

**Good Corporate Governance Policy**

**Pruksa Holding Public Company Limited**

**and Subsidiaries**

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## **Message from the Chairman of the Board of Directors**

The Board of Directors of Pruksa Holding Public Company Limited is committed to promoting the Company and its subsidiaries to operate sustainable business in accordance with the principle of good corporate governance, aiming to create benefits for the shareholder and taking into account all stakeholders, maintaining business morality, transparency and accountability, with a belief that good corporate governance is a key success factor for achievement of business goals, bringing about maximum long term benefits for shareholders. A Corporate Governance Policy has therefore been developed, based on guidance given by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, as well as applying good corporate governance principles for listed companies with appropriate to the Company.

With our utmost effort, we will ensure strict compliance with the policy as outlined in this document. The policy itself will be constantly reviewed and updated to give assurance to our shareholders that their interest will be best taken care of.

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(Dr. Prasarn Trairatvorakul)

Chairman of the Board of Directors

December 19, 2019

## **Introduction**

Pruksa Holding Public Company Limited and its subsidiaries (The Company) attaches importance to Good Corporate Governance of international standards, in compliance with the policy of the Stock Exchange of Thailand (SET), have been established in order to promote business ethics. It is the Company's firm belief that good corporate governance procedures can reinforce its performance, serving as one of the key success factors for achieving its business goals. The Company's Corporate Governance Policy consists of seven sections as follows:

- The Board of Directors
- Rights of Shareholders
- Equitable Treatment of Shareholders
- Role of Stakeholders
- Disclosure and Transparency
- Internal Control and Risk Management
- Philosophy and Code of Conduct

Communication in this matter has been carried out on a continuous basis to the Company's Board of Directors, Executives and employees, to ensure their acknowledgement and compliance, as well as disclosed on the Company website, in recognition that the Principles of Good Corporate Governance contribute to Company's success and are a vital factor for achievement of the Company's fundamental goals.

## **Section 1 The Board of Directors**

The Board of Directors is accountable to all the shareholders for ensuring that the business of the Company is managed properly in the best interests of the shareholders, other stakeholders, society and the environment. It plays a key role in supervising Management of the Company and its subsidiaries to ensure that the Executives are constantly committed to operational excellence, constantly keeping risks in mind.

### **1.1 Establishment of a Corporate Governance Policy and preparation of a Business Ethics Handbook**

The Board of Directors has established a Corporate Governance Policy and Business Ethics Handbook for the Directors, Executives and employees of the Company, which are disclosed on the Company website. The Directors, Executives and employees are required to comply with the handbook. The Company monitors this by providing training and seminars for all employees in the organization. After finishing training or a seminar, the employees have to take a test to see whether they have knowledge and understanding to solve problems should they arise. Employees are encouraged to raise any questions which they may have and to share opinions for clearer understanding.

### **1.2 Corporate vision, mission, culture and values**

The Board of Directors participates in developing the corporate vision, mission, culture and values to align operations of executives and employees to the same goal and direction under the standards acceptable to all concerned, to ensure prosperity, credibility and sustainable values to the Company, with reviews being made periodically.

### **1.3 Structure of the Board**

The Board of Directors consists of a minimum of five members, one third and a minimum of three of whom are Independent Directors who are qualified according to the Notifications of the Capital Market Supervisory Board and the Office of the Securities and Exchange Commission (**Office of the SEC**). The Chairman of the Board of Directors, the Chairman of the Executive Committee and a Group Chief Executive Officer should not be the same person.

The Company places emphasis on board diversity, with the members having diverse backgrounds, professional skills and specializations, and are of different genders. Additional members with knowledge, competence and experience in specific areas will be sought to accommodate future structural change.

### **1.4 Director Qualifications**

Directors on the Board of Directors must have all the qualifications required by the public company law and other related laws. They must not have characteristics untrustworthy for management of a public company as prescribed under Section 89/3 of the Securities and Exchange Act (No. 4) B.E. 2551.

Directors must have knowledge, competence, integrity and business ethics. In addition, they must be able to dedicate enough time to contribute their knowledge and expertise to perform their duties for the Company.

Independent Directors must meet the independence requirements specified by the Company and in line with the Audit Committee qualifications as outlined in the Notification of the Capital Market Supervisory Board and the Notification of the Stock Exchange of Thailand Re: Qualifications and Scope of Work of the Audit Committee.

Independent Directors must be able to take care of the interests of all shareholders equally, prevent conflict of interest and present their independent views.

### **1.5 Director Tenure**

The Company determines the term of directorship is set for three years, with one year defined as the period between the Annual General Meeting of Shareholders of the appointment year and that of the following year. Reappointment by the shareholders can be done upon completion of a term.

The term of the members of board committees is dictated by the director tenure. Upon completion of the term, reappointment by the Board can be done.

As for the number of consecutive terms, it is viewed that all the Directors who are appointed by Shareholders' Meetings are qualified, knowledgeable, competence and ethical, with a good performance record. As long as they are trusted and elected by shareholders meetings, shareholders' right must be respected. Hence, there is no restriction of the maximum consecutive terms of Directors.

However, according to the Charter of the Board of Directors, Directors are retired at the age of 72. Their retirement is effective on the last day of the Company's accounting year.

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

The meetings of the Board of Directors and the meeting of the shareholders are scheduled in advance.

The Board of directors schedules the Meetings of the Company's Board of Directors and the Shareholders' Meeting in advance every year. All the Directors are informed of the meeting schedule so that they can all plan their time for the meetings. All the Directors take part in determining the issues to be included onto the agendas of the Board of Directors and Shareholders' Meetings.

The main agenda items of Board of Directors meetings are: Information from the Chairman, Follow-up matters, Information matters and Matters for consideration/approval.

The main agenda items for the Annual General Meeting of Shareholders are the Board of Directors' report on the Company's performance in the previous year, Approval of the Balance Sheet and the Profit and Loss Statement, Approval of

profit allocation and dividend payment, election of Directors to replace Directors retiring by rotation and determination of Directors remuneration, Appointment of the auditors and determination of auditors' fees, and Other businesses.

#### Directors' meeting attendance/receiving meeting papers in advance

Directors' meetings are convened at least six times a year and meeting papers are distributed to the Directors no less than seven days in advance of the meeting. In case meetings are not held on a monthly basis, the Company will send a report on the operating results to the Board of Directors for the month without a meeting so that the Board can supervise and monitor Management's operation in a continuous and timely manner.

#### The quorum required at the voting time at the Board of Directors' Meeting

The Company has laid down a policy requiring the presence of no less than two thirds of the total number of Directors for vote casting by the Board of Directors.

### **1.7 Company Strategic Planning and Implementation**

Every year, at Board of Directors' Meetings, the Board jointly considers the Five-Year Strategic Planning Plan. Thereafter, Management will be monitored to see if it has implemented the Plan. Management is required to report the Strategic Planning Plan to the Top Management Committee, the Executive, and the Board of Directors, in that order, on a monthly basis. The meeting agenda of each body contain these as acknowledgement of the monthly operating results and a quarterly review of the strategic plan so that the respective bodies can make recommendations for correction/improvement to Management.

### **1.8 Board Committees**

The Company is required by the Stock Exchange to have in place an Audit Committee. It is also advised to have other board-appointed committees to alleviate the burden of the Board. Examples of such committees are: the Enterprise Risk Management Committee, the Corporate Governance Committee, the Nomination and Remuneration Committee and the Executive.

