**CORPORATE GOVERNANCE**

**CORPORATE GOVERNANCE POLICY**

The Board of Directors of Thai Poly Acrylic Public Company Limited is obliged to perform it’s duties in the best interests of the Shareholders and shall treat it’s stakeholders and all parties concerned with utmost fairness and provide quality products and services to fit the needs and requirements of the customers.

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

The Company has publicized it’s ’Corporate Governance, Business Ethics Rules and Anti–Corruption Policy’ on it’s website.

The Company’s corporate governance performance can be summarized as follows:

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 including for instance the rights to buy new shares, sell or transfer owned shares, the rights to receive dividends, the rights to attend the shareholders meetings, the rights to express or raise 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 Articles of Association of the Company etc. and acknowledge the Meeting Minutes.

**2. EQUITABLE TREATMENT OF SHAREHOLDERS**

The Company shall provide the equitable treatment to every individual shareholder, every group of shareholders, major or minor shareholders as well as the investors and foreign investment institutions. The fundamental rights of the shareholders are preserved regardless of gender, age, origin, nationality, religion, belief or social status.

**3. ROLES TOWARD STAKEHOLDERS**

The Company conducts its business responsibly in order to provide mutual benefits to all groups of stakeholders, and thereby ensuring that the administration and the business operations of the Company shall not have any impact on the rights of any stakeholder concerned.

**4. DISCLOSURE OF INFORMATION AND TRANSPARENCY**

Disclosure of information is a key index of transparency and an important factor to create confidence among investors and stakeholders. The Company values correct, accurate disclosure of information and creates numerous channels of disclosure of information so that all stakeholders can gain easy access to information.

**5. BOARD RESPONSIBILITIES**

**5.1 COMPOSITION OF THE BOARD OF DIRECTORS**

* The Company has prescribed that the Board shall comprise well-balanced numbers of not more than 9 Directors, consisting of 3 independent Directors and 2 management executives, and the remainder shall be representatives of its major shareholders.

**5.2 SEGREGATION OF DUTIES OF THE CHAIRMAN AND THE MANAGING DIRECTOR**

* To segregate policy-making duties from those of day-to-day management and to enable Directors to oversee, look after and assess performance effectively, the Company requires that the Chairman and the Managing Director are always two distinct and separate persons to ensure the balance of authority. The role of the Chairman is the Head at the policy level and the role of the Managing Director is the Head of Operational Management who look after the daily management of the Company. 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. However, the Board has appointed one of the independent directors to participate in setting the agendas for board meetings.

**5.3 QUALIFICATIONS OF DIRECTORS**

**1. DIRECTORS** must be qualified, experienced professionals from various fields,

demonstrating breadth of vision and leadership as well as a proven record of

ethical integrity. Furthermore, such persons should have good communication

abilities and being capable of expressing themselves professionally.

**2. AUDIT COMMITTEE** must consist of 3 Independent Directors. The Independent

Directors must be qualified under the SET’s guidelines governing the

qualifications and scope of the operation of an Audit Committee. At least one

person should have adequate expertise and experience to review the credibility

of the financial reports.

**3. INDEPENDENT DIRECTORS** must be qualified under the SET’s guidelines

governing the qualifications and scope of the operation of the Audit Committee

as follows :

* Holding shares not exceeding 1 percent of the total shares with voting rights of its parent company, its subsidiary, its associated company or potential conflicting juristic persons provided that also any shares held by his or her related persons must be taken into account.
* Not being nor having been an executive director, employee, officer, monthly paid advisor or controlling person of the Company, its parent company, its subsidiary, its associated company, its parallel subsidiary or potential conflicting juristic person unless the foregoing status has ended not less than two years prior to the date of appointment as Independent Director..
* Not having nor having had a business relationship with the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person that might interfere in his or her use of independent discretion.
* Not being nor having been an auditor of the Company, its subsidiary, its parent company, its associated company or potential conflicting juristic person as well as not being a major shareholder, a director who is not an independent director, an executive, or a managing partner of the auditing firm employing an auditor of the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person.
* Not being nor having been any professional service providers, including a legal advisor or a financial advisor, obtaining service fees of more than baht two million per annum from the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person. If a professional service provider is a juristic person, this will include a major shareholder, a director who is not an independent director, an executive or a managing partner of such professional service provider.
* Not having any other characteristic which makes him or her incapable of expressing an independent opinion with regard to the Company’s operation.
* Maximum of five directorships in SET’s listed companies.

