



Corporate Governance Policy

DCON Products Public Company Limited

Dated 24 March 2016

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Message from the President of the Board of Directors

Board of Directors of DCON Products Public Company Limited was confident that the Company's success derived from good, transparent and auditable management system. The Board of Directors intended to enhance the efficiency of the management and the business operation in accordance with good corporate governance policy with responsibility to shareholders as well as stakeholders of the Company and subsidiaries on a continuous basis to create common confidence and sustainable growth.

To ensure compliance with the Code of Best Practices for Directors of Listed Companies and Good Corporate Governance Principles prescribed by the Stock Exchange of Thailand to response to expectations of shareholders, investors and stakeholders concerned, the Company implemented measures to audit, evaluate, monitor and improve to prevent risks which would impact upon the Company's reliability, for example, determination of the scope of responsibilities of the Board of Directors, executives, staffs including stakeholders, which would create confidence to investors in co-investing and enhance the Company's value in the capital market leading to improved competitiveness in the global free market.

DCON Products Public Company Limited was determined to comply with good corporate governance under the primary policy to ensure that the Company would take good care of benefits of shareholders and emphasize on creating optimal yield to shareholders, taking into consideration transparency in the work management of the Board of Directors and executives, including determination of rights, roles, duties and responsibilities of the Board of Directors, shareholders and stakeholders in accordance with principles and practices of good corporate governance prescribed by the Stock Exchange.

On behalf of the Board of Directors, I should like to thank all shareholders for their goodwill and trust upon the Company by co-investing to enable the Company to grow sustainably and stably towards the bright future.



(Associate Professor Dr. Tortrakul Yomnak)
President of the Board of Directors

Chapter 1

General

Vision

DCON Products Public Company Limited will be the manufacturer and distributor of precast concrete planks, piles for residential structures and cellular light-weight concrete (CLC) blocks with highest productivity and circulation in the country.

Targets in the operation of the business

DCON Products Public Company Limited to be professional manufacturer, distributor and service provider of precast concrete planks, piles, cellular light-weight concrete (CLC) blocks, finished pillars-beams, panels, fences and houses as per international standard with product development in respects of quality and cost as well as services on a continuous basis to the satisfaction of customers.

Strategies in the operation of the business

1. The Company manufactures products with quality as per standard with lower cost than that of competitors because the Company emphasizes on continuous researches and developments.
2. The Company's manufacturing is conducted in a mass production manner to achieve lower unit production cost than that of competitors.
3. The work is closely managed by professional executives with comprehensions in the business and customers.
4. The factory is located near raw material sources thus saving raw material transportation cost and obtaining factory space at low price.
5. Maintains good relationships with raw material source owners and obtains raw materials at low cost.
6. Having its own finished goods transportation system, which allows the Company to be flexible and capable of controlling the delivery system and saving transportation cost.

Good corporate governance structure

1. Board of Directors

Board of Directors is deemed a key factor of a good corporate governance, but the Company's business management is required by law to be under the power and duties of the Board of Directors, and the Board of Directors must comply with laws, objectives and Articles of Association as well as shareholder meeting resolutions.

1.1 Composition, qualifications and election of directors

The Board of Directors is composed of qualified persons in various fields with skills, experiences and capabilities beneficial to the Company who have leadership, visions and independence in making decisions for optimal benefits of the Company and shareholders as a whole, and devote their times and utmost efforts in the performance of duties under their responsibilities. Composition, qualifications and election of directors are as follows.

- (1) The Board of Directors is composed of at least 5 but not more than 9 directors, with independent directors representing at least 1/3 of the total number of directors or at least 3 independent directors.
- (2) At least one half of the total number of directors must domicile in the Kingdom.
- (3) The President of the Board of Directors should not be chairman or member of any sub-committee to ensure that sub-committees' works shall be performed on a truly independent basis.
- (4) Directors are veterans in various fields to combine their expertise required for benefits in operating the Company's business.
- (5) Directors must be qualified and possess no incompatibility prescribed in the law governing public limited companies, and without any attitude implying lack of suitability to be entrusted to manage business whose shares are held by the public as prescribed by the Securities and Exchange Commission (SEC) Office.
- (6) Directors must comprehend their duties, responsibilities and nature of the Company's business operation.
- (7) Directors must receive skill development to adequately perform their duties.

- (8) Election of directors must be transparent and clear through the consideration process of the Nomination and Remuneration Committee and the Board of Directors. The Nomination and Remuneration Committee has the duty to cautiously consider nominating qualified candidates to the director office together with their adequate backgrounds for shareholder meeting to consider electing as per the Articles of Association. Substitute director to replace any director vacating office before the end of his/her term shall be elected by Board of Directors meeting.
- (9) Backgrounds and information on the holding of offices of all directors are disclosed in the annual registration statement (56-1 form) and the annual report as prescribed by the Capital Market Supervisory Board and in the website of the company, and the Stock Exchange of Thailand (SET) is notified of every change to the directors.
- (10) Roles and duties among the President, directors, sub-committees and the Executive Committee Chairman are clearly distributed.
- (11) Newly elected directors are briefed on information necessary and beneficial to their performance of duties of directors of the Company within three months of their election.

1.2 Term of office of directors

- (1) Election to and vacation of office of director shall be as per provisions of the Articles of Association. Directors shall have a term of office of 3 years each as per the Public Limited Company Act which requires that one-third of the directors shall vacate their office at every annual ordinary meeting.
- (2) The Board of Directors recognizes the efficiency in the performance of duties as directors. The Company, therefore, emphasizes on keeping the number of companies to which directors are assigned to hold office to be not too much. Directors of the Company should hold office of director in not more than 5 listed companies. In case any director holds office of director in more than 3 listed companies, the director's holding office should be primarily considered to be appropriate to the Company's business nature and condition, and to the supervision of the business in which the Company invested.

1.3 Roles duties and responsibilities of the Board of Directors

To enable the Company to efficiently promote its strength in respect of good corporate governance with utmost benefits to the Company, the Board of Directors is responsible for significant proactive roles and duties, both in decision-making and determination of direction and supervision aspects, as follows.

- (1) To perform duties and supervise the Company's business operation strictly in compliance with laws, objectives, Articles of Association and shareholder meeting resolutions by observing "the Code of Best Practices for Directors of Listed Companies" prescribed by the Stock Exchange of Thailand.
- (2) To devote time and emphasize on determination of visions, obligations, directions and strategies of the Company by jointly and fully making comments and searching for information beneficial to determining of directions of the Company.
- (3) To review and approve significant strategies and policies, including objectives, financial targets and work plan of the Company, and supervise and monitor the Management to comply with the established work plan in accordance with corporate directions and strategies to ensure that the Management shall be capable of implementing the established visions, obligations, directions and strategies in an efficient manner.
- (4) To determine policies on business supervision and business ethics comprising good principles and practices for all directors, the Management, staffs including personnel appropriately emphasizing on creating recognition of responsibilities in the performance of duties, comprehension and strict compliance therewith, along with Articles of Association and regulations of the Company to ensure fairness to all groups of stakeholders.
- (5) To make available reliable accounting, financial reporting and auditing systems and a process to evaluate appropriateness of internal control and internal audit efficiently and effectively.
- (6) To consider significant risk factors which may occur and determine guidelines for risk management completely and extensively, ensure that executives have efficient system or process in managing risks, and seek business opportunities which may arise from such risks, and make available adequate and effective internal control.
- (7) To scrutinize and solve conflicts of interest which may occur, including related transactions, emphasize on considering primary transactions which are significant stressing on optimal benefits to shareholders and stakeholders as a whole.

- (8) To make available channels to communicate with each group of shareholders appropriately and supervise disclosure of information to ensure accuracy, clearness, transparency, reliability and highest standard thereof.
- (9) To make available a system or mechanism to determine remunerations of high-level executives of the Company which are appropriate and consistent with the operating results to create incentives, both in the short and the long runs.
- (10) To be a leader and sets an example for good and ethical work performance consistent with the good corporate governance policy.
- (11) To make available evaluation on the results of compliance with the good corporate governance policy and the code of ethics at least once a year.
- (12) Most report to the Company on respective interests of their own and related parties, which are in connection with management of the Company or subsidiaries.
- (13) All directors are required to attend all Board of Directors and shareholder meetings, and shall notify the President if any significant prior commitment prevents any of them from attending a meeting.
- (14) Directors of the Company must emphasize on operating the business with responsibility to the society and the environment to enable communities and the factories to coexist on a sustainable basis.

1.4 Board of Directors meetings and receipt of significant information

Board of Directors meetings are one of significant tasks of the Board of Directors in making decisions, determining directors and supervising the Company's business operation with responsibilities. Guidelines thereof are as follows.