#### **1.8.1 The Audit committee**

The Audit Committee is responsible for reviewing the financial reports of the Company to ensure accuracy and adequacy, approving significant changes in accounting principles, having in place appropriate and effective internal control and internal audit systems, reviewing the independence of internal audit units, as well as approving the appointment, transfer and termination of the head of Internal Audit or any other units responsible for internal auditing, reviewing internal audit reports to be submitted to Management, including Management's comments on audit issues. Furthermore, the Audit Committee has unrestricted access to management, corporate staff and related information. Its tasks also include consideration of disclosure of information, in cases of connected transaction(s) and transactions with potential conflict of interest, between Management, the Board of Directors or shareholders, including

the prevention of the improper use of the assets, information and opportunities of the company and its subsidiaries in conducting improper transactions with related persons connected with the company and its subsidiaries, it is in accordance with laws and the requirements of the Stock Exchange of Thailand, to ensure reasonableness of the transaction(s) and maximum benefit of the Company. The Audit Committee is also responsible for preparing the Audit Committee Report for disclosure in the Annual Report of the Company; reviewing compliance with laws related to securities and the exchange, the regulations of the Stock Exchange or laws relevant to the businesses of the Company; making recommendations for appointment or termination of auditors and determination their fees; reviewing the Charter at least once a year and performing any other tasks assigned by the Board. The Audit Committee performs its duties and expresses opinions freely. It has the Company's Internal Audit Unit as a direct report and as its operating arm, and regularly consults the external auditors.

#### **1.8.2 The Enterprise Risk Management Committee**

The Enterprise Risk Management Committee is tasked with specifying and giving input to the frameworks for enterprise risk management policies, strategies and directions, reviewing Management's risk management plans and the overall risk management processes, and following up on implementation according to the frameworks; making recommendations to the Board of Directors in its supervision tasks with regard to management of enterprise risks to which the Company is exposed, coming from internal and external factors, to mitigate risks to appropriate and acceptable levels. Its duties also include reporting the results of risk assessment and measures taken to reduce risks to the Board of Directors on a regular basis.

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

The Nomination and Remuneration Committee has the duty to establish a policy and criteria for nomination, and to select the Company's Board of Directors, the Board Committees, the Group Chief Executive Officers, Deputy Group Chief Executive Officer, Chief Officer and the Managing Director, for approval by the Company's Board of Directors and/or the Annual General Meeting of Shareholders; to establish a policy and criteria for determining necessary and appropriate monetary and non-monetary compensations; to determine the criteria and methods for performance appraisal; to review the policy and criteria for nomination and determine remuneration which is always commensurate to duties and responsibilities and in line with the Company's performance and the market condition.

#### **1.8.4 The Corporate Governance Committee**

The Corporate Governance Committee has the duty to consider, review, and submit to the Board of Directors for approval, a Good Governance Policy, business ethics, a social and environmental responsibility policy, and a sustainable development policy of the Company, along with any other policies and guidelines in support of the

Company's pursuit of good governance practices. The Corporate Governance Committee also ensures that Management follows the policies and guidelines for development of the Company in a continuous manner. It also monitors and reviews the various work processes within the organization for compliance with ethics and good practices, and monitors and gives instructions in case there are issues concerning failure to follow the prescribed policies and guidelines on the parts of Management and the employees. as well as supervising the internal control to achieve the objectives effectively, to comply with domestic & international relevant laws and standards. In addition, it monitors and reports the results of the execution of the Good Governance Policy and other relevant policies to the Board of Directors and external agencies as appropriate.

#### **1.8.5 The Executive Committee**

The Executive Committee is tasked with determining policies, goals, strategies, operation plans, annual budgets, and authority delegation for submission to the Board of Directors for approval, and managing the business for efficiency and appropriateness for the current business environment. The Committee also provides consultancy and advice in management to top Executives. It approves capital expenditure, handles transactions with financial institutions, purchases and sales or registration of ownership of properties for normal business of the Company. In addition, it lays down the organizational structure for effective management, supervise to have information security system, preserve customer data, manage of customer and related information. supervises and approves matters pertaining to Company operations, including screening all matters to be submitted to the Board of Directors, except for those under the duties and responsibilities of other Board Committees.

#### **1.9 Inviting Top Executives to Meetings**

According to the Company's policy, top Executives are invited to the Company's Board of Directors Meetings for specific agenda items relevant to them, so that they can provide additional details. This practice also provides an opportunity for the Board of Directors to get to know top Executives, which facilitates succession planning.

#### **1.10 Charters of the Board of Directors and the Board Committees**

In order to set clear procedures for the operations of the Board of Directors and the Board Committees, the Company has developed Charters for these bodies. These include the Charter of the Audit Committee, the Charter of the Enterprise Risk Management Committee, the Charter of the Nomination and Remuneration Committee, the Charter of the Corporate Governance Committee, and the Charter of the Executive Committee. The contents of each charter are segregated into different sections which are constantly updated. The sections are on, for example, the objectives, composition and qualifications, tenure, authority and duties, responsibilities, meetings and the quorum, and reporting.

### **1.11 Conflict of Interest policy**

The Company attaches great importance to proper management of conflicts of interest of parties concerned at both corporate and employee levels, handling them in a careful, fair, and transparent manner. A policy and best practices in handling conflicts of interest have been established. Full disclosure of information thereof is also required.

In cases where a member of the Board of Directors or an Executive has vested interest in a matter under consideration, he or she shall leave the meeting room or abstain on that agenda item.

### **1.12 New Director Orientation, Training and Knowledge Enhancement**

To perform his/her duties, each newly appointed Director is adequately informed of rules and regulations relevant to the business and provided with other information pertaining to the businesses of the Company and the subsidiaries. An orientation program is organized for new Directors. Knowledge enhancement is carried out on a continuous basis to enable the Board of Directors to perform its duties and to supervise the operation of the Company and the subsidiaries effectively. The Directors are encouraged to participate regularly in training sessions organized for company directors.

### **1.13 Internal Control / Risk Management Policies**

The Company attaches a great deal of importance to the Internal Control and Risk Management Policies. The Audit Committee has a duty to review the assessment of the adequacy of the internal control system to ensure adequacy and suitability for business operations, so as to achieve objectives efficiently under relevant laws and standards. The internal control framework developed by COSO (The Committee of Sponsoring Organizations of the Treadway Commission) has been adapted for use in conjunction with the ERM (Enterprise Risk Management) framework as a management tool for strengthening internal control and risk management systems.

### **1.14 Having in Place and Disclosure of an Internal Control and a Risk Management Systems**

The Board of Directors is advised to have in place and to disclose the Company's internal control and risk management systems, prescribing criteria for dealing with key risks to cover the whole organization. These are subject to a review or efficiency consideration or assessment conducted at least once a year and at any time when it is found that the level of risk has changed, and include attaching importance to the early warning and system malfunctioning signs. The Board of Directors or the Audit Committee should also express their opinions towards the adequacy of the Company's internal control and risk management systems in the Annual Report.

### **1.15 The Company's Procedure for Key Risk Management**

The Company has an Enterprise Risk Management Committee tasked with making recommendations to Management for prescribing a framework and guidelines for systematic risk management. The Board of Directors and Management recognize

the importance of risk management, requiring assessment of risks and mitigation measures. At Enterprise Risk Management Committee Meetings, representatives from each operational line are invited to report on their risk management actions taken. This is to allow the Committee to hear the problems or obstacles encountered, and to make observations and suggestions.

In addition, the Company has established a Business Continuity Management (BCM) plan as guidelines for development and supervision of the management of business continuity to enable the Company to pursue its business on a continuous basis and to mitigate the various impacts when confronting critical situations. Experienced consultants have been contracted to run the project.

#### **1.16 Establishment of a Compliance Unit**

A Compliance Unit will be set up and tasked with corporate governance and compliance. The main functions of the Unit will be as follows:

(1) To establish the principles of good governance which are in line with the Company's vision and mission, demonstrating an efficient, transparent, and accountable management system. This helps build trust and confidence among the shareholders, investors, stakeholders, and all parties concerned.