**5.4 TERM OF DIRECTORS**

In compliance with the Public Companies Limited Act one third of the directors retire by rotation at the Annual General Meeting every year but are eligible for reelection.

It is the policy that the tenure of an independent director should not exceed a cumulative term of nine years from the first day of appointment as Independent Director. Upon completing nine years, an independent director may continue to serve on the board, subject to the board’s rigorous review of his/her continued independence..

**5.5 APPOINTMENT AND DISMISSAL OF DIRECTORS**

According to the Company’s Articles of Association, one third of 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 a 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.

**APPLIED PRACTICES**

**1. THE RIGHTS OF SHAREHOLDERS**

* 1. **Shareholders’ Meetings**

1. As a rule, the Company schedules an Annual General Meeting of shareholders (AGM) within 4 months of the annual closing date of its accounting books. For urgent matters that affect or involve the shareholders’ interests or relate to conditions, regulations or laws that require shareholders’ approval, it calls an Extraordinary General Meeting of the shareholders.
2. In 2016, the AGM took place on April 26 at the Royal City Hotel, Bangkok Noi Room, 3rd Floor, Borom Rajchonni Road, Bangbumru Sub-district, Bangplad District, Bangkok Metropolis.
3. No Extraordinary General Meeting was held in 2016.
4. Recognizing the importance of protecting and facilitating the exercise of shareholders’ rights,
5. the Company has established a policy of equitable and fair treatment for all shareholders as follows:

* **Promoting Exercise of Shareholders Rights**

1. The Company encourages all shareholders to exercise their rights in an equitable manner.
2. All shareholders are encouraged to attend the shareholders’ meetings, and to provide comments and suggestions to the Board of Directors.

* **Facilitating Shareholders Attendance and Voting at the Meetings**

The Company encourages shareholders’ participation in decision making on important issues and voting on such issues at General Meetings. All resolutions are voted on by poll.

* **Giving Information Relating to Shareholders Meetings**

The Company will ensure that shareholders are informed in advance of General Meetings, of important information, criteria and procedures for those meetings, including the voting procedure for each agenda item. The Company will strive to provide all information regarding General Meetings to all shareholders 21 days (but not less than 7 days) in advance, so that shareholders can study all the information prior to attending the meeting. In addition, the Company will post all information on the Company’s web site prior to sending out the notice of the meeting.

* **Giving Opportunity to Shareholders to ask Questions and express their Opinions at The General Meetings**

The Company will, at all General Meetings, provide the opportunity to all shareholders to ask questions, express comments or offer any suggestions.

* 1. **Disclosure of Resolutions of Shareholders’ Meetings**

The Company will submit the summary of resolutions of Shareholders’ Meetings to the Stock Exchange of Thailand within the date after the meeting. The Company will also submit the report of the shareholders’ meetings with Minutes (each agenda item clearly separated), number of Directors in attendance and/or absent, questions raised by shareholders and answers from the Directors and voting tallies of each agenda item to SET within 14 days and to the Ministry of Commerce within 30 days after the meetings. All meeting information will be accessible through the Company’s website.

**2. EQUITABLE TREATMENT OF SHAREHOLDERS**

**2.1 Proposing Additional Meeting Agenda Items and Nomination of Directors**

a. To enable minor shareholders to take part in the operations of the Company, the Company has established criteria and process for them to propose meeting agenda items and/or nominate Directors in advance.

b. The Company will post such criteria on its website and post an announcement on the website of SET to enable shareholders to propose meeting agenda items and/or nominate Directors in advance.