- (1) Members of the Board of Directors should fully devote their time, efforts and attention to the company's business operation and be prepared to attend the Board meetings regularly. A Board meeting shall be attended by at least one half of the total number of directors in order to constitute a quorum.
- (2) Any director who is absent from more than 3 meetings consecutively without justifiable cause is deemed no longer desiring to hold the director office. If any director had any necessary reason preventing him/her from attending a meeting, the director must apply leave, in writing, to the President.
- (3) The President shall approve the preparation of meeting agendas by consulting with the Executive Committee Chairman. The Executive Committee Chairman should consider requests of some directors to include other significant matters as agendas for consideration in the next meeting.

- (4) The President of the Board of Directors must ensure that the Board of Directors has allocated sufficient time for executives in presenting information and for the Board of Directors to debate on significant issues.
- (5) Any director with possible involvement or interest in any meeting agenda shall abstain from voting or commenting on that particular agenda.
- (6) Directors who are not executives or independent directors may hold meetings among themselves as necessary to debate on problems relating to management of their interest without participation by the Management, but should notify the Management of the results of such meetings.
- (7) High-level executives should attend Board of Directors meetings to give explanations as they are directly involved with the matter being discussed.
- (8) The Board of Directors may request documents, information, consultations and services in connection with the Company's business operation from high-level executives in support of each meeting, and may seek independent opinions from external consultant if deemed necessary and the Company shall bear all costs thereof.
- (9) The Board of Directors should receive significant documents/information to become aware of progress of the business operation on a regular basis.
- (10) Minutes of Board of Directors meetings shall be clear in respects of both the meeting results and comments of the Board for use as references.

2. Independent directors

“Independent directors’ are a significant mechanism of good corporate governance to ensure that decisions made by the Board of Directors are mainly for benefits of shareholders as a whole, and not for any group of shareholders.

- (1) The Board of Directors must comprise independent directors representing 1/3 of the total number of directors, but not less than 3 independent directors, who possess knowledge, skills and independence as per notification of the Capital Market Supervisory Board and as more rigorously required by the Board of Directors than that prescribed by SEC regarding shareholding proportion of 0.5 per cent (1 per cent prescribed by SEC).
- (2) Independent directors must be capable of independently making comments in meetings, regularly attending meeting and accessing financial and other business information adequately to independently make comments, safeguarding interests of parties concerned and preventing conflicts of interest between the Company and executives, directors or major shareholders or other companies whose directors, executives or major shareholders belong to the same group.
- (3) Independent directors must verify their own independency upon their election and regularly on annual basis for disclosure in the annual report, and must notify the Company whenever there is any change thereto.

3. Matter-specific committees

To ensure that significant business executions are cautiously and efficiently considered and screened in accordance with good corporate governance principles, the Board of Directors establishes 2 matter-specific committees and assigns them duties in considering and screening matter-specific significant business executions cautiously and efficiently to present their comments and recommendations to the Board of Directors and determine charter of each matter-specific committee, in writing, (Annex page 39). Structure of matter-specific committees of the Company is as follows.

3.1 Audit Committee

Elected from the Board of Directors at least 3 independent directors and at least 1 among them must have accounting/finance knowledge. In addition, the Audit Committee must have qualifications and scope of work as per notification of the Capital Market Supervisory Board to review for the Company to have reliable financial disclosure, adequate and effective internal control and risk management, selection of independent auditor and complete consideration for performance and disclosure of transactions with possible conflicts of interest.

3.2 Nomination and Remuneration Committee

Elected from the Board of Directors at least 3 directors and at least 1 among them must be independent director. The Chairman of the Nomination and Remuneration Committee should be an independent director performing the duty in selecting candidates suitable for nomination for election as new directors or to select chairman of the Executive Committee, by determining remunerations for directors and chairman of the Executive Committee and rules or procedures to determine fair and reasonable remunerations for directors, and present to shareholder meeting to consider granting approval.

4. The Management

4.1 Chairman of the Executive Committee

The Articles of Association require the Board of Directors to select and appoint one director or a third party as Chief Executive Officer and secretary to the Board called Chairman of the Executive Committee. The Chairman of the Executive Committee is entitled to remunerations and benefits as Chief Executive Officer of the Company performing the duties of Chairman of the Executive Committee, in addition to those entitled as director.

Under the objectives, Articles of Association, resolutions and regulations of the Company, the Chairman of the Executive Committee has the power and duties to manage the Company's business in accordance with policies, work plan and budgets approved by the Board and acts as supreme supervisor of all staffs and officers of the Company.

4.2 Executive Committee

To ensure efficient management of the Company, the Company established an Executive Committee comprising high-level executives, i.e. Chairman of the Executive Committee, Deputy Managing Director, Department Managers and Factory Managers, with the duties to control and monitor the Company's business operation, including the management in

compliance with policies prescribed by the Board of Directors, manage risks in connection with the Company's business operation appropriately and efficiently.

5. Secretary of the Company

The Securities and Exchange Act (No. 4) B.E. 2551 Section 89/15 requires the Board of Directors to appoint a company secretary to perform duties in accordance with law in preparing and keeping valuable papers of the Company, i.e. register of directors, meeting notices and minutes of Board of Directors and shareholder meetings, annual reports and reports on interests of directors and executives, to take action in connection with Board of Directors and shareholder meetings. In addition, to have duties to provide advice on rules and regulations the Board of Directors should know of so that the Board of Directors and executives can perform their duties in profitable manner to the Company, and to organize training/provide information necessary to duty performance of newly elected directors, and also to administer and coordinate to ensure that the Company complies with laws, requirements and resolutions of Board of Directors and shareholder meetings completely and properly.

6. Leadership and independence of the Board of Directors

The Board of Directors has significant duties and responsibilities in determining policies, visions, obligations, directions and strategies, and supervising executives to comply with the established policies, and in deciding, commenting and voting to resolve on important matters. Consequently, to enable the Board of Directors under direction of the President to have leadership and independence in making decision, to be capable of determining policies and supervising executives to operate the business efficiently and effectively, the roles and duties between those of the President and the Chairman of the Executive Committee are clearly distributed and they must not be the same person.

7. Remunerations of directors and the Chairman of the Executive Committee

7.1 Remunerations of directors

- (1) The Nomination and Remuneration Committee considers prescribing clear, fair, reasonable and easy to understand policies and rules for payment of directors' remunerations and present to the Board of Directors for submission seeking approval from annual shareholder ordinary meeting. The process for determination of the amounts of annual remunerations is conducted transparently.
- (2) The structure/elements of the remunerations shall be appropriate to obligations, duties and responsibilities assigned to the directors and benefits gained from each director, fair and consistent to the Company's operating results, at a level which is incentive and can retain quality directors or comparable to industries at the same level.
- (3) The Board of Directors must disclose formats, natures and amounts of remunerations received by each of them throughout the year, including remunerations received from being director in subsidiary companies as per their respective positions or duties to demonstrate in the annual report connections with policies established.

8. Development of directors and executives

The Board of Directors set forth a policy on development of directors and executives to enhance/develop cognizance and skills of directors and executives, both in the Company's business nature and other courses which are beneficial to their performance of duties on a continuous basis, by determining formats and procedures of such development from orientation, receipt of data and information and knowledges necessary to their performance of duties, including organization of internal and external training for newly elected directors, existing directors, executives, including executives designated to perform duties of director in the company group and those involved in the Company's business supervision system, i.e. the Company Secretary and those performing the duties of investors relations.

9. Succession plan

The Board of Directors must undertake to ensure that the Company has a system for selection of personnel to be assigned responsibilities in significant executive positions at all levels appropriately, and that selection of the Chairman of the Executive Committee shall be in accordance with the process of the Nomination and Remuneration Committee.

Chapter 2

Business Ethics

Business ethics

To ensure consistency with the visions in the business operation, the Company prescribed and disseminated business ethics to all parties concerned, directors, executives and personnel for their information and strict compliance therewith, as follows.

1. Policy and treatment to shareholders

The Company is committed to being a good representative of all shareholders in operating the business with integrity and good ethics with a view to developing the business towards growth and stability, complying with obligations made with shareholders to create optimal satisfaction, taking into consideration creation of good yields to shareholders on a continuous and equitable basis, including transparent and reliable disclosure of information to shareholders, as follows.