(2) To have in place a relationship structure and processes among Directors, Management, and shareholders. This will enhance the Company's competitiveness, lead to growth, and increase long-term shareholder value, while other stakeholders are kept in mind as well.

#### **1.17 Establishment of an Internal Audit Unit**

An Internal Audit Department has been established by the Board of Directors and to ensure the Internal Audit Unit can carry out its duties with efficiency and independence, the Board has made the unit report directly to the Audit Committee who reports major operating results and expresses views on important issues, such as the disclosure of the number of Audit Committee meetings during the year, assessment and review of the internal control system, connected transactions, nomination of the auditors, review of financial reports, supervision of compliance with rules, regulations and policies, including the Audit Committee's overall opinions.

#### **1.18 The Board of Directors independence from Management**

The Board of Directors is free to provide opinions towards the performance of Management for maximum benefits for the Company and the shareholders. There is a clear segregation of duties and responsibilities between the Board of Directors and Management with at least one Non-Executive Director (Independent Director) having experience in the core business of the Company.

### **1.19 Approval Authority of the Board of Directors**

Apart from the Board of Directors' powers prescribed by law and regulations, the Board of Directors has approval authority as specified in the Charter of the Board of Directors.

### **1.20 Appraisal of the Performance of the Board of Directors (as a group and as individuals) and Board Committees**

The Company requires that the performance of the Directors and the Board Committee members be appraised at least once a year, both as groups and as individuals, for the benefit of the overall performance of the Board of Directors. This will also show key areas where the Board of Directors believes improvement can be made for even greater benefits. The objective of the performance appraisal is to increase the efficiency of the Board of Directors and Board Committees and to use the results for improvement of the performance of the Board of Directors and the Board Committees.

#### **Procedures for Appraisal of the Performance of the Board of Directors (as a group and as individuals) and Board Committees**

Towards the end of each year, the Company Secretary and the secretaries of Board Committees; namely, the Audit committee, the Enterprise Risk Management Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Executive Committee, sends appraisal forms to the members of the Board of Directors and the Committees for annual performance appraisal. Upon completion of the appraisal, each Director will send the form back to the Company Secretary/ Secretary of the Committees who will collect and summarize the results, and report to the Board of Directors and/or the Committees.

#### **Criteria for Appraisal of the Performance of the Board of Directors (as a group and as individuals) and Board Committees**

<b>Score Range</b>	<b>Performance</b>
85 – 100	Very Good – Excellent
75 - 84	Good
65 - 74	Quite Good
50 - 64	Fair
Below 50	Improvement required

### **Consideration points in appraising the performance of the Board of Directors and Board Committees**

The forms for appraisal of the performance of the Board of Directors and Board Committees are based on the following points for consideration:

- Structure and qualifications of the Board of Directors
- Roles/duties and responsibilities of the Board of Directors
- Meetings of the Board of Directors
- Communication and coordination among the Committees and the Board of Directors
- Performing duties in compliance with good corporate governance
- Overall opinions

#### **1.21 Appraisal of Group Chief Executive Officers' Performance**

The Nomination and Remuneration Committee appraises the performance of the highest ranking officers in the position of Group Chief Executive Officer at the end of the year. The results of appraisal are classified as personal information and are confidential. The appraisals are based on the Company's operating results, and execution of the policies laid down by the Board of Directors. Information derived from the appraisal will be used by the Nomination and Remuneration Committee in consideration of remuneration of the Group Chief Executive Officers.

#### **1.22 Policy towards Group Chief Executive Officers' Remuneration**

Short-term and long-term remuneration to be paid to Group Chief Executive Officers is considered in a transparent and fair process, based on the scores derived from the performance appraisal, the Company's operating results, and execution of the policies laid down by the Board of Directors as appraised by the Nomination and Remuneration Committee.

#### **1.23 Structure of the Non-Executive Directors' Remuneration**

The remuneration structure for Non-Executive Directors is disclosed by the Board of Directors. The structure must be approved by the Board of Directors and proposed to the Annual General Meeting of Shareholders for approval.

#### **1.24 Remuneration for the Executive Board/ Top Executives**

The remuneration of the Executive Board members is subject to approval by the Board of Directors and is proposed to the Annual General Meeting of Shareholders for approval. As for the remuneration of the top Executives, the Nomination and Remuneration Committee determines monetary and non-monetary remuneration for motivation and retention of the quality resources for the long term.

### **1.25 Role of the Chairman of the Board of Directors**

The Chairman of the Board of Directors plays leadership roles and conducts meetings of the Board of Directors and shareholders, ensuring efficiency and effectiveness. He encourages all the Directors to participate in meetings. He assists, supervises, monitors and supports Management in running the business and acts independently in proposing meeting agenda items, voicing opinions towards the various areas of Company operations as well as carefully taking part in considering matters of conflict of interest for appropriateness and transparency.

### **1.26 Nominating and Terminating the External Auditors and the Internal Auditor**

The Audit Committee is empowered to select, nominate, and terminate the external auditors acting as the auditors of the Company as well as nominate, transfer and terminate the internal auditors.

### **1.27 Top Executive Succession Planning**

In case the top Executive of the Company cannot perform his duties, the Company has succession planning by having the Executive who is second-in-command or in a similar position to act in his position until a replacement fully qualified under the law, with knowledge and competence, a vision, and experience suitable to the Company, is selected. Consideration is done by the Nomination and Remuneration Committee for nomination to the Board of Directors and/or the shareholders for approval.

### **1.28 Criteria for Appointment of New Directors and Top Executives**

In case of vacancies for the positions of Director and top Executives, the Company has transparent criteria and procedures in selecting replacements. The Nomination and Remuneration Committee will follow the nomination procedures by considering the candidates' qualifications, knowledge and competency, work experience, needed skills to reinforce the existing Board of Directors and the pool of top Executives. There is no sex discrimination. The candidates need to be ready to dedicate their time for the job and do not have prohibited qualifications according to laws and good corporate governance principles. For nomination of a member of the Board of Directors, consideration will be based partly on information on the Director Pool which will lead to a diversified structure of the Board. A Board Skill Matrix will also be developed to determine the desired qualifications based on the missing skills among the Board members and the Company's business strategies. For example, if the Company's strategy is to diversify into new business areas, nomination of new Directors will be based on finding candidates with qualifications and work experience suitable for the new businesses. The nominations will then be proposed to the Board of Directors and/or the Shareholders' Meeting (as the case may be).

### **1.29 Remuneration for Directors and Executives**

Remunerations for Directors and Executives are fixed at appropriate levels, sufficient for retaining quality Directors. The remunerations are divided into monetary parts and other forms of remuneration. Annual reviews are conducted by the

Nomination and Remuneration Committee, after which Directors remunerations are proposed for approval by the shareholders. Executive Directors are remunerated only as Executives. Executives' remunerations are linked to the Company's operating results and individual Executives' performances.

### **1.30 Non-Executive Directors' Meetings**

The Board of Directors has prescribed that Non-Executive Directors may hold meetings among themselves as appropriate without the presence of Executive Directors or Management. This is to allow them to discuss issues relevant to the business of the Company or other issues in which they are interested.

### **1.31 Directorship of top executives in other juristic persons or agencies**

Senior executives of the Company shall not take on a directorship in other juristic persons or agencies outside the business group unless approval is given from the Nomination and Remuneration Committee on a case-by-case basis.

### **1.32 Disclosure of the Independent Director List**

The name list of the whole Board of Directors is disclosed at the end of the year. The names of the Directors who are also Independent Directors are also clearly disclosed.

### **1.33 Being an Employee or Partner of an External Audit Firm**

The Directors and top Executives of the Company must not have been an employee or a partner of an external audit firm of which the Company is a client in the past two years.

### **1.34 Independent Directors' Holding Directorship in Other Listed Companies**

Independent directors must not hold directorship in more than five listed companies.

