

## **PRINCIPLES OF GOOD CORPORATE GOVERNANCE**

The Board is obliged to perform its duties for the best interests of the Shareholders and shall treat its stakeholders and all parties concerned with utmost fairness and produce the quality products and services to fit the needs and requirements of the customers.

The Board adheres to the principles of good corporate governance, ensuring that its business transactions are properly conducted with transparency and fairness for the mutual benefits to the Company's shareholders, stakeholders as well as the community and society where it operates.

This document is prepared as the Company's Corporate Governance Policy reported in five separate categories, as mandated by the Stock Exchange of Thailand.

### **1. The Rights of Shareholders.**

The rights of shareholders include all basic rights such as the right as an investor and the right as an owner of the Company, for instance, the rights to buy new shares, sell or transfer owned shares, the rights to receive dividends, the rights to attend the shareholder's meetings, the rights to express or raise the questions at the meetings, the rights to make decision by voting on the important affairs of the Company ,i.e. nomination of Directors , amendment of memorandum of association and regulations of the Company ,etc.

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

The Board is aware and shall provide the equity treatment to every individual shareholder, every group of shareholders, major or minor shareholders as well as the investors and foreign investment institutions. In addition, the Board shall make every effort in enhancing equality to all value shareholders, in particular the minor shareholders.

For instance:

- To fix the rights to vote at the meetings according to the number of shares owned by each individual shareholder, allowing one share one vote.
- The Board has assigned responsibility to the independent Directors to oversee the minority shareholders' interests by allowing minority shareholders to contact the independent Directors directly for any issues and concerns that they may have over the Company matters. The independent Directors shall act on behalf of the minority shareholders in investigating the matters and finding proper method in dealing with the situation. The independent Directors shall present the issue that affected the shareholders and the business operations to the attention of the Board and may set it as the agenda for the Shareholders' meetings in order to report the issues raised by the minority shareholders and how the matters have been resolved.

- The Company also allows the shareholders to suggest or propose the agenda for the annual general shareholders' meeting by making contact with the independent Directors via the Company website: [www.thaipolyacrylic.com](http://www.thaipolyacrylic.com) or e-mail at [masaya.rungrueng@lucite.com](mailto:masaya.rungrueng@lucite.com)
- The Board has established necessary measures to control the usage as well as to prevent the misuse of the Company's internal information for personal benefits, specific attention is drawn to people within the Company, namely Directors, all executives, all personnel working in related departments, including their spouses and minor children. For instance, should the Directors or top executives sell or buy the Company shares, they are required to report the shareholding transactions to SEC within 3 working days for public disclosure.
- The Board shall convene the Shareholders' Annual General Meeting within 4 months after the end of the fiscal year and shall provide shareholders with the notice of the meeting, a clearly stated agenda together with the Board's opinions on each proposed agenda. This notice along with supporting documents shall be delivered timely to domestic and foreign shareholders prior to the meeting. Other data related to the meeting such as the Company Annual Report, the proxy form, as well as other measures to be used in the meeting should be supplied along with the notice to shareholders so that they are well aware of the documents and the meeting procedures prior to the meeting.

At the Shareholders' Meeting, all shareholders have equal rights to express their opinions and raise questions based on the agenda of the meeting.

Besides the Annual General Meeting of Shareholders, the Board may call an Extraordinary Shareholders' Meeting at any time it deems necessary. Likewise, shareholders may jointly request such a meeting in writing with sufficient justification, according to the Company's Articles of Association on calling such meetings. If warranted, an Extraordinary Shareholders' Meeting must take place within one month after the written request is received

### **3. The Roles of Stakeholders**

The Company conducts its business responsibility to ensure mutual benefits to all groups of stakeholders, providing that the administration and the business operations of the Company shall not have an impact on the rights of stakeholders concerned, namely shareholders, employees, customers, creditors, competitors, community and society.