**2.2 Facilitating Shareholders at the Meetings**

As most shareholders attending the Shareholder Meetings are Thais, the meetings will be conducted in the Thai language. The Company’s website is bilingual.

**2.3 Appointing Proxies**

To maintain the rights of shareholders who cannot attend Annual General Meetings in person, they have the right to appoint proxies or delegate their votes to any Independent Director in attendance. The Company will state the names of these Independent Directors in the proxy forms as defined by the Ministry of Commerce for voting on behalf of shareholders without conditions. The Company treats proxies as shareholder votes. Thirty days ahead of each meeting, the Company discloses the proxy form and procedures on its website. Shareholders may make further inquiries about this by phone or through other channels such as the Company’s website and e-mail.

**3. ROLES TOWARD STAKEHOLDERS**

* **To Shareholders**

Operating a profitable business that leads to sustainable growth. The Company is committed to corporate governance in tandem with corporate social responsibility (CSR) to ensure investors that the Company provides sound investment returns and is sustainable.

The Company has established channels for all stakeholders to contact either directly or through whistleblowing via its website (**www.thaipolyacrylic.com**) or via direct email masaya.rungrueng@lucite.com

* **To Employees**

The Company regards all employees as the most valuable asset and shall continue to develop the competencies and the integrity of the employees. The Company shall provide its employees with good benefits and provide a workplace that is safe within a healthy environment. Professional development opportunities are provided for all employees, helping to continuously and sustainably increase their productivity.

* **To Customers**

Ensuring customer satisfaction and loyalty by delivering world-class quality products and services at competitive prices. The Company takes customer satisfaction seriously, since customers are buyers and users of our products and services. The Company offers fair prices, quality products and accountability to customers and consumers, and is committed to consistently develop its products and to provide safe, integrated, attentive quality services in response to their needs. The Company has implemented quality, security, safety and occupational health standards in its operations in order to focus on quality management through efficient work processes with a view to deliver products and services that satisfy customers.

* **To Business Partners**

Observing fair and mutually beneficial business practices with all business partners while promoting trust as well as relationship and cooperation with a view to expand business capabilities and increase efficiency in a long-term partnership. Business partners are the key to business success through mutual support, and the Company treats them fairly. The Company strictly complies with contracts and values procurement processes. Clear procurement procedures have been formulated to ensure transparency, openness to scrutiny and mutual benefit.

The Company requires business partners to strictly conform to the rules about work safety and handling of tools, as well as other regulations, particularly in the type of work affecting health, safety and the surrounding environment.

The Company’s approved Vendor List is prepared through a detailed selection process that reviews business/operational procedures of candidates to ensure that the business partners selected for the Vendor List are efficient and are capable of delivering products/services that meet the Company’s requirements.

* **To Creditors**

Maintain good relationship with creditors in such a way that mutual trust and confidence are gained. In doing so the Company shall commit to and honor promises and obligations agreed with the creditors.

The Company ensures strict compliance with all terms of any loan agreement it enters into in a responsible and transparent manner. The Company will not conceal any information or hide any facts that might possibly result in the realization of losses for its creditors.

* **To Business Competitors**

The Company shall treat its business competitors in a manner that is acceptable in accordance with International law and generally accepted principles and standards. The Company shall furthermore operate its business within a fair, but competitive context and shall not take unfair advantage of its business competitors. The Company has a policy to operate in an upright and transparent manner in dealings with its business competitors. The framework of this policy has been shaped by related laws and regulations as well as concepts related to generally accepted business codes of conduct. The collection of insider information from a business competitor is expressly prohibited. The policy further prohibits the infringement of intellectual property rights and trade secrets. Furthermore, it includes provisions that prohibit the slandering of business competitors and any form of collusion in conflict with existing laws and regulations.

* **Community and Society**

The Company shall continue to operate its business in a manner that is beneficial to the society and the community in which it operates. The Company shall co-operate with the community and relevant authorities to prevent any business transaction with any party that might be hazardous to the community and the society as a whole.