### **1.35 Appointment of a Company Secretary**

The Board of Directors has appointed a Company Secretary whose responsibilities are to give advice to the Board of Directors as regards laws and regulations which it needs to know, and to supervise activities of the Board of Directors, including following up on execution of Board resolutions. The Company Secretary's profile, roles, and duties have been disclosed.

## **Section 2 Rights of Shareholders**

Recognizing the importance of the rights of shareholders, the Company refrains from committing any act that may violate or curtail the rights of the shareholders. Examples of shareholders' basic rights are: the right to attend shareholders' meetings and vote, the right to appoint a proxy to attend a meeting and vote on his/her behalf, the right to express opinions and ask questions at shareholders' meetings, the right to vote in Director election and the right to vote to appoint an auditor and fix the auditor's fee.

### **2.1 Basic rights of Shareholders**

Recognizing the importance of the rights of shareholders, the Company refrains from committing any act that may violate or curtail the rights of the shareholders, or neglecting equitable treatment of shareholders. The Company respects shareholders' basic rights; i.e. the right to receive equitably dividend paid out of profit and the Company's repurchase of shares, the right to communicate with one another, the right to propose items on the agenda of a meeting, the right to nominate individuals for directorship, the right to submit questions relevant to the items on the agenda in advance of the meeting, the right to attend a shareholders' meeting and vote, the right to appoint a proxy to attend the meeting and vote on his/her behalf, the right to express opinions and ask questions at the Annual General Meeting of Shareholders, the right to vote in the election of individual Directors (offered to allow shareholders to elect Directors whom they really want), the right to consider Directors' remuneration and the right to vote for appointment of external auditors and determination of auditors' fees. The Company does not impede or create obstacles to communication among shareholders. If there is a shareholders agreement which can significantly affect the Company or other shareholders, the Company will promptly disclose it.

### **2.2 The Right to Consider Directors' Remuneration**

The Company's shareholders have the right to consider Directors' remuneration in all forms, both monetary and non-monetary; e.g., fixed allowances, meeting allowances, bonuses, and special benefits (e.g., group insurance). The remuneration is proposed for approval by the shareholders' meeting annually.

The Company has a clear policy and principles for the consideration process before proposing remunerations to the shareholders. The process involves scrutinizing the appropriateness in all aspects by making comparisons with the same industry, meeting plans of the Board of Directors and each Board Committee, such as the Executive Committee, the Audit Committee, the Enterprise Risk Management Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee. The proposal has to go through the Nomination and Remuneration Committee and the Board of Directors before being submitted to the Shareholders' Meeting for approval.

## 2.3 Shareholders' Meetings

- Setting the Date, Time, and Venue of a Shareholders' Meeting

In convening an Annual General Meeting of Shareholders, which has to take place within four months of the annual account closing date, the Company fixes the date, time, and place for the Meeting. The venue is deemed convenient for all groups of shareholders, including Institutional Investors. The policy is to avoid holding a Meeting on public holidays and bank holidays. The Meeting is held between 8:30 a.m. and 4:00 p.m. All shareholders are allowed to send a registration form or a proxy to the Company for pre-registration. The Meeting is held in Bangkok or in the area where the Head Office is located for easy attendance by the shareholders. Information about the date, time, place, and agenda will be provided, together with an explanation and rationale for each item, or in support of a resolution requested as specified in the Notice of the Annual Ordinary Meeting or an Extraordinary Meeting of Shareholders or in the attachments to the meeting agenda items. There is no limitation of the shareholders' opportunity to study the Company's information.

The Company may call an extraordinary meeting of shareholders if the Board of Directors deems it necessary or appropriate.

- Offering an Opportunity for the Shareholders to propose additional items on the agenda, nominate candidates for directorship and send questions in advance of the meeting

Shareholders are allowed to propose additional items on the agenda, nominate candidates for directorship and send questions in advance of the meeting, through clearly specified channels and methods, to demonstrate fairness and transparency. This is made known to shareholders and posted on the Company website.

- Sending a Meeting Notice

The Company's Articles of Association require that the Meeting Notice be sent to the shareholders at least seven days in advance of the meeting. In practice, however, the Company sends the Meeting Notice together with meeting papers in both Thai and English to Thai and foreign shareholders at least 21 days in advance. There may be change to the sending of the Notice, depending on the situation and readiness each year but it will be no later than the legal requirement. This is to allow time for the shareholders to consider the Meeting Agenda and the matters to be proposed to the Meeting with sufficient information for decision making. Each item is clearly labeled as an information item, a matter for approval, or a matter for consideration. An opinion of the Board Committee relevant to the particular item is also included as well as an opinion of the Board of Directors.

Announcements are placed in a Thai language newspaper for no less than three consecutive days and a complete set of meeting notice is also posted on the Company website <http://www.psh.co.th> in both Thai and English at least 30 days in advance, to make it convenient for Thai and foreign shareholders. Adequate and timely

information about the date, time, the venue and the agenda as well as information relevant to the matters requiring a decision by the Meeting is provided.

- Meeting Attendance and Registration

In attending a shareholders' meeting, an identification document (such as a citizen id card or a passport) should be brought along. In case of a proxy appointed by a natural person, evidence from the person appointing the proxy must be produced (e.g., a proxy form and a copy of the citizen id card or a copy of the passport). In case a proxy represents a juristic person, evidence of the juristic person appointing the proxy must be produced (e.g. a proxy form and a certified incorporation certificate). The Company also allows shareholders to do pre-registration.

- Duty Stamps for Affixing on the Proxy

The Company provides free service in affixing duty stamps on the proxy at the registration counter to relieve the burden of the proxies in finding duty stamps.

- Attendance of a Shareholders' Meeting by the Board of Directors and the Chairman of the Board of Directors

The Company attaches importance to shareholders' meetings. Hence, the Directors normally attend the meetings which are chaired by the Chairman. Besides, the Chairmen of all the Board Committees, all the top Executives (Group Chief Executive Officers), the next four Executives, and the external auditor or his representative, attend the meeting to hear comments and to answer shareholders' questions.

- Offering an Opportunity for the Shareholders to Ask Questions, Express Opinions and Vote

At a shareholders' meeting, the voting and vote counting procedures are explained before commencement of the meeting. During the meeting, all shareholders have equal right in expressing views and ask questions, provided that time is reasonably taken. In voting, one share has one vote and the resolution is determined by the vote of a majority. In case of a tie, the Chairman of the meeting shall have a casting vote.

Any shareholder with vested interest in any agenda item is prohibited from voting in that matter, except in voting to elect or remove a Director.

- Setting the Agenda

For the Annual General Meeting of Shareholders, in case an agenda item has several matters, the Company will set the meeting agenda with the matters clearly separated, and a resolution will be sought for each matter, such as the election of Directors, determination of Directors' authority, and Directors' remuneration.

The Company avoids adding "Other businesses" which have not been specified in advance onto the agenda as it is not fair to other shareholders who are not present at the Meeting to add other items requiring voting.

- Vote Counting Inspector

The Company makes arrangements to have an independent person to inspect or verify the votes at the Annual General Meeting of Shareholders and Extraordinary Shareholders' Meetings. This is disclosed to the meeting and minuted.

- The Use of Voting Ballots

The Company encourages the use of voting ballots for both principal agenda items legally required and important items, such as connected transactions or transactions involving asset acquisition or dismissal, for transparency and accountability in case there are subsequent arguments.

- Minuting the Meeting

The Company records that it has informed the shareholders of the voting method, vote counting, and the use of voting ballots prior to the meeting. The names and positions of the Directors present and absent, the questions and answers, the explanations, the opinions and the resolution for each agenda item, and the numbers of votes for and against and abstentions, are also recorded in writing in detail so that shareholders who do not attend the meeting are kept informed. Directors' participation in each meeting can also be verified. A Director with vested interest in any agenda item must not be present at the meeting and cannot vote in that matter, except in voting to elect or remove Directors.