- 1.1 To perform duties with integrity and to decide to take any action in good faith with care, cautiousness and fairness to major and minor shareholders for optimal benefits of shareholders as a whole.
- 1.2 To prevent assets of the Company from undue impairment or loss.
- 1.3 To report on the Company's status by notifying all shareholders thereof regularly, equally and fully as per facts currently and potentially, in both positive and the negative aspects, and give shareholders opportunity to exercise the right to propose additional meeting agendas or to nominate qualified persons for election to director office before the meeting, and to submit questions in advance to the Company through website www.dconproduct.com of the Company.
- 1.4 To manage the Company in such manner as enabling it to have high level of competency to achieve objectives of the Company, in both the short- and the long-term, proficiently and effectively and with competitiveness.
- 1.5 To ensure that no director, executive and personnel seek benefit for themselves, their families or close persons from any essential information of the Company not yet disclosed to the public by disclosing it to any third party and/or taking any action which may cause conflicts of interest with the Company.

2. Policy and treatment to customers

The Company has a policy regarding fair and responsible treatment to customers on a clear and concrete manner, taking into account health and safety of customers, and is committed to create satisfaction and confidence to customers which shall effect success of the business. The Company, therefore, always seek ways and means to proficiently and effectively respond to customers' requirements. To maintain good relationships on a long-term basis, guidelines are established as follows.

2.1 Goods and services aspect

- 2.1.1 To produce goods employing business partners who sell raw materials which meet the required standards and responsibilities.
- 2.1.2 To deliver goods and services with qualities which meet or exceed customers' requirements at fair prices.
- 2.1.3 To provide accurate, adequate and timely information to customers to prevent their mistaking on quality, quantity or any condition of such goods or service without derogating the facts.
- 2.1.4 To deal with customers in a polite, proficient and reliable manner, provide a system and process for customers' complaints appropriately and expeditiously respond to customers' requirements and shall spare no efforts to ensure optimal satisfaction to customers.

2.2 Confidentiality of customers' information

Directors, executives and personnel at all levels shall keep confidential customers' information and shall not make use thereof for undue benefits of their own or of related persons, and shall not disclose customers' information without prior permission from the customers or authorized person of the Company, except for information required to be disclosed to any third party concerned for explanation or execution required by law.

3. Policy and treatment to personnel

Personnel are considered most valuable resources and a key success factor of the Company. The Company, therefore, emphasizes on developing good corporate culture and working environments, promoting teamwork and creating love and unity within the Company. The Company has clear and concrete regarding safety and sanitation in the workplace. Personnel's remunerations, welfare and dividend fund are also taken into account. Guidelines are established as follows.

- 3.1 To treat personnel with politeness and respect to their individuality.
- 3.2 To pay remunerations to personnel at fair rates. Remunerations and incentives depend on the quality, work achievements, attitude and potential of personnel.
- 3.3 To make appointments and transfers, including provision of awards or consideration of merits and penalization in good faith and based on knowledge, capabilities and suitability of personnel and Articles of Association.
- 3.4 To listen to comments and suggestions from personnel at all levels fairly and equitably.
- 3.5 To establish grievance procedures as a channel to prevent unfair treatment to personnel at all levels.

- 3.6 To appoint a committee to consider in case where personnel breach of regulations or are complained to ensure justice to all personnel at all levels.
- 3.7 To emphasize on development of knowledge and capabilities of personnel by giving opportunities on a thorough and regular basis, with continuous training for personnel, both inside and outside the Company, for example, provision of relevant professional know-how, technology, law or welfare, or sending personnel for training at various agencies outside the Company to enhance the work performance proficiency by using the knowledge gained in the work performance or enhancing the work performance, including stimulation and promotion of teamwork, maintenance of relationships among fellow workers and between supervisors and workers, from both training and activities organized within the Company.
- 3.8 To maintain work environments to ensure safety to life and properties of personnel and good sanitation in the workplace at all times. A policy on safety, welfare and privileges of personnel, for example, the provident fund, medical treatment, marriage allowance, funeral allowance, adversity allowance, life insurance, accident insurance etc., is clearly and concretely established in personnel manual.
- 3.9 To strictly comply with all laws and regulations pertaining personnel and ensure that personnel at all levels are developed in that direction on a systematic and continuous basis to enable them to perform their current duties proficiently with preparedness to assume higher responsibilities in the future.
- 3.10 To manage wages, salaries and welfare in a just and comparable manner with that of leading companies.

4. Policy and treatment to creditors

The Company has a policy regarding fair and responsible treatment to creditors, whether being trade creditors or financial institution creditors, in timely performance of obligations as agreed or contracted without default to maintain the Company's reliability to creditors and financial institutions which rank the Company excellent customer at all times of the Company's business operation, including strictly compliance with conditions prescribed by creditors. Guidelines for treatment to creditors to ensure mutual fairness are as follows.

- 4.1 To utilize credit granted by a creditor or financial institution in accordance with objectives of the Company expressed to the creditor or financial institution.
- 4.2 To repay debts to creditors timely and in accordance with the conditions prescribed.
- 4.3 To notify creditors upon occurrence of any significant incident which may material affect the financial status and may affect the debt payable, to jointly find preventive or corrective action to prevent damage.
- 4.4 To strictly comply with conditions prescribed by the creditors or financial institutions.

5. Policy and treatment to business partners

The Company establishes policy and procedures on selection of and treatment to business partners equitably and fairly taking into consideration reputation, compliance with laws, rules, regulations and traditional practices, including obligations with business partners to provide fairness to business partners and benefits to all parties concerned as follows.

- 5.1 To provide truthful information and accurate reports.
- 5.2 Not to demand, accept or give any commercially dishonest benefit from or to business partners.
- 5.3 To strictly comply with all conditions agreed upon.
- 5.4 To urgently notify business partners in case any condition cannot be complied with to jointly consider finding remedial action based on business relationships.

6. Policy and treatment to trade competitors

Fair competitions with competitors are policy and ethics in business operation emphasized and practiced regularly by the Company. The Company stressed on operating business fairly and transparently by observing good competition governance in accordance with principles of law, business traditions and good practices consistent with international principles under the legal frame governing trade competition practices, as follows.

- 6.1 To practice under the generally-accepted competition rules.
- 6.2 To support and promote free and fair trade without monopolizing or requiring business partners to deal with the Company alone.
- 6.3 Not to violate obligations of confidentiality or seek trade secrets of competitors by dishonest, illegal or unethical means.
- 6.4 Not to defame trade competitors by ways of calumny.

7. Policy on fair practices and responsibilities to the society

Fair business operation without greed for other benefits which may be obtained unethically shall create confidence to stakeholders of the Company, which depicts attention of the Company towards the society and shall lead to good results to the business operation in a long run. Consequently, the Company recognizes and holds fast to it as principle of the Company at all times that the Company shall progress, develop and grow sustainably and survive in the society only if it offers quality goods, is honest in operating the business and responsible to enhance the society development, and determines guidelines as follows.

- 7.1 To avoid any exercise which may cause conflict of interest, or if any conflict of interest is found, a fair mediation process should be established with full disclosure of essential information.
- 7.2 To promote free trade competitions, avoid acts of favoritism or conspiracy.

- 7.3 Not to support any act of infringement of intellectual properties.
- 7.4 To make available management system which can prevent bribery and corruption or which can detect such act without delay should there occur any such case.
- 7.5 To campaign for personnel to recognize the significance of the process to counter corruption including all forms of blackmails and bribery.
- 7.6 The Company shall, every time before commencing any business, survey and familiarize itself with relevant regulations and provisions of law to prevent the Company's business operation from affecting ways of that society of community.
- 7.7 The Company implants conscious and creates awareness of responsibilities to the society and the environment to personnel at all levels continuously, and favors trade partners which adhere thereto and with fair treatment and responsibilities to the society.
- 7.8 The Company has a policy to comply with state policy in being responsible to the society.
- 7.9 Should there be any incident or news relating to the Company, the Company would urgently communicate explaining facts and status of the Company to the society and communities at the first opportunity without concealing or derogating so that the society would comprehend the Company's situation on a timely basis.

8. Community and society development policy

The Company considers that strong communities with sustainable development are of utmost importance to developing the society to become good and pleasant communities. Consequently, the Company has a policy supporting organization of social activities or promoting strength to communities, with the following regulations.

- 8.1 To support organization of voluntary activities relating to community and society development.
- 8.2 To jointly keep the environment in communities and the society clean and safe for cohabitation and provide support on sanitation aspect to local communities.
- 8.3 To take into consideration options in utilization of natural resources with no or least impact upon the society or the environment.
- 8.4 To provide accurate information, create comprehension and listen to problems and other impacts which may occur to surrounding communities to take timely remedial action, which is a foundation of coexistence between factory and the communities.
- 8.5 To support and participate in devoting to public interests.