**4. DISCLOSURE OF INFORMATION AND TRANSPARENCY**

The Company promotes awareness among Directors, the Management and the employees of the importance of good corporate governance and transparency in their work, and creates appropriate mechanisms to receive complaints and fair treatment both for those who file complaints and those who have been complained against.

The Company offers opportunities for the public to file complaints on improper behavior of Directors, the Management and staff or their violation of Company’s business ethics. They are to be directed to either the Managing Director’s Secretary and/or the Human Resource Department. The Company treats all complaints on the basis of equality, transparency and fairness to all concerned.

Apart from disclosure of the Company’s information and financial statements through SET announcements 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:

Disclose a report on corporate governance policy, including the operating results.

* 1. Disclose the policy on Directors’ Fees.
  2. 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.
  3. 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. BOARD RESPONSIBILITIES**

**DUTIES AND RESPONSIBILITIES**

**5.*1. DIRECTORS***

* Define the Company’s vision, directions, strategies and policies and review the business strategic plans.
* Monitor and ensure that the Company’s operation provides maximum benefit to the shareholders and stakeholders
* Protect the Company’s interest without seeking personal benefits or acting in conflict of interest to the Company.
* Adhere to good governance

***5.2. AUDIT COMMIITTEE***

* Prepare charter on internal audit of the Audit Committee to correspond with scope of works and responsibilities. The charter must be approved by the Board and revised at least once a year.
* Review Company’s financial reporting process to ensure accuracy and reliability
* Review compliance with laws of SET regulations, securities and exchange laws and
  + - laws relevant to business.
* Ensure the suitability and sufficient of the internal control system and the independence of the Internal Auditor.
* Consider connected transactions or transactions of potential conflicts of interest or potential malfeasance affecting operations under the laws and SET’s regulations.
* Provide recommendations to the Board on the appointment, transfer, promotion and assessment of the Internal Auditor.
* Select, nominate, remove and recommend fees for the external auditor to the Board.
* Review the risk approaches under the corporate and operation profile which affects the Company’s operation.
* Review complaints and whistleblowing processes for compatibility with good governance practices.

***5.3. INDEPENDENT DIRECTORS***

To comply with duties and responsibilities of the Audit Committee.

**5. 4. DIRECTORS’ MEETINGS**

5.4.1 **Board of Directors’ Meetings**

The Board of Directors’ Meetings must held at least once every 3 months according to the Company’s Articles of Association and planned for the entire year. The Company Secretary will send the notice calling of a meeting and relevant supplementary documents to each Director at least 7 days prior to such meeting to allow the Directors enough time to consider.

In 2016, the Company held 5 Board of Directors’ Meetings. Attendance Record of the Board of Directors Meetings was as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Name | Chairman | Managing Director/  Deputy Chairman  DEPUTY CHAIRMAN | Excutive Director | Independent Director | Remarks |
| Ms. Annie Sophia Veerman | 4/5 |  |  |  |  |
| Mr. Benjamin James Harris |  |  | 3/5 |  |  |
| Mr. Hans Henrik Melchior |  |  | 2/2 |  | Re-elected as Director to replace  Mr. Chate Pattanakul with effect from  24 June 2016 |
| Mr. Tom Tamaki |  |  | 5/5 |  | To replace Mr. Ian Lambert with effective from 26 April 2016 |
| Mr. Suchitr Srivetbodee |  | 5/5 |  |  |  |
| Mr. Rakchai Sakulteera |  |  | 5/5 |  |  |
| Dr. Anuphan Kitnitchiva |  |  |  | 5/5 |  |
| Mr. Jan Dam Pedersen |  |  |  | 4/5 |  |
| Mr. Kulvech Janvatanavit |  |  |  | 4/5 |  |

**5.4.2. Audit Committee Meetings**

The Audit Committee shall have the duty to arrange meetings at least 4 times a year and planned for the entire year. The Audit Committee Secretary will issue a meeting notice along with the meeting agenda and relevant supplementary documents to each Director 5 days ahead of the meeting to allow the Directors enough time to prepare for the meeting.