- Disclosure of Shareholders' Meeting Resolutions

The resolutions passed by the shareholders' meeting are disclosed together with the voting results after the meeting, or the next morning at the latest, by sending a newsletter to the Stock Exchange of Thailand and posting on the Company website <http://www.psh.co.th>.

## **2.4 Dividend Payment**

The Board of Directors may consider paying dividends for the year, subject to approval by a shareholders' meeting. Dividends can be paid only when the Company has generated profit from its operation and has no accumulated losses. The dividend amount is divided equally by the number of shares and the payout amount is the same for each share.

According to the Company's dividend payment policy, dividends are paid twice a year at a rate of not less than 50% of the Company's consolidated financial statement net profit, less legal reserve. In dividend payment, the Company considers both the operating result and shareholders' long term returns.

In case the Board of Directors is of an opinion that the Company has earned enough profit to pay dividends, interim dividends may be paid out from time to time and shareholders will be informed at the next shareholders' meeting. The amount

left after the dividend payment or interim payment shall be allocated to reserves as the Board of Directors see fit or can be allocate to a reserve for use as the Company's capital.

Payment of dividends is made within one month of the date of the shareholders' resolution, or one month of the date of the Board of Directors' resolution in case of interim dividend payment. The shareholders will be informed in writing of the dividend payment, which will also be announced in a newspaper.

### **2.5 Appointment of the Auditors and Fixing the Auditors' Fee**

The Shareholders' Meeting appoints the auditors and fixes the auditors' fee as recommended by the Board of Directors. The auditors may not be the Company's Directors, employees, workers or holders of any positions in the Company.

## Section 3 Equitable Treatment of Shareholders

The Company is responsible for equitable and fair treatment of all the shareholders, including minority and foreign shareholders. Rights of minority shareholders are protected from both direct and indirect mistreatment by the shareholders with controlling power in order to ensure equal treatment and protection of shareholders' basic rights.

### 3.1 Nomination of candidates for Directorship

An appropriate process has been established for shareholders to nominate a candidate for directorship by submitting background information as well as the consent of the nominee to the Chairman of the Board of Directors in advance of the Annual General Meeting of Shareholders. A process is also in place to give assurance to minority shareholders that Independent Directors can be elected to protect their interest on their behalf. This is the case because nomination of Directors has to be endorsed by the Nomination and Remuneration Committee and approved by the Board of Directors and/or a Shareholders' Meeting, as the case may be.

### 3.2 Shareholders' Meeting

- Setting the Meeting Agenda

Before each Shareholders' Meeting, the Company offers via its website an opportunity for the Shareholders to propose agenda items in advance in order for the Board of Directors to determine appropriateness for inclusion onto the Meeting Agenda in the Meeting Notice.

The Company will not add items to the Agenda unnecessarily, particularly important matters on which shareholders need to have time to study information before deciding.

- Appointing a proxy to attend a shareholders' meeting and vote on one's behalf

In case a shareholder is not able to attend a shareholders' meeting, the Company assists him/her by sending Proxy Forms B and C together with the Meeting Notice, stating requirements for supplementary documents/evidence and suggestions on the proxy appointment procedure. This is to enable the shareholder to make proper preparations and to avoid problems regarding meeting attendance of his/her proxy. Shareholders can appoint a proxy to attend the meeting and vote on his/her behalf with one share having one vote by completing a proxy form in accordance with the guidelines provided. No complicated conditions are set. Both Proxy Forms B and C can also be downloaded from the Company website <http://www.psh.co.th>. Furthermore, the Company names at least three Independent Directors as an alternative for appointment as a proxy.

### **3.3 Maintaining Confidentiality, Data Storage and the Use of Insider Information**

The Company has set out a written procedure for storage and prevention of the use of insider information. Personnel at all levels have been informed of the procedure for them to follow. Directors, Executives and those holding the highest position in the Accounting and Finance area, the auditors, their spouses or cohabiting couple and children who are not of legal age, are required to report their holding of the Company's securities by the Securities and Exchange Act B.E.2535 (Revised), notifications of the Stock Exchange of Thailand and other relevant regulations. The Directors and Executives, as well as their spouses or cohabiting couple and children not of legal age, are required to submit a first report on their holding of the Company's securities within 30 days of their appointment and to report the change every time there is a purchase, sale, transfer or transfer acceptance within three business days, and to report to the Directors on a regular basis.

### **3.4 Connected Transactions**

In case there are connected transactions which fall in the category of transactions requiring disclosure or approval by the Shareholders in accordance with the requirement of the Stock Exchange of Thailand, before the transactions are executed, the Company's policy is to disclose the names and relationships of the connected persons, the policy towards determining the prices and values of the transactions, and the opinions of the Audit Committee and the Board of Directors regarding the transactions, to provide clear information to the shareholders via the Stock Exchange of Thailand. The connected transactions are required to be executed fairly, based on market prices and at arms' length.

### **3.5 The Policy of Requiring the Directors and Top Executives to Report Purchases and Sales of Shares of the Company.**

The Directors and top Executives are required to inform the Company Secretary of the purchases and sales of their shares at least one day in advance of the transaction so that the Company Secretary can keep records of individual Directors and Executives.

## Section 4 Role of Stakeholders

The Company respects the rights of all stakeholders and has included relevant provisions in the Code of Conduct to ensure that the legal rights of stakeholders, whether it be shareholders, employees, Executives, customers, trading partners, creditors, or the general public and society, are properly protected. Cooperation among groups of stakeholders in accordance with their roles and duties is also promoted. This is to ensure sustainable growth of the Company's business and fair benefits for all stakeholders. The Company will publish a Social Responsibility Report (Sustainability Report) in accordance with the Global Reporting Initiative (GRI) Framework, separate from the Annual Report.

### 4.1 Formulation of a Policy for Treatment of Stakeholders

#### 4.1.1 The Board of Directors has set up a policy for treatment of each group of stakeholders as follows:

**Shareholders:** The Company is determined to serve as a good representative of the shareholders in recognition that they are the owner of the business. Therefore, in operating the business, it is firmly committed to creating maximum satisfaction for the shareholders, aiming at achieving long term growth of the Company with a continuous stream of good returns. This includes disclosure of information in a transparent and reliable manner for the shareholders through taking the following approaches:

1. Performing duties with integrity, including making careful decisions which are fair to every shareholder for maximum benefit of shareholders as a whole.
2. Presenting reports on Company performance, the financial and accounting positions and other reports regularly, completely and truthfully.
3. Reporting to the shareholders in an equitable manner the future trends of the Company, on both the positive and negative sides, based on possibility with adequate supporting rationale.
4. Not seeking gains for one's self or others through the use of insider information not yet disclosed to the public or committing any acts which could potentially create a conflict of interest.
5. Equitable treatment of all shareholders at Shareholders' Meetings.

**Employees:** Employees are the most valuable resources and constitute a vital success factor. The Company therefore aims to develop a good culture and working environment while promoting teamwork, treating the employees politely and respect their individuality. Hiring, appointment and transfers are carried out on the basis of virtue and utilization of human resources for the maximum benefits of the Company. Employees are treated equally without discrimination against sex, nationality, race, religion, or belief.

The Company assumes responsibility for keeping the work environment safe for employees' life and property at all times, and strictly abides by the labor laws.