The Company also has internal measures and practices signifying operation of business with economic and social benefits, giving outsiders, e.g. mass media, security analysts, domestic institutional investors, university teachers and students, etc., opportunity to meet and make study visits to see the business overview in factories of the Company and affiliates, and emphasizes on maintenance of public interests and good quality of life to the Thai society by participating in community development and repayment to the society.

9. Policy and practices regarding non-infringement of intellectual properties

The Company does not encourage actions characterized as infringement of intellectual properties, whether being copyrights, patents, trademarks, trade secrets and other intellectual properties of all types. In implying respect to intellectual properties or third parties, the Company undertakes as follows.

- 9.1 To encourage and promote new initiatives at all times without infringing copyrights of others.
- 9.2 To check and examine if information, documents, media, matters to be used in the Company's business are copyrighted works of third parties or not and if so, the Company shall review requirements and conditions on the use thereof and properly and respectfully comply therewith.
- 9.3 The Company shall not use any data, information, document, media, matter and trade secret not legally authorized or improperly obtained.

10. Guidelines regarding corruption involvement prevention

The Board of Directors holds fast on operating the business with integrity, transparency without involvement in all forms of corruption and, therefore, has a policy and guidelines to prevent corruption with all business activities of the Company, both within and outside the organization.

10.1 Policy and practices relating to corruption within the organization

The Company emphasizes on operating the business with integrity, transparency without involvement in all forms of corruption. The Company, therefore, has a policy prohibiting directors, executives and personnel from making use of their being directors, executives or personnel of the Company to seek benefits for themselves, their families or other persons, whether being in financial aspect or otherwise, as follows.

- 10.1.1 To prohibit directors, executives and personnel at all levels from demanding or accepting any money or remuneration personally from any customer, business partner of the Company or from any person in connection with their work performance on in the name of the Company.
- 10.1.2 To prohibit directors, executives and personnel at all levels from borrowing or collecting money from customers or those dealing with the Company, except for borrowing money from a bank or financial institute as a customer of the bank or the financial institute.

- 10.1.3 To prohibit directors, executives and personnel at all levels from accepting gifts with a value exceeding that customarily practiced by general people.
- 10.1.4 Directors, executives and personnel at all levels have the duties and responsibilities to maintain and use properties of the Company to the utmost benefits of the Company and not for the benefits of their own or others.
- 10.1.5 Directors, executives and personnel at all levels are prohibited from discriminating customers.
- 10.1.6 If there is any transaction or business of the Company in which a director, executive or personnel is personally interested or involved, the director, executive or personnel shall notify the Company thereof and withdraw from being such related party with the Company.
- 10.1.7 To organize training for personnel to promote integrity, honesty and responsibility in the performance of duties.

10.2 Policy and practices relating to corruption outside the organization

Besides prescribing guidelines on prevention of corruption within the Company, the Company also prescribes guidelines to prevent directors, executives and personnel at all levels of the Company from involving with corruption outside the organization. In order to demonstrate transparency and integrity in the Company's fair business operation, the Company shall not give any bribe in all forms or commit any illegal act merely to fulfill the Company's targets as follows.

- 10.2.1 Not to use the Company's goodwill, property or working time of the Company in supporting any activity to seek personal benefits.
- 10.2.2 Request for any support from outside the organization, especially from state agency, shall be in accordance with regulations of the organization or the state agency applicable to general people without contributing to bribery of all types.
- 10.2.3 Creation of relationships with outsiders by ways of entertainments, banquets or providing products of the Company to outsiders shall be reasonable under a festival and good tradition, and shall not be too extravagant and shall be verifiable.

11. No human right infringement policy

The Company emphasizes on human dignity and basic rights of individuals as foundation and conceptual principle adhered to by the Company in equitably treating all personnel and stakeholders. The Company believes that such treatment shall help promoting the workplace, both inside and outside the organization, to create consciousness and power in providing cooperation and support to generate initiatives in working and providing services to all customers and stakeholders.

Human resources development relates to the business in such manner as to enhance the value, and human resources are deemed significant factor of the business in creating added value and increasing the productivity. The Company, therefore, improved the work environments and conditions to enable personnel to have good quality of life and opportunities to demonstrate their potentials as well as training and skill developments in their work performance. Guidelines are as follows.

- 11.1 To encourage and respect human right protection by regularly check to prevent the Company's business from getting involved with human right infringement, for example, not to support the use of forced labor or illegal alien labors, to anti child labor and prevent sexual harassment, etc.
- 11.2 To encourage executives and personnel at all levels to have capability and confidence in freely expressing their opinions to directors or high-level executives.
- 11.3 To make available appropriate working system emphasizing on safety and sanitation, for example, availability of a system to prevent pollution which may arise during work performance, provision of clean workplace to prevent danger which may occur both from accident and illness.
- 11.4 To develop personnel for skill training and potential enhancement by giving them opportunities to learn and progress when appropriate opportunity arises.
- 11.5 To make available fair and appropriate employment conditions for personnel to receive remunerations appropriate to their potentialities.
- 11.6 To make available appropriate grievance process for personnel subject to unfair treatment, and disciplinary action shall always undergo the process of establishment of investigation committee as per steps prescribed in the Articles of Association first.
- 11.7 To make available welfare to personnel not lower than the standard required by law, for example, annual vacation, reasonable overtime work, medical treatment as appropriate, etc.
- 11.8 To encourage personnel to have a balance of living between working life and private life, using moral principles, economic self-sufficiency philosophy and encourage personnel to make merits and benefactions for the society, including observation of moral principles of various religions equitably.
- 11.9 To establish policy to protect, not persecuting or taking disciplinary action against personnel who honestly report to executives or state agency regarding wrongdoings in the organization (Whistleblower Protection).
- 11.10 To provide essential information to personnel and personnel's representative to be aware of the operating results and actual condition of the organization.

- 11.11 To encourage discussion/cooperation between employer and personnel and personnel's representative to create development of quality of working life.
- 11.12 To treat personnel's private information confidentially without disclosing, disseminating or using personnel's private information without permission, except for disclosure as required by law, official order or court order, or such disclosure is for the purpose of human resources management.
- 11.13 Give all personnel equal rights without discrimination, not to take into consideration other factors, such as, race, religion, sex, skin color, nationality, in making decision for employment or not to consider performance of the personnel.
- 11.14 The Company always observe as its practice that no improper statements or posture shall be expressed in such manner as threatening or instigating against personnel or others, in work instruction work performance and work interview.
- 11.15 To encourage all personnel to respect the rights of others as well, starting from not making statements, writings, remarks or posture which look aggressive, obscene, threatening, culminating, hectoring or opposing in communicating with others.

12. Guidelines for communicating information of the Company through various channels

The Company clearly prescribes a policy in provision of any information by executives and personnel of the Company through various channels as follows.

The Chairman of the Executive Committee shall provide information on policy aspect, overview of the business, visions, management and organization advertisements, and accounting and financial deputy managing director shall provide information on operating results and financial status through mass media and securities analysts.

Code of best practices for directors, executives and personnel

In compliance with the Company's business operation philosophy and ethics, the Company prescribes Code of best practices for directors, executives and personnel for use in their work performance holding fast to moral principles and integrity as follows.

1. Maintenance of properties

All directors, executives and personnel have the duties and responsibilities to maintain and use properties for optimal benefits of the Company and refrain from using the properties for the benefits of their own or others.

2. Maintenance of interests

2.1 Maintenance of information of customers and the Company

All directors, executives and personnel should not disclose information of both customers and the Company without consent of the customers or authorized persons of the Company, except for disclosure to third parties concerned as provided by laws, which must also be subject to prior permission of authorized persons of the Company.

2.2 Operation of business competing with the Company

Directors, executives and personnel should not operate, undertake or get involved in any business competing with the Company's business.

2.3 Trading of the Company's securities

Directors, executives and personnel have the right to trade the Company's securities freely. However, executives must prepare and submit report on securities held by them to the Securities and Exchange Commission (SEC) Office within such time as fixed. Directors, executives and personnel should be cautious in making use of the Company's information in trading of the Company's securities.

2.4 Acceptance of remuneration from or getting financial involvement with those dealing with the Company

Directors, executives and personnel must not demand or accept anything or other benefit from, or get financial involvement, e.g. co-investment in business operation, with customers, contractors, vendors or service providers of the Company, or from other persons dealing with the Company.

2.5 Performance of work other than that of the Company

Directors, executives and personnel must attentively and fully perform the work under their responsibilities. In case any director, executive and personnel has to perform work other than that of the Company, consent thereto must be obtained from supervisor along the command line, and must not impact upon the work under their duties and the Company.