- a. Shareholders: Besides the basic rights of shareholders and the rights stipulated by the laws and the Company's regulations that have been described earlier in the section of the Rights of Shareholders, the Company allows the shareholders the rights, as the owner of the Company, to make suggestions or comments on the Company's affairs directly to the independent Directors.

Each comment and suggestion shall be treated as the confidential matter and will be carefully considered and presented at the Board meetings.

- b. **Employees:** The Company regards all employees as the most valuable assets and shall continue to develop competence and integrity of the employees. The Company shall provide its employees with good benefits such as medical treatment scheme and provident fund scheme and shall treat all employees in such a way that they are happy to perform their tasks, providing that workplace is safe with healthy environment. The Company has set the operational manual as a mechanism for the employees to file their complaints or to report any concerns about the illegality, unethical and unfairness practices within the Company.
- c. **Customers:** The Company is dedicated to providing customers with maximum benefits in terms of product and service quality at a competitive price. The customers shall be provided with all relevant data sheet and product information and the technical service assistance as well as the complaint handling procedure, to ensure customers' satisfaction.
- d. **Creditors:** The Company shall maintain good relationship with the creditors in such a way that they can gain trust and confidence. In doing so, the Company shall commit and honor to promises and the obligations agreed with the creditors.
- e. **Competitors:** The Company shall treat its business competitors in the manner that is acceptable to international laws and principles. The Company shall operate its business within a fair competitive context and shall not take unfair advantage of its business competitors.
- f. **Community and Society:** The Company continues to operate its business that is beneficial to the nation's economy, society and the community in which the Company is located, especially providing necessary support to those activities that increase better opportunities for better education and development of people's capabilities for sports, innovations, science, and technology. In addition, the Company shall co-operate with the community and authorities for preventing any business transaction with any other party that could be hazardous to the community and the society as a whole.

#### **4. Disclosure and Transparency:**

Apart from disclosure of the Company's information and financial statements through public announcements in various channels and the media under the conditions stipulated by the law on a complete, accurate, sufficient and timely basis, the Company shall disclose the following information to the public to ensure transparency of the business operations:

- a. Disclose the performance and attendance records of each individual Director.
- b. Disclose a report on corporate governance policy, including the operating results,
- c. Disclose the policy on remuneration for the Directors and top executives, including forms, types, and the amount of the remuneration.

- d. Allow people, including the community and institutions, to raise questions through the Company's website and/or direct contact with the Managing Director or the authorized executives for the appointment of the meetings.
- e. Recognizing the fact that some Directors reside abroad, and may consequently be excused from attending all Board Meetings, the Board encourages all Directors to attend the meetings when important issues are raised in the meeting agenda, such as the consideration and approval of future investments for plant expansion projects, and the consideration and approval of the annual financial statements and the annual budget proposals, etc.

## **5. The Board Structure, Roles and Responsibilities of the Board and the Committees**

### **5.1 Structure of the Board**

The Company has prescribed that the Board shall comprise well-balanced numbers of not more than 11 Directors, consisting of 3 independent Directors and 2 management executives, and the remainder shall be representatives of its major shareholders.

### **5.2 Chairman and the Managing Director**

With respect to the difference in duties and responsibilities between the Chairman, as the head at the policy level, and the Managing Director of the Company, as the chief of the management executives who look after overall management, the Company deems it appropriate to segregate the roles and responsibilities of the two positions and that the two positions shall not be held by the same person in order to ensure the balance of authority.

The Company has decided to appoint as Chairman a Director, who is not an independent Director as defined in the SET guidelines, but whose interests are fully disclosed to the Board.

### **5.3 The Committees**

The Company has appointed the independent Directors to oversee certain specific areas as it deems necessary and fit to the size of the Company Board structure. Thus, the Board of Directors appointed and established an Audit Committee, consisting of 3 independent Directors. By the power mandated, the Audit Committee is to report the operating results directly to the Board of Directors.