In addition, it has adopted a policy to provide compensations which are in line with the Company's performance, for both the short and long terms, by considering profitability in each year and the performance appraisal based on the Balanced Scorecard. This also includes employee welfare such as a provident fund for savings and financial security for employees and their family as well as a tax shelter. Employees' contribution rate is subject to their decision and service years. Employee savings and the Company contribution vary from 5-10%. Other welfare items include housing loans, the social security fund, fitness and sports club subsidies, the Workmen Compensation Fund for work-related sickness and accidents, get-well gifts in case of hospitalization, financial assistance for employees suffering from a natural disaster, and wreaths for funerals. The following are operational guidelines:

### **The Company's Policy and Guidelines for Employees**

#### **(1) Privacy**

Personal liberty is to be protected from violation by the use, disclosure and transfer of personal information (e.g., personal profiles, health records, and work records) or other personal information to unrelated parties, which may cause damage to the individual owner or any other persons. Violation is considered a disciplinary offence, unless committed in good faith in line of duty, required by law or for the common good.

- 1.1 Protection of employees' personal information in the Company's possession or under its care.
- 1.2 Disclosure or a transfer of employee's personal information to the public can be done only with the employee's consent.
- 1.3 Disclosure and the use of personal information of an employee and persons dealing with the Company are limited and on a need-to-know basis.

#### **(2) Equality and equal opportunity**

- 2.1 The Company treats the employees with respect for their dignity.
- 2.2 The Company selects people for filling in different positions fairly, based on the requirements of each position, level of education, experience and other qualifications necessary for the job without discrimination against sex, age, race, or religion.

- 2.3 The Company remunerates employees fairly at levels appropriate for the job, performance and the Company's ability to pay.
- 2.4 The Company supports employees' training and development in order to improve efficiency and to offer career advancement opportunities.
- 2.5 The Company recognizes that good communication will lead to effectiveness and good working relationship. It therefore constantly keeps employees informed of relevant matters on appropriate occasions and to the fullest extent possible.
- 2.6 The Company allows the employees to have communication channels for suggestions and complaints regarding matters pertaining to their work with which they are not comfortable. All suggestions are taken seriously and remedies are sought for the benefits of all parties and good working relationship.

### **(3) Abuse**

- 3.1 Supervisors should behave in such a way that they can earn respect from employees and the latter should not perform disrespectful acts against supervisors.
- 3.2 The employees should not perform any acts of abuse or offense, verbally or otherwise, against others on the basis of race, sex, religion, age and physical and mental disability.
- 3.3 Show mutual respect.

### **Human Resources Development Policy**

The Company has adopted a policy and a concept in developing employee competencies in order to prepare them for their work. In addition, career development enables them to fully utilize their potential in their work and to deliver quality work to both internal and external customers. Knowledge and skills acquired by the employees will remain with them and can be built on in the future for use after retirement. The Human Resources Department has been assigned to look after the employees in recognition that they are resources worth investing in. For the Company to be the Number One brand in customers' mind, it does not take only the performance of the Group Chief Executive Officers or Executives. The Company believes that all employees can make contributions to the achievement of this goal.

### **Policy Towards Non-Violation of Human Rights**

The Company's policy is not to be involved with violation of human rights. In recruitment, it adheres to the ethical principles of recruitment and hiring, with no discrimination against race, religion, color or sex. Individuals are selected based on suitability for the job. There is no use of child, conscripted or

forced labor. Relatives or family members of direct supervisors or subordinates cannot be hired. This restriction is meant to offer equal opportunities to be recruited by the Company to everyone. The focus is on competence and job suitability. The Company also follows legal requirements to hire handicapped employees through coordination with government agencies and several associations of the handicapped in order to offer job opportunities. If the Company does not employ handicapped people in any year, it will contribute money to the Fund for Empowerment of Persons with Disabilities.

**Customers:** the Company aim to run businesses by offering creative products and services to customers through standardized and ethical management, adhering to the following operating principles:

1. To deliver products and services of good quality and standards, on fair conditions, and to aim to keep seriously raising the standard, with complete and accurate disclosure of undistorted information about the products and services.
2. To provide correct, sufficient, and timely information about the products and services to the clients, so that they can make informed decisions, with no overclaiming in advertisements or other channels of communication with customers which may mislead them regarding the quality, quantity, or any other conditions of the products or services.
3. To respond to customers in a speedy manner and have in place an effective system and channels for contacts or complaints with regard to the quality of products and services.
4. Keep customers' information and secret; no misusing of the information except for what is required by law to be disclosed to external people concerned.

**Competitors:** The Company aim at ethically undertaking for sustainable success and maintaining its leadership amidst competition in the industry. It supports and promotes the policy of free and fair competition, without monopolizing or forcing the trading partners to sell only the Company's products. In addition, in competing, it does not have any policy to use any means at disposal in order to acquire competitors' information illegally or unethically. The Company adopts the following principles in dealing with competitors:

1. To play by the rules;
  2. Not to acquire competitors' confidential information by dishonest or inappropriate means for its own business interest;
  3. Not to make false accusations against or aim to jeopardize the reputation of its competitors;
- and,

4. Not to enter into agreements that may result in elimination of competitors in an unreasonable way.

**Trading Partners and Agreement Counterparties:** The Company has a policy to deal with business partners in accordance with Good Corporate Governance principles in sourcing, procurement, contractor hiring, and designer or consultant contracting. The Company provides a transparent, fair, open, and equitable opportunity to all trading partners/vendors/service providers and lessors, referred to as trading partners, to bid, make a proposal for contractual work or for material or equipment or design work for the Company. In case a trading partner is approached by an Executive, employee or any person who demands a direct or indirect compensation or other benefits (except by moral obligation) in return for letting the trading partner gain business benefits, or, in case a trading partner finds that the Company's sourcing and vendor selection process is not transparent or fair to business partners or effectively eliminating competitors, the trading partner is requested to notify the Company immediately. Trading partners are also requested to make suggestions for improvement of the process in order to ensure transparency and fairness in the procurement process to all trading partners. The Company is committed to providing fairness and equitable protection all trading partners.

#### **Sourcing, Procurement and Treatment of Trading Partners**

1. The Company's aim is to have standardized sourcing of goods and services, based on the following principles:
  - 1.1 Competition is based on the same information;
  - 1.2 There are criteria for evaluation and selection of trading partners and counterparties;
  - 1.3 Appropriate agreement formats are created;
  - 1.4 Management and follow-up systems are established to ensure that the conditions stipulated in the agreement are completely met, and to prevent frauds in every step of the procurement process; and,
  - 1.5 Payments to trading partners and counterparties are made in a timely manner, according to the agreed payment conditions.
2. The Company aims to develop and maintain a long-lasting relationship with trading partners and counterparties who have clear objectives of providing cost-justified quality of goods and services and sound technical quality, and operate on mutual trust.

3. Executives and employees are prohibited from accepting any personal benefits, whether direct or indirect, from trading partners and counterparties.
4. Executives and employees are prohibited from involvement in procurement from trading partners or counterparties with whom they have a relationship, e.g., family members, relatives, or ones which they own or in which they are a partner.
5. Undisclosed or the use of information received from the procurement process for personal benefits or for others' benefits is prohibited.

**Creditors:** The Company has established a clear policy and operational guidelines with regard to creditors, particularly in connection with guarantee conditions, capital management and default debt repayment. These apply to both trade account payables and financial institutions. The policy is not to default on debts and to strictly abide by the conditions set forth by creditors. Details are as follows:

1. Pay debts to creditors on time in accordance with the set conditions to avoid going into default.
2. In settling debts, loans, interest and collateral obligations or guarantees, the Company strictly abides by the agreements and agreed conditions.
3. Should there be an important cause which may significantly affect the financial position and may affect the debts to be paid, the Company will manage its capital by notifying the creditors to work together towards finding preventive or remedial measures to prevent damage.
4. Conditions set forth by creditors are to be strictly honored.