2.6 Use of the Company's information to seek benefits

Directors, executives and personnel must not use essential inside information of the Company not yet disclosed to the public for benefits of their own or others even if the Company may not lose any benefit, for example, subscription of the Company's shares when the Company is preparing to announce its operating results or dividend distribution, purchasing land or investing in a business close to where the Company is investing on, evidencing that benefits are being sought for their own or others.

3. Maintenance of reputation

3.1 Fairness to business stakeholders

Directors, executives and personnel must fairly treat business stakeholders, which mean customers, business partners, competitors, shareholders and general people without taking advantages and must treat them in a fair, frank and transparent manner.

3.2 Compliance with laws, rules and regulations

Directors, executives and personnel must comply with laws and regulations without breaching or violating them.

3.3 Provision of information to the public

The Chairman of the Executive Committee shall consider and directly designate any executive or personnel to provide data, information or interview to the public as appropriate. Consequently, executives or personnel not so designated may not provide data, information or interview to the public.

4. Practice and treatment to other personnel

Supervisors should set a good, respectable example to personnel and personnel should not commit any disrespectful act towards their supervisors.

4.1 Giving and accepting gifts

Although there is a tradition in giving gifts to one another on various occasions, but personnel should avoid giving gifts to, or accepting gifts from, their supervisors.

4.2 Orderliness

The most important thing which enable many people with various professions to work together efficiently and effectively is orderliness, i.e. compliance with rules, regulations, orders, announcements and good traditions properly, regardless of whether they are specified in writing or not, with a will to always do so.

Suggestions when having doubts or problems

The code of conduct prescribed may not cover all cases. If executives or personnel have any practical doubt or problem they should consult their supervisors along the command line. In case of dispute, the decision of the Chairman of the Executive Committee shall be deemed final.

Monitoring for compliance

The Company requires all directors, executives and personnel to have the duties and responsibilities to acknowledge, comprehend and strictly comply with all policies and practices specified in the Code of Ethics of the Company.

Executives at all levels in the Company shall be responsible and treat as important matter to ensure that all personnel under their respective supervision are aware of, comprehend and earnestly comply with the Code of Ethics of the Company.

The Company does not desire to have occurred any illegal or immoral act. If any director, executive and personnel are in breach of the Code of Ethics prescribed by the Company, they shall be strictly subject to disciplinary action, and if there is any act believable to be in breach of state laws, rules, regulations and requirements, the Company shall refer the matter to state official for further action without delay.

The Company designates the Internal Audit Office of the Company to receive grievances or accusations, which gives shareholders, customers, business partners and personnel opportunities to submit their grievances directly to the Internal Audit Office of the Company.

Chapter 3

Good Corporate Governance Policy

The Board of Directors recognizes the importance of good corporate governance and establishes policy encouraging continuous good corporate governance in the organization because it is considered necessary to business operation and instrumental for creation of sustainability of the business in the long run, thus generating optimal benefits and confidence to all shareholders and investors of the Company, and enables shareholders and the public to be aware of and review the Company's business operation conveniently, expeditiously, equally and efficiently.

The Company is confident that with good management system, Board of Directors and executives with vision and responsibility to their duties, controlling mechanism, balance of power and business supervision process which are essential and necessary for operation of business towards sustainable growth, the business operation shall be achieved proficiently and effectively in accordance with the organization's mission and vision, which cover the following primary principles.

1. Right of shareholders
2. Equitable and fair treatment to shareholders
3. Role of stakeholders
4. Disclosure of information and transparency
5. Responsibilities of the Board of Directors

Rights of shareholders

The Company has a policy in supporting and protecting all shareholders to fully enjoy their basic rights prescribed by law, including:

1. The right to purchase, sell, transfer shares and take transfer of shares including the right to receive share certificates. All shareholders have the right to freely purchase, sell, transfer shares or take transfer of shares. Moreover, they have the right to receive share certificates and prescribed by law and the Company's Articles of Association. The Company has Thailand Securities Depository Co., Ltd. (TSD) acting as the Company's security registrar to facilitate shareholders in taking action relating to the Company's shares and security registration.

2. The right to vote on various agendas in shareholder meetings where all shareholders of the Company who have the right to attend may vote to resolve equally based on the number of shares respectively held by them. The Articles of Association stipulate that 1 share shall have 1 vote in any voting and shareholders may vote freely without restriction regardless of whether they shall attend the meeting personally or authorize an independent director or a third party to attend the meeting on their behalves.

3. The right to attend shareholder meetings or authorize a third party to attend and vote on their behalves.

4. The right to equal profit sharing and dividends. All shareholders of the company have the right to the Company's profit sharing in the form of dividends which the Company shall distribute proportional to number of shares held by each shareholder.

5. The right to equal treatment in the Company's share repurchasing. The Articles of Association prohibit the Company from owning or taking its shares in pledge, except:

- 5.1 To protect the rights of shareholders who vote against the shareholder meeting resolution approving amendment to the Articles of Association regarding the rights to vote and the entitlements to dividends and consider that they are not fairly treated; or
- 5.2 For the purpose of financial management in case the Company has excessive retained earnings and liquidity, and such share repurchasing does not cause the Company to face with financial problems.

However, such shares repurchased by the Company shall not be counted as quorum, shall not have voting right and shall not be entitled to dividends, and the Company shall dispose of the repurchased shares within such time as fixed in the share repurchasing program. In case the Company fails to dispose of the repurchased shares within such time, the Company shall reduce the paid-up capital by canceling the registered capital not disposed of.

6. The right to determine directors' remunerations

Shareholders of the Company have the right to determine directors' remunerations in all forms, both in monetary and other remunerations, for example, meeting allowances, bonuses and other privileges, proposed by the Company for consideration and approval by shareholders regularly on annual basis. In determining the above-mentioned directors' remunerations the Company has clear policy and rules in considering and presenting the matter for consideration by shareholders by also presenting policy on determining directors' remunerations in support of consideration by shareholders in addition to categories and amount of the remunerations.

7. The right to appoint and remove directors

The Articles of Association stipulate that at every annual ordinary meeting of shareholders, one-third (1/3) of directors at the time being shall retire and new directors shall be elected to replace those vacating office at the end of their term. Directors vacating office at the end of their term may be re-elected. Shareholders have the right to elect directors to hold office in the Company through ordinary shareholder meeting. Moreover, shareholders have the right to remove any director from office before the end of his/her term with votes of at least three-fourths (3/4) of the number of shareholders present at the meeting with the right to vote and holding shares, in aggregate, not less than one half of the total number of shares held by shareholders present at the meeting with the right to vote.

8. The right to grant approval for appointment of auditor and determination of auditor's remuneration

The Company shall present an agenda on appointment of auditor and determination of auditor's remuneration for approval by annual ordinary shareholder meeting. The Company shall give full details on the auditor(s) nominated for appointment including details on their remunerations for shareholders to consider making appointment. The Company shall take into consideration independence of the nominated auditor(s) to ensure that they have no interest or conflict of interest in auditing for the Company.

9. The right to stipulate or amend the Articles of Association and/or Memorandum of Association

Shareholders of the Company have the right to stipulate or amend the Articles of Association and/or Memorandum of Association as prescribed by the Articles of Association by a vote of not less than three-fourths (3/4) of the total number of votes of shareholders present at the meeting with the right to vote.

10. The right to grant approval for special transaction, related transaction or transaction on acquisition or disposal of asset with such transaction size as prescribed in applicable law and rules, or for any other matter with material impact upon the Company.

Moreover, the Company grants shareholders more rights than prescribed by law and standard rules of good corporate governance, for example, facilities provided for shareholders in annual extraordinary shareholder meetings, emphasis on fast and adequate awareness of updated information of the Company by providing news and essential updated information through the website www.dconproduct.com of the Company.

Equitable and fair treatment to shareholders

The Company recognizes the importance for protection of rights of all shareholders and launches a policy on equitable and fair treatment to all groups of shareholders. All shareholders, major, minor, institution including alien, are equitably treated in exercising their rights as shareholders and their interests are fairly taken care of to protect shareholders from being taken advantage of by those with controlling power as follows.

1. Proposal to add meeting agendas and nomination of qualified candidates for election to director office in advance of a meeting

To promote good corporate governance the Company designated the Company's secretary to inform shareholders through SET information dissemination system and the Company's website at least 1 month in advance of the meeting date to give minor shareholders or minority shareholders of the Company with the right to vote, which may be one or several shareholders holding, in aggregate, at least 200,000 shares (0.004 per cent of the current total number of shares) opportunity to add agendas to be taken up for consideration in ordinary shareholder meeting, including nomination of candidates with full qualifications and without incompatibility under rules prescribed by law and the Articles of Association for consideration by the ordinary shareholder meeting for election to director office in advance. The Company announced for information of shareholders rules on the right and method of proposal through SET information dissemination system and the Company's website. Shareholders may propose

additional meeting agendas and nominating candidates with proper qualifications for election to office of director to the Company in advance of the meeting.