The Audit Committee shall have the authority and responsibility to oversee, review, and assess the operations of the Company to ensure conformity with the corporate policies, applicable laws and regulations of the regulating authorities, as well as the Company rules and regulations and the code of conducts. The Audit Committee is also responsible to oversee and to promote high standard for developing corporate financial and reporting systems in accordance with the international standard, and shall oversee and review regularly the Company's internal control, internal audit, and risk management systems in order to ensure that all systems are adequate, updated and efficient.

The Company chooses not to comply with the SET guideline to establish other Committees, such as the Governance and Nomination Committee and the Remuneration Committee, as the Board feels that these tasks and assignments can be managed by the Board.

The Audit Committee shall perform its duties independently by assigning and directing the internal auditors to audit all systems and shall present its opinions freely to the Board of Directors. The Committee shall independently consult regularly with external auditors, management executives, as well as seeking advice from consultants or advisors in any specialized fields as appropriate, such as legal and accounting experts.

#### **5.4 Roles and Responsibilities of the Board**

The Board of Directors shall be fully responsible for setting the Company's vision, mission, corporate policies and objectives, and shall consider and review the business strategic plans to ensure the Company 's growth, efficient performance and competitiveness in the dynamic global environment. The Board shall review and assess the Company and top management personnel, overall Company performance, and oversee the Company's risk management systems and the corporate governance policy to ensure the continuous improvement and conformity with the international standard.

Directors shall devote their time and efforts for the Company's growth and shall take responsibility in protecting the Company's interest without seeking personal benefits or acting in conflict of interest to the Company. It is the ultimate goal of the Company's Directors to ensure corporate growth and stability, the balanced and sustainable benefits for all stakeholders as well as the shareholders.

#### **5.5 Qualifications and Nomination of the Board of Directors**

The Board of Directors shall identify qualified candidates to replace Directors retiring at the end of their terms or for any other reasons, and shall consider and submit a list of nominees to the Shareholders' Meeting for resolution. It is the Board 's responsibility to consider and select candidates who are highly qualified, experienced professionals from various fields, demonstrating breadth of vision and great leadership, knowledgeable, as well as a proven record of high morale, ethical integrity, and ability to express themselves professionally.

#### **5.6 The Board and Committees' term of Office**

The Company has prescribed that all Directors, including independent Directors, shall be appointed on a 3 years term and shall be retired on the rotation basis. According to the Company's Article of Association, one third of the Company's Directors shall be retired on the rotation basis at every Annual General Meeting, however, the retired Directors can be re-elected at the Shareholders' Meeting.

In the case any Director has tendered his/her resignation or is to be retired for any other reasons prior to the end of the term, the Board can appoint a succeeding Director and he or she can remain in the position to complete the remaining term of the former Director.

#### **5.7 Remuneration of the Board and Management**

None of the Company's Directors, except the independent Directors and executive Directors, shall receive any form of remuneration and benefits from the Company. The independent Directors are provided with agreed annual Director's fees and per diem meeting allowances, the rates of which are considered fair in the industry in which the Company operates.

Regarding to the remuneration of the Managing Director and top executives, the Chairman and the Board shall consider the individual performance and achievements of the overall performance against the agreed Budget of the particular year.

Remuneration shall be disclosed transparently in the Company's annual report.

#### **5.8 Risk Management**

The Board sets policies and establishes a risk assessment system for preventing and managing those identified risks. The system is applied throughout the business operations along with monitoring, analysis, specifications, and assessment of risk management, and audit system. The Board has assigned the Audit Committee to oversee the audit system in order to ensure that the Company's risk management and the implementations have been properly conducted. The Audit Committee shall report regularly to the Board the progress of implementation of risk management.

#### **5.9 Board Self Assessment**

The Board will maintain assessment, proper Minutes and record attendance at Board Meetings but does not consider it beneficial to publish results of the assessment.

SEI – JIN LIOU

Chairman of the Board of Director