiary amount of Baht 1,525,000