2. Submission of questions in advance of the meeting

The Company recognizes the rights and equality of shareholders as per good corporate governance principles and gives shareholders opportunity to submit questions to the Company at least 1 month in advance of ordinary shareholder meeting date to enquire on information relating to each agenda of the general meeting or other significant information of the Company. The Company displays details on steps of presenting questions in advance at website www.dconproduct.com of the Company.

3. Shareholder meeting agendas

In a shareholder meeting the Company clearly specifies meeting agendas and convene shareholder meeting in accordance with the agendas specified in the invitation to the meeting and there shall be no other agenda to be taken up for consideration of the meeting without notifying shareholders in advance. However, the Company does not restrict legitimate rights of shareholders, who are present at the meeting and hold shares, in aggregate, of not less than one-third of the total number of shares already subscribed, to request the meeting to consider any matter other than those specified in the letter of invitation to the meeting.

4. Letter of invitation to shareholder meeting and meeting documents

The Company treats each shareholder equally without regard as to the shareholder being a major, minority or foreign shareholder. All shareholders shall receive meeting agenda supporting information in advance. The Company prepared letter of invitation to shareholder meeting and related documents in 2 languages, i.e. Thai and English versions, to facilitate Thai and foreign shareholders, and sent the letter of invitation and the supporting documents at least 14 days in advance of the meeting adequately for shareholders to study them beforehand. The English version of the letter of invitation to shareholder meeting shall be disseminated simultaneously with the Thai version thereof. The Company specified shareholder meeting attendance rules and procedures for information of shareholders and gave adequate information on each meeting agenda for decision making.

5. Explanation on steps and rules adopted in the meeting

The Company has a policy to convene shareholder meeting in accordance with steps which are easy to understand, not confusing or duplicating and give all shareholders opportunity to become thoroughly aware of the information and take part in the meeting. Every time before a meeting enters an agenda to be taken up for consideration, the Company's secretary shall introduce directors, executives as well as certified auditor of the Company to all shareholders for convenience in making enquiries. The Company shall explain steps for exercising of rights of shareholders in all shareholder meetings to enable shareholders to know steps for exercising of rights to make enquiries or comment to directors, director's explanation in each agenda, including vote casting, vote counting and voting result display, before convening the meeting.

6. Voting, vote counting and vote checking in shareholder meeting

Besides notifying on voting steps and methods in meeting agendas for information of all shareholders before convening all meetings, in voting and vote counting, the Company provides ballots for all agendas and the Company shall promptly display votes of shareholders in all agendas for which a resolution is passed for information of shareholders, and for the sake of transparency, the Company shall invite shareholders as representatives to witness the voting and vote counting in all shareholder meetings.

7. Announcement of resolution results

Upon completion of a meeting the Company shall announce the resolution results through SET information dissemination system and website www.dconproduct.com of the Company within the same day after adjournment of the shareholder meeting, or not later than 9.00 hours of the next working day at the latest.

8. Invitation to the auditor to participate in shareholder meeting

The Company invited the certified auditor of the company to attend all shareholder meetings to respond to queries and questions relating to the Company's financial statement by giving shareholders opportunity to make inquiries directly. Moreover, during the meeting, all shareholders may express their opinions and make any query relating to meeting agendas or significant information of the Company, and the Company shall record significant queries and opinions in the minutes of the meeting.

9. Shareholder meeting broadcast

The Company arrange for meeting to be broadcasted live and videotaped for dissemination in clip files through the website www.dconproduct.com of the company for information of shareholders, investors and interested parties not participating in the meeting.

10. Authorization for a third party to attend meeting

The Company publicizes for information of shareholders that in case any shareholder is unable to personally participate in a meeting, the shareholder may use the letter of authorization form B, whereby the shareholder can direct the voting as agreeing, disagreeing or abstaining, in each agenda, attached to the letter of invitation to the meeting, or may download the form from the website www.dconproduct.com of the company, or may authorize one of the independent directors whose names and descriptions are given in the list attached to the letter of invitation to the meeting, or any other person as required by the shareholder, to participate and vote in the meeting on the shareholder's behalf. Moreover, to ensure properness and get rid of problems in the proxy's participation in the meeting, the Company specifies documents and evidences required in the authorization in the letter of invitation to the meeting and the Company's website without stipulating conditions or rules requiring certification of documents by government agencies or other rules which cause problems to shareholders in making such authorization, and the Company facilitates shareholders by providing service in pasting stamp duties on the letters of authorization for proxies participating in the meeting free of charge at the registration point to reduce the burden of shareholders.

11. Shareholder meeting minutes preparation and dissemination

For information of and review by shareholders of details of shareholder meeting within reasonable time and enable equitable receipt of information between Thai and foreign shareholders, the company has a policy to disseminate shareholder minutes in full, comprising significant information, i.e. content and essence of the meeting agenda, meeting resolutions together with the votes for, against and abstention, queries, explanations and opinions made in the meeting, on the Company's website www.dconproduct.com within 14 days of the meeting date, as a channel for shareholders to review without waiting for the next meeting, and to forward it to the Ministry of Commerce within such time as required by law.

12. Access to information and communication with the Company

The Company gives all shareholders access to information of the Company and provides various clear and equitable channels for communications with the Company through the Company's website or other channels such as telephone, facsimile, mail or e-mail by making available "Investor relation" agency as a central agency in communicating with shareholders, investors, supervising agency including provision of general information to interested parties and stakeholders.

13. Policy governing safekeeping and prevention against utilization of inside information

The Company has a policy on and adhere to ethics, integrity and honesty in business operation with all stakeholders and counter corruption, especially regarding safekeeping and prevention against utilization of inside information, and keep business information not yet disclosed to the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) Office for information of and access by authorized persons only. Directors, executives and personnel are also prohibited from utilizing essential inside information of the Company not yet disclosed to the public, and from utilizing opportunity or information obtained from their being directors, executives or personnel for benefits of their own or of other parties, or from operating a business competing with the Company or a related business, even if the Company may not lose any benefit, as follows.

The first 4 directors and executives must report

- Their first holding of the Company's securities and report on changes to holding of securities as per the Securities and Exchange Act;
- All trading of the Company's securities thereafter, including spouse and *non sui juris* children as well as related persons as per the Securities and Exchange Act;
- Preparation and disclosure of report on holding of the Company's securities as well as report on changes to holding of securities every time the securities are purchased, sold, transferred taken transfer within 3 days of such purchase, sale, transfer or taking transfer to the Securities and Exchange Commission (SEC) Office.

The Company notified directors and executives concerned of their role and duties in reporting the holding of securities as per notification of the Securities and Exchange Commission (SEC) Office and regulations of the Stock Exchange of Thailand since their entering their office.

14. Policy on related transactions and disclosure of information

To ensure transparency in business operation to prevent taking advantage, directly or indirectly, by directors, executives and shareholders with controlling power and to prevent conflicts of interest as well to protect the rights of minority shareholders for the sake of equality and optimal benefits to the Company and all stakeholders, the Company has a policy on related transactions and disclosure of information as follows.

- 14.1 In case the Company desires to transact with any related party, that must be mainly for benefits of the Company's business and can be checked that the transaction is made in a fair and at arm's length manner under rules and regulations prescribed by the Securities and Exchange Commission (SEC) Office and the Stock Exchange of Thailand, for example, disclosure of information regarding names and relationships of related parties, policy on pricing and value of the transaction, including opinions of the Audit Committee and the Board of Directors in connection with such transaction. The price and conditions must be the same as if transacted on an arm's length basis and avoid related party transaction in such manner as providing financial assistance. In granting approval for each transaction, the Management shall present information to the Audit Committee, which shall be primary agency in reviewing appropriateness and suitability of the related transaction before entering, to consider making comments for the Board of Directors and/or shareholder meeting to consider granting approval as per the transaction size every time before entering a related transaction, with disclosure of information as per rules prescribed by the Securities and Exchange Commission (SEC) Office and the Stock Exchange of Thailand. The Company shall present related transactions in annual report certified by the auditor to ensure that there is no conflict of interest in such related transaction.
- 14.2 In case no market prices can be obtained for comparison, the Company shall find at least 3 independent experts approved by the Securities and Exchange Commission (SEC) Office to appraise the market prices to arrive at appropriate price and conditions not exceeding the average value given by all independent appraisers to ensure optimal benefits to the Company and shareholders. The Company shall propose for the Audit Committee to consider making comments on reasonableness of the transaction and appropriateness of the price in granting approval for the related transaction before presenting for approval from the Board of Directors or shareholders, as the case may be.
- 14.3 For all related transactions, the Company shall comply with laws, relevant notifications of the Stock Exchange Commission and notifications of the Capital Market Supervisory Board, including disclosure of information to all shareholders through SET information dissemination system and in the annual report.