**Community and Society:** The Company sees the importance of the community and society in general, and is well aware of being part of society and the need to work together to develop society and the environment for sustainability. It has therefore established a policy towards social responsibility as an operation framework. The Board of Directors, Executives, and every employee are to refer to the policy in order to conduct CSR in process throughout the organization, while running the business with responsibility for communities and society. Details are as follows:

1. To have a business policy essentially based on environmental consideration in strict compliance with enforced environment laws and regulations;
2. To have a clear policy on Corporate Social Responsibility (CSR), observed within the organization;
3. To promote employees' awareness of social and environmental responsibility;

4. To respect the local traditions and culture in every country where the Company operates;
5. To launch activities for participation in social, community, and environmental development on a regular basis in order to improve the quality of life in communities where the Company is situated. This applies to both the Company's own projects and activities conducted jointly with agencies in the public and private sectors, and the communities;
6. To render cooperation to communities in areas with Company business operations as appropriate;
7. To prevent accidents, monitor the operation and control of waste disposal to standards;
8. To respond quickly and effectively to incidents affecting the environment, the community, and life and property, due to the Company's operations, fully cooperating with the governmental officials and agencies concerned.

**Safety, Health, and Environment:** The Company have a clear and concrete policy regarding safety, health and the environment by giving priority to safety and health in surrounding communities, in recognition of the need, as part of the society, to work together towards development of society and the environment for sustainability. The Company has therefore been conducting activities for communities and society, while operating business with responsibility for communities and society in general as follows:

1. By ensuring that their operations comply with the safety laws, and other relevant regulations;
2. By stipulating that work safety is a primary operational responsibility of every employee;
3. By requiring that supervisors at all level must be a role model and a leader, assist in training, coaching, and encouraging employees to take precautions;
4. By stipulating that every employee must think about his/her own safety, that of his workmates, including safety of the Company's assets, while operating;
5. By requiring that every employee must keep his/her working area clean and tidy at all times;
6. By providing support for safety activities designed to instill and strengthen the sense of work safety among employees;
7. By providing support for continuous reviews, improvement, and development of safety management systems;

8. By endeavoring to find ways to mitigate impact on the environment, through monitoring and controlling the discharge of pollutants, including hazardous and non-hazardous waste management in order to maintain natural resources; and,
9. By using the resources and energies with highest efficiency, including the prevention of water, air, waste, and other pollution resulting from the Company's activities, so as to minimize impact on the environment and the communities.

#### **4.2 Policy and Procedure for Efficient Use of Resources**

The Company has set a policy and a procedure for efficient use of resources through energy conservation and reusing. Examples are the use of both sides of paper, turning-off air conditioners and lights during lunch break, turning on lights at specific spots as required, stair use to levels which are not high, and carpooling. These instill conservation senses among the personnel and can be exercised in their family life as well.

#### **4.3 Policy and Operational Guidelines Regarding Non-Infringement of Intellectual Property or Copyright**

The Company has set a policy and operational guidelines regarding non-infringement of intellectual property or copyright. This is considered business ethics and covers protection of Company assets and the use of computer systems and information technology. Employees using a Company computer are required to sign to certify that they will not infringe on anyone's rights or any company's rights with regard to copyright, trade secret, patent or any other intellectual property protected by any other similar laws or regulations, including installation or distribution of pirated or unlicensed software.

#### **4.4 Anti-corruption Policy and Measures**

1. Giving and receiving gifts, presents or other benefits
  - 1.1. Directors, executives, employees, and family members thereof shall refrain from giving or receiving gifts, presents or other benefits to or from trading partners, business agents or persons related to the business of the Company, including superiors, subordinates and colleagues too.
  - 1.2. Giving gifts, presents or other benefits to customers, trading partners, business agents or persons related to the business of the Company is possible in case, with the Company's emblem, it is held as a custom or festival, or for the purpose of sale promotion, building business relations or on the occasion of expressing congratulations, thanks, welcoming, expressing condolences, providing assistance under customary social practices,

2. Hosting a party/attending a party

Hosting a party/attending a party shall be prohibited in case it is held to influence a business decision or to support a political activity in violation of rules and regulations, constituting a bribery, unless it is for the purpose of introduction, giving knowledge, exchanging experiences, relating to the performing of a duty, as appropriate, and not in a lavish manner.

**4.5 Methods of Monitoring/Evaluating the Execution of Anti-Corruption Policy**

Apart from setting the anti-corruption policy and measures, the Company has tools to encourage the participation of employees in the entire organization in implementing the policy. These include e-mails, the Intranet, digital signage, employee communication news (EC News), annual CG testing, training and video presentation during a new employee orientation program. The implementation is also monitored through a survey of executive and employee opinions towards the anti-corruption policy.

**4.6 The Process for Assessing Corruption Risks**

The Company's process for assessing corruption risks is based on assessment of key processes with high corruption risks, followed by formulation of a plan for management and internal control to prevent corruption within the organization.

**4.7 Operational Guidelines for Supervision and Control to Prevent and Monitor Corruption Risks**

The Company has assessed the risks associated with the delivery of goods and services, land sourcing and procurement processes, as well as pricing, according to standard, and display the information in the manuals. In addition, it provides complaint channels through its website and the call center for consumers, employees, the public and government agencies to lodge complaints.

**4.8 Training Employees in the Company's Anti-Corruption Policy and Operational Guidelines**

In-house training in the Company's anti-corruption policy and operational guidelines has been provided to employees responsible for or involved with internal corruption prevention. In addition, employees undergo training organized by agencies in both the public and private sectors. Anti-corruption training is provided to employees starting from their commencement of work with the Company. Various tools are used to promote knowledge about anti-corruption, such as video presentation, billboards, announcements, as well as the Code of Conduct Manual, the Clue Reporting Regulation, complaints about frauds and corruption, and the regulation governing giving/accepting gifts and entertainment or other benefits, including anti-corruption measures.

#### **4.9 Educating and Training Employees in Environmental Issues**

The Company and its subsidiaries are determined to develop the business in order to promote social and economic development, including environmental conservation and awareness of the importance of the impact on environment and health from business operations, through production of quality goods and services, instilling corporate governance values among employees for use in their job performance, and taking interests of all stakeholder groups into account. Examples are environmental training provided to all employees working in factories from their first working day and dissemination of knowledge about environmental stewardship.

#### **4.10 Complaint Handling**

The Board of Directors has made arrangements for having channels for all stakeholders to communicate with/lodge complaints to the Company or directly to the Board, for any issue that might cause damage. The details and procedures are as follows:

1. Lodging a complaint If an employee or a stakeholder of any group comes across an act and suspects whether it is a violation, or infringement on rights, or is not in compliance with the Code of Conduct, he/she can make inquiries or complain or inform those who are in charge as follows:
  - Chairman of the Board of Directors, Chairman of the Audit Committee and Group Chief Executive Officer (Group CEO)
  - Trusted supervisors at all levels
  - The Company website: <http://www.psh.co.th>. Or <http://www.pruksa.com> (topics: complaints/ whistleblowing / justice request Anti-Corruption)
  - Email : [cg@pruksa.com](mailto:cg@pruksa.com)
  - Line OA : @pruksacg
  - Telephone : 02-0801739 Ext 48611 and 084-5552364
2. Procedures
  - Fact finding

Evidence of action violating or not conforming to the Code of Conduct must be gathered by the complaint recipient himself; otherwise, the Human Resources Department or a unit having the same duties with a different name may be assigned to process the matter.
  - Processing and screening of information

- The complaint recipient has to do the processing and screening of information himself to determine appropriate procedures and methods for handling each issue; otherwise, the Human Resources Department or a unit having the same duties with a different name may be assigned to do the job.

3. Measures

- A complaint recipient presents measures to suspend the violation or non-conforming to the Code of Conduct and mitigate damage to affected individuals, taking into account the overall damage.

4. Reporting the Results

- A complaint recipient's responsibility is to report to persons concerned on the results. In case of important issues, the Chief Executive Officer and/or the Audit Committee and/or the Corporate Governance Committee and/or the Board of Directors have to be informed, as the case may be.