15. Regarding prevention of conflicts of interest of directors and executives, the Company has the following policy.

- 15.1 Directors, executives and personnel are prohibited from utilizing their being directors, executives or personnel in the Company to seek benefits of their own or their families or close persons, whether being financial or any other business aspects.

- 15.2 Avoid making transaction related to oneself except if necessary for benefits of the Company under rules and regulations prescribed by the Securities and Exchange Commission (SEC) Office and the Stock Exchange of Thailand, for example, disclosure of information on names and relationships of related persons, policy on pricing and value of the transaction, including opinions of the Board of Directors on such transaction, and avoid related party transaction in such manner as providing financial assistance, such as lending money, guaranteeing credit for a company other than its own affiliate.
- 15.3 Refraining from operating any private business which affect the work performance and working time for the Company or operating any business with the Company in the name of their own, their families or any juristic person in which they are interested, or operating any business competing with that of the Company.
- 15.4 If there is any transaction which may involve conflict of interest and related transaction, the Board of Directors shall always cautiously consider its appropriateness and also comply with rules of the Securities and Exchange Commission (SEC) Office and the Stock Exchange of Thailand with price and conditions thereof shall be on an arm's length basis. Details on the transaction value, the parties, justification or requirements shall be disclosed in the annual report.
- 15.5 In case any director or executive is interested under any meeting agenda, the Company requires the director or executive to abstain from participating in that agenda to allow other non-interested directors or executives to consider the matter.

16. Disclosure of the Company's shareholding structure

The Company has a policy on the matter and has been disclosing shareholding structure, whether being a list of major shareholders, shareholders with business controlling power, institution investor shareholders by disclosing only the top 10 shareholders with highest shareholding proportion, including proportion of minor shareholders (free float) of the Company by maintaining proportion of free float in accordance with rules of the Stock Exchange of Thailand.

Roles of stakeholders

The Board of Directors established a policy to treat all groups of stakeholders taking into account the rights of stakeholders provided by laws or agreements made with the Company for the Board of Directors, executives and personnel at all levels to comply with to ensure that the Company has undertaken to have such rights well protected and treated, to promote cooperation between the Company and stakeholders in creating financial wealth and stability, strength of the business, environmental and social conservation towards sustainable development. (Details on policies/treatment to various groups of shareholders are given in the Business Ethics page 14.)

Disclosure of information and transparency

The Board of Directors recognizes and emphasizes on quality of information and disclosure of information equitably, transparently and fairly via channels which can access the information easily and reliably, by determining policy and supervising to ensure that preparation and disclosure of information, both financial and non-financial, can be made easily, adequately, reliably and timely. The information to be disclosed shall be prepared concisely, luminously, consciously, clearly, accurately, transparently and can be checked. Essential information, in both positive and negative aspects, are disclosed regularly to enable stakeholders of the Company to be confident and receive the information equitably as per provisions of laws, regulations of the Company and state agencies concerned. The Board of Directors may, however, designate the audit committee and/or the management, as the case may be, to take such action on its behalf.

Responsibilities of the Board of Directors

To assure shareholders and investors that the Company, by the Board of Directors, establishes visions, obligations, direction and strategies for business operation, with a system to monitor and evaluate performance of executives who are proficient and independent from the Management, and responsible for their performance of duties as per good governance principles in the following matters.

1. Transactions which may have conflict of interest

- (1) The Board of Directors establishes a policy and guidelines on consideration of transactions which have, or may have, conflict of interest between shareholders, directors, executives and individuals who may have other conflicts, directly and indirectly, in case of related transactions which are under the approval power of shareholders, to be screened by the Audit Committee to ensure that the entering into such transactions is fair, reasonable and beneficial to shareholders and is in compliance with law and requirements of the Securities and Exchange Commission Office.
- (2) The Board of Directors ensures compliance with steps established deliberately within the principle of reasons and independency, with transparent process in granting approval to enter into the transaction and taking into consideration optimal benefits of the Company fully and properly in accordance with rules of the Securities and Exchange Commission Office.
- (3) Stakeholders shall not take part in making decision in the consideration to enter into a transaction. In every meeting of the Board of Directors, the Chairman shall inform the meeting seeking cooperation to require directors of the Company to comply with the policy on consideration of transactions with possible conflict of interest, by requiring directors of the Company to inform the meeting to abstain from voting or commenting on agendas to which they are concerned or interested.
- (4) The Board of Directors ensures that information on transactions with possible conflict of interest are disclosed properly and fully in the annual report and the 56-1 form.

2. Internal control and audit systems

- (1) The Board of Directors emphasizes on and makes available internal control system to create reasonable confidence on proficiency and effectiveness of the operation and reliability of the financial report and compliance with rules, regulations and policies, by establishing an internal audit agency which is independent in performing its duties, to be responsible for checking on adequacy and proficiency of the internal control system on activities of the Company for reporting to the Audit Committee and the Board of Directors, respectively.
- (2) The Board of Directors reviews appropriateness and adequacy of all 5 elements of the internal control system, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring, regularly once a year to ensure achievement of objectives and targets of the Company, including improvement of the internal control system on a continuous basis.
- (3) The Board of Directors makes available a system which is neutral and transparent in maintaining relationships with external and internal auditors through connection of the Audit Committee.
- (4) Auditing fees and other fees payable to the auditor are disclosed in the annual report to enhance transparency in the independency of the auditor.

Ethics of the Board of Directors

To demonstrate determination in operating the business with transparency, morality and responsibility to stakeholders, the Board of Directors establishes ethics for directors to use as code of conduct along with the good corporate governance policy and business ethics as follows.

1. To be good representative of all groups of shareholders, give appropriate yields on continuous basis, manage work to their fullest capabilities taking into account optimal benefits to the Company and sustainable growth.
2. To comply with all relevant laws and rules, Articles of Association and shareholder meeting resolutions.
3. To manage the work honestly and cautiously without getting politically involved and strictly neutralize, with independency in both decision making and action taking without creating commitment which may subsequently conflict with their performance of duties.
4. To fully empower executives in conducting routine work of the Company and refrain from intervening without justifiable cause.
5. Should not be interested in any activity which is a business involving with the Company/subsidiary or in a business which has a nature competing with the Company/subsidiary, directly or indirectly. In case any director or person related to any director has any interest involving with the Company/subsidiary, such interest shall be reported as required by law.

6. To avoid conflict between personal interest and the Company's interest to enable the work management to be performed fully and efficiently.
7. Not to seek undue benefits from work performance for their own or related person, directly or indirectly.
8. Not to commit any act which may reduce the Company's benefits or favorable to other persons or juristic persons.
9. To emphasize in prevent and eliminate dishonest acts of all types by deeming it a matter to be dealt with urgently and decisively to create goodwill and good image for the Company.
10. To observe and comply with good supervision policy and implement it in the performance of duties, and to be leader in respect of ethics, set example in complying with good corporate governance policy and business ethics of the company group.

Annex

Qualifications of “Independent Director”

(1) Shall not hold shares exceeding 0.5% of the total number of voting shares of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, including shares held by related persons of such independent director.

(2) Shall not be a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same-tier subsidiary company, major shareholder or controlling person, both currently and not less than 2 years prior to the date of becoming a director.

(3) Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child of other directors, of an executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary.

(4) Shall not have a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgment, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, both currently and not less than 2 years prior to the date of becoming an independent director.

The business relationship shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3 per cent or more of the net tangible assets of the applicant or 20 million Baht or more, whichever is lower, calculated according to the method for calculation of value of related transactions under the Notification of the Capital Market Supervisory Board. The consideration of such indebtedness shall include indebtedness incurred during the period of 1 year prior to the date on which the business relationship with the same person commences.

(5) Shall not be an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder (holding more than 10 per cent of the total number of shares with the right to vote of the Company), controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, both currently and not less than 2 years prior to the date of becoming an independent director.

(6) Shall not be a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding 2 million Baht per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, both currently and not less than 2 years prior to the date of becoming an independent director

(7) Shall not be a director appointed as representative of the Board of Directors, major shareholder or shareholder who is related to a major shareholder of the Company.

(8) Shall not operate any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1 per cent of the total number of shares with voting rights of another company which operates business in the same nature and in significant competition with the business of the Company or its subsidiary.

(9) Shall not have any other characteristic that limits his or her ability to express independent opinions regarding the Company's operations.

After having been elected as an independent director of the Company, the independent director may be assigned by the Board of Directors to make decisions relating to business operations of the Company, its parent company, subsidiary, associate, same-tier subsidiary on the basis of collective decision, whereby such actions of the independent director are not deemed partaking of management.

Charter of the Audit Committee

1. Objective

The Board of Directors deems it appropriate to prescribe charter of the Audit Committee to compile composition, duties, responsibilities and guidelines as assigned by the Board of Directors to enable the Audit Committee to perform its duties as per requirements of the Stock Exchange of Thailand effectively, and to be a significant mechanism in adequately supporting the performance of duties under the responsibility of the Board of Directors in supervising the Company's business operation, to provide comments freely and fairly to create confidence and reliability to stakeholders.

2. Composition and qualifications of the Audit Committee

- 2.1 The Audit Committee composes of at least 3 directors who are independent directors, whose qualifications, duties, responsibilities shall at least be in accordance with rules prescribed by law governing securities and stock exchange, as well as any other duties assigned by the Board of Directors or prescribed by law. At least 1 audit director shall have adequate knowledge and experience to review reliability of the financial statement.
- 2.2 The Audit Committee shall have a term of office of 3 years each or may cease holding the office by ceasing to be director of the Company, resigning or being removed.
- 2.3 In case any audit director wishes to resign before the expiration of his/her term, the director should notify the Company in advance with reason therefor so that the Board of Directors can consider appointing another director who is fully qualified to replace the resigning director.

- 2.4 Any audit director who vacates office at the end of his/her term may be re-elected by the Board of Directors.
- 2.5 In case of any vacancy in the office of audit director due to reason other than expiration of the term of office, the Board of Directors shall elect a person with full qualifications as audit director within 3 months at the latest so that the number of audit directors is as required for maintenance of the status of a listed company in the Stock Exchange of Thailand. The substituting audit director shall hold office only for the remaining term of the audit director whom he/she replaces.

3. Scope of duties

The Audit Committee's scope of duties is to support the business supervision specifically on aspects of the Company's financial reporting, internal control system, auditing process and compliance with laws. Details of the scope of duties are as follows.

3.1 Financial reporting and auditing

- Review the Company's financial report to ensure that the financial report presents the financial position accurately, reliably, with adequate disclosure and the Company complies with the accounting standard and relevant laws and standards.
- Consider, select, nominate and propose remunerations for auditor of the Company to obtain independent auditor.
- Promote independency and comment on suitability of auditor.

3.2 Internal control

- Review to ensure that the Company has adequate and effective internal control system.
- Review to ensure that the Company has appropriate risk management system and risk handling measures.
- Review internal process relating to receipt of whistle-blowing and complaints.

3.3 Internal audit

- Review to ensure that the Company has appropriate and effective internal audit system and supervise internal audit agency to perform its work as per internal audit standard.
- Consider independency of internal audit agency.
- Consider appointing, transferring and considering merits of chief of internal audit agency.
- Consider granting approving of internal audit agency charter.
- Approve and evaluate annual internal audit plan to ensure that the plan is consistent with the Company's category and risk level.
- Review and consider jointly with internal auditor regarding the audit results.
- Coordinate between the Audit Committee, the Management, the internal audit agency and the auditor to ensure their uniform comprehension, including consideration on the scope of auditing of the Company to ensure mutual relationship and support.

3.4 Compliance with relevant laws and requirements

- Review to ensure that the Company complies with law governing securities and stock exchange, requirements of the Stock Exchange of Thailand and other laws applicable to the Company's business.
- Consider related transactions or transactions with possible conflict of interest to ensure compliance with laws and requirements of the Stock Exchange of Thailand and that such transactions are reasonable and of optimal benefits to the Company.

3.5 Other duties

- The Audit Committee may seek advice from external independent advisor if necessary at the Company's expenses.
- Review and adjust the Audit Committee's charter and present to the Board of Directors for approval.
- Perform any other duty as assigned by the Board of Directors with approval from the Audit Committee.

4. Responsibilities

The Audit Committee is directly responsible to the Board of Directors as per the duties and responsibilities assigned, and the Board of Directors is still responsible for the Company's business operation to third parties.

5. Meetings

- 5.1 There should be at least 4 meetings per year and the Management or executives or personnel concerned or the auditor may be invited to participate in the meetings, make comments or submit documents and information as deemed relevant or necessary.
- 5.2 In all meetings of the Audit Committee, participation of at least two-thirds of the total number of the audit directors for the time being is required in order to constitute a quorum.
- 5.3 Any audit director interested in any matter being considered shall not participate in consideration of the matter. In voting, the audit directors shall resolve by having 1 vote per director and the decision shall be based on majority votes. Secretary to the Audit Committee has no right to vote. In case of a tie vote, the Chairman of the Audit Committee shall have 1 extra vote as a casting vote.
- 5.4 At least 1 meeting with the auditor of the Company without participation of the Management shall be organized per year.

6. Reporting

- 6.1 Report of the Audit Committee shall be prepared and disclosed in the annual report of the Company giving details as required by the Stock Exchange of Thailand and signed by the Chairman of the Audit Committee.

- 6.2 Report on the Audit Committee's work performance results to the Board of Directors.
- 6.3 In performing duties of the Audit Committee, if any transaction or action is found or suspected that it may have material impact upon the Company's financial position and operating results, the Audit Committee shall report it to the Board of Directors to take remedial action within such time as deemed appropriate by the Audit Committee, i.e. transactions with conflict of interest, corruption or significant abnormality or defect in the internal control system, violation of law governing securities and stock exchange, requirements of the Stock Exchange of Thailand or laws applicable to the Company's business. If the Board of Directors or the Management fails to take remedial action within reasonable time, any audit director may report to the Securities and Exchange Commission Office or the Stock Exchange of Thailand.

Charter of the Nomination and Remuneration Committee

1. Objective

The Board of Directors deems it appropriate to prescribe charter of the Nomination and Remuneration Committee to compile composition, duties, responsibilities and guidelines as assigned by the Board of Directors to enable the Nomination and Remuneration Committee to perform its duties fairly, properly and transparently in accordance with good corporate governance policy to create confidence and reliability to stakeholders.

2. Composition and qualifications of the Nomination and Remuneration Committee

- 2.1 The Nomination and Remuneration Committee composes of at least (3) directors and at least (1) of them must be independent director, and the Chairman of the Nomination and Remuneration Committee should be an independent director.
- 2.2 The Nomination and Remuneration Committee shall have a term of office of 3 years each. Any nomination director who vacates office at the end of his/her term may be re-elected by the Board of Directors.
- 2.3 In case of any vacancy in the office of nomination director due to reason other than expiration of the term of office as per 2.2, i.e. ceasing to director of the Company, resignation or removal, the Board of Directors shall elect a person with full qualifications as nomination director so that the number of nomination directors is as required by the Board of Directors in this charter. The substituting nomination director shall hold office only for the remaining term of the nomination director whom he/she replaces.

3. Scope of duties

- 3.1 Screen candidates suitable to be nominated as new directors or select Chairman of the Executive Committee by prescribing selection rules or method systematically and transparently for presenting to the Board of Directors and/or shareholder meetings for consideration and approval.

3.2 Consider guidelines for/determine remunerations to directors and Chairman of the Executive Committee by determining rules or method for determination of remunerations which are fair and reasonable for presenting to the Board of Directors and/or shareholder meetings for consideration and approval.

3.3 Other duties and responsibilities assigned

4. Responsibilities

The Nomination and Remuneration Committee is directly responsible to the Board of Directors as per the duties and responsibilities assigned, and the Board of Directors is still responsible for the Company's business operation to third parties.

5. Meetings

5.1 There should be at least 1 meeting per year and the Management or executives or personnel concerned or the auditor may be invited to participate in the meetings, make comments or submit documents and information as deemed relevant or necessary.

5.2 In all meetings of the Nomination and Remuneration Committee, participation of at least two-thirds of the total number of the nomination directors for the time being is required in order to constitute a quorum.

5.3 Any audit director interested in any matter being considered shall not participate in consideration of the matter, except in case of consideration to determine remunerations for the entire Board of Directors.

5.4 In voting, the nomination directors shall resolve by having 1 vote per director and the decision shall be based on majority votes. In case of a tie vote, the Chairman of the Nomination and Remuneration Committee shall have 1 extra vote as a casting vote.