5. Measures to Protect the Complainants or Individuals Cooperating in the Investigation Process

- Protection is provided in accordance with the specified criteria.

**4.11 Employee Remuneration Policy**

The Company has laid down an employee remuneration policy which is in line with the Company's short term and long term performance. The remuneration is paid to motivate employees to perform their work in order to achieve their specified targets. The Balanced Scorecard (BSC) and Key Performance Indicators (KPI's) are used as tools to manage compensation based on performance. Other welfare benefits are provided to enhance employee engagement. The salary and the basic compensation are not separated and the compensation ratio between genders is 1:1. This applies to, for example, salary raises, bonuses, commissions as performance-based rewards and the long-term employee compensation policy.

## **Section 5 Disclosure and Transparency**

The Company's policy is to disclose complete and sufficient financial and nonfinancial information in a regular and timely manner through the Annual Registration Statement (Form 56-1), the Annual Report, the Company website and public media in both Thai and English.

Importance is attached to disclosure of accurate, reliable and complete financial and non-financial information, sufficient and timely for investors to make informed decisions. This includes the structure of the Group, the shareholder structure, the Policy on Good Corporate Governance, Business Ethics, the Risk Management Policy, the Social and Environmental Responsibility Policy, the Board of Directors' Responsibility for Financial Reporting, the Auditor's Report, the Management Discussion and Analysis (MD&A), the Audit Fees and other audit expenses, the Roles and Responsibilities of the Board of Directors and the Board Committees, Meeting Attendance of the Directors in the previous year, Training and Professional Knowledge Enhancement for the Board of Directors, and the Policy towards Remuneration of Directors and Top Management. Such disclosure strictly conforms to the rules and regulations of the Office of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), as well as relevant laws.

### **5.1 Good Corporate Governance**

The Company recognizes the importance of and focuses on good corporate governance. Management has been instructed to apply the principles of Corporate Governance in developing the organization and the Company's projects for sustainable benefits of the Company and stakeholder groups. This is applicable to the sections – the Rights of Shareholders, Equitable Treatment of Shareholders, the Role of Stakeholders, Disclosure and Transparency and Responsibility of the Board of Directors. The Company has a strong determination to follow the principles of all these sections.

### **5.2 Customer satisfaction (Non-Financial Performance Measure)**

The Company and its subsidiaries are committed to creating customer satisfaction. Importance is therefore given to product R&D in order to deliver residence units which have been developed to suit customers' requirements. A Marketing Research and Central Innovation Unit has been created and external experts contracted, to conduct surveys, research and analyses of customer requirements in different localities as well as the potential of project locations in terms of public utilities. The Company is therefore equipped with sufficient information for determination of housing demands as well as styles, locations and prices. Findings from such research are used in developing new projects.

### **5.3 Disclosures of the Criteria for Payment of Directors' Remuneration and Individual Director's Remuneration**

A clear and transparent Director Remuneration Policy has been put in place. The Nomination and Remuneration Committee is responsible for considering and endorsing remunerations before submissions to the Board of Directors and the Shareholders' Meeting for approval on an annual basis. Consideration is based on suitability and the scope of duties and responsibilities, and a comparison with remunerations of directors in the same industrial group and other leading industries.

### **5.4 The Policy and Criteria for Remunerations of Top Executives**

The Company has set a transparent policy and criteria for remunerations of the Group Chief Executive Officers (Group CEO's) based on the performance appraisal and the overall Company performance scores, as assessed by the Nomination and Remuneration Committee prior to submission to the Board of Directors for approval.

### **5.5 The Policy for the Directors to Disclose/Report Company Share Trading and Holding to the Board of Directors Meetings**

The Corporate Governance Committee has made a requirement for the Directors and the next four Executives to report the trading of Company shares by themselves and their spouse and children who are not of legal age to the Board of Directors.

### **5.6 Reporting of Interests**

The Company's policy is to require the Directors and Executives to report their interests and those of their spouse and related persons to the Board of Directors. The reports are to be sent to the Company Secretary who is in turn required to send a copy to the Chairman of the Board of Directors and the Chairman of the Audit Committee within seven business days of the date of reception of the report by the Company.

In case there are changes in the information contained in the interest reports of the Directors and Executives, they are required to send a revised report to the Corporate Secretary within three days of the date of the changes. The Corporate Secretary is required to send a copy to the Chairman of the Board of Directors and the Chairman of the Audit Committee within seven business days of the date of reception of the report by the Company.

### **5.7 The Company's Auditor**

The Company hires an independent Auditor who is qualified to be its Auditor and is on the approval list of the Office of the Securities and Exchange Commission. The audit fee and other service charges paid to the auditing are disclosed in the Annual Report.

### **5.8 The Policy to set up an Investor Relations Department**

An Investor Relations Department has been established and tasked with coordination with shareholders, securities analysts, institutional investors, general investors, government agencies and other related countries, through equitable and fair practices, clearly determine the direction of investor relations. for provide effective communication, give the opportunities for meeting with the Company Executives as appropriate. The work is based on the principles of providing information already disclosed to the public. Company information is reported through the electronic media platform of the Stock Exchange of Thailand for dissemination on its website [www.set.or.th](http://www.set.or.th). Information is also reported to the Office of the Securities and Exchange Commission and disclosed in various forms in both Thai and English via the Company website <http://www.psh.co.th>.

## **Section 6 Control and Risk Management**

The Company has comprehensive internal control and internal audit systems, covering both financial and operational matters as well as compliance and risk management.

### **6.1 Internal control and internal audit systems**

The Company requires that its internal control system be reviewed and reported by Executives in charge. The Internal Audit Department, which is an independent unit, is responsible for internal auditing on a regular basis to ensure that Executives and employees strictly comply with the rules and regulations, as well as the Delegation of Authority Manual. These functions are under the supervision of the Audit Committee.

### **6.2 Risk management**

The Company's enterprise risk management policy requires that internal and external risk factors to which the Company and its subsidiaries are exposed be managed in order to contain risks within appropriate and acceptable levels. Enterprise risks in all areas are to be reviewed regularly, covering strategic risks, financial risks, and other operational risks. The reviews include assessment of risks and potential impacts, determination of preventive and mitigation measures, designation of responsible persons, and prescription of reporting and evaluation and follow-up procedures. The Enterprise Risk Management Committee provides recommendations on guidelines and/or policies for the handling of critical risks.

## Section 7 Philosophy and Code of Conduct

It is the Company's strong will to align the behavior of Executives and employees in the same direction amidst the changing business environment. To that end, a "Business Ethics Code of Conduct Manual" has been put in place to serve as guidelines for behavior, to be used together with the Group's rules and regulations laid down within the same ethical and virtue frameworks. It covers safety of society, communities and the environment, anti-corruption and anti-bribery endeavors, non-political involvement, prevention of conflict of interest, and respect for laws and human right principles. All employees are given a "Good Corporate Governance and the Business Ethics Code of Conduct Manual" and to sign in acknowledgement of the requirements and agreement to abide by the regulations. The Human Resources Department has been charged with promotion of compliance with the Good Corporate Governance and Business Ethics with understanding, acceptance and faith.

The Company has also prepared a video presentation to disseminate and promote compliance with the Company Business Ethics Code of Conduct Manual among the employees via various internal media. Presentation of the video is also featured in the new employee induction program. The Manual is subject to regular review and updating, during which the Board of Directors provides input in determining the Company's vision, mission, culture and core values to ensure alignment of Executives and employees.

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Approved by the Audit Committee

Approved by the Board of Directors

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(Dr. Anusorn Sangnimnuan)

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(Dr. Prasarn Trairatvorakul)

Chairman of the Corporate Governance Committee

Chairman of the Board of Directors

December 19, 2019

December 19, 2019

**Note:** The English translation of the Good Corporate Governance Policy is for the purpose of understanding by foreigners; only the Thai version of the texts is legally binding.