In 2016, TPA held 5 Audit Committee meetings. Attendance Record of the Audit Committee Meetings was as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Name | No. 1/2016 | No. 2/2016 | No. 3/2016 | No. 4/2016 | No. 5/2016 | Total | Remarks |
| Dr. Anuphan Kitnitchiva | / | / | / | / | / | 5/5 |  |
| Mr. Kulvech Janvatanavit | / | / |  | / | / | 4/5 |  |
| Mr. Jan Dam Pedersen | / | / | / | / | / | 5/5 |  |

**5.5 REMUNERATION OF DIRECTORS**

None of the Company’s Directors, except members of the Management Team, the

Independent Directors and the Deputy Chairman, shall receive any form of remuneration and benefits from the Company. The Board of Directors has considered that the Directors’ fees and meeting allowances, are fair compared to the same industry.

In 2016, The Company paid remuneration to Directors as follows :

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Position | Remuneration | | Remarks |
| Annual fees  2016 | Total Meeting allowances |
| Mr. Suchitr Srivetbodee | Deputy Chairman  Managing Director | 208,000.00 | 24,000.00 | Appointed as Managing Director of TPA with effective from 1 July 2016. |
| Dr. Anuphan Kitnitchiva | Independent Director / Chairman of Audit Committee | 416,000.00 | 77,000.00 |  |
| Mr. Kulvech Janvatanavit | Independent Director / Audit Committee | 416,000.00 | 54,000.00 |  |
| Mr. Jan Dam Pedersen | Independent Director / Audit Committee | 416,000.00 | 60,000.00 |  |

**5.6. DIRECTORS’ ORIENTATION**

For new Directors, the Company arranges an orientation program to inform them of its business policies, capital structure, shareholding structure, business performance, information systems as well as related laws and regulations.

**5.7. NOMINATION OF DIRECTORS**

The ensures that the nomination and selection processes for directors are clear and transparent so that the board’s qualifications are in line with the desired composition.

**5.8. SELF ASSESSMENT OF DIRECTORS**

**5.8.1. BOARD OF DIRECTORS**

In accordance with the SET’s corporate governance principles for listed companies, the Board of Directors make annual overall self-assessment of performance. The conclusion of the overall performance assessment for 2016 was 3.95 (out of 5) or 79%, in 2015 was 3.7 (out of 5) or 75.8%

**5.8.2. AUDIT COMMITTEE**

The Audit Committee also assessed its own performance overall, through self- assessment under the guidelines for Audit Committees of SET.

In 2016, the conclusion was the Audit Committee acted in compliance with the Charter of the Audit Committee and in accordance with SET’s guidelines governing the qualifications and scope of the operation of the Audit Committee.

**5.9. RISK MANAGEMENT**

The Board has established a risk management system and has applied this throughout the Company’s operations in order to prevent and manage identified risks. Moreover, the Company has a monitoring and assessment system in place. The Board has assigned the Audit Committee to oversee and audit the risk management system in order to ensure that risks being identified are addressed suitably and sufficiently.

The Audit Committee reviews the risk management processes with relevant Departments/ Functions and the Internal Auditor. Its opinion is that the Board maintains adequate risk management practices that are relevant, suitable and sufficient.

**5.10. INTERNAL AUDIT FUNCTION**

The Board of Directors has established an Internal Audit function with responsibility to review and monitor the sufficiency of the internal control system as well as to audit the operations of the Management functions and the Company’s risks management. The Internal Auditor works independently and reports directly to the Company’s Audit Committee.

**5.11. COMPANY SECRETARY**

In order to comply with the Securities and Exchange Act (No. 4) B.E. 2551, the Board of Directors’ Meeting No. 3/2008 held on 8 August 2008, passed a resolution to appoint Brenntag Ingredients (Thailand) Public Company Limited represented by Miss Patcharee Maneetamwong as Company Secretary. At its Meeting on 11 November 2016 the Board passed a resolution to appoint Mr. Rakchai Sakulteera, the Company’s Financial Director, as Company Secretary, replacing Miss Patcharee Maneetamwong as Brenntag had terminated the agreement to provide these services.

**a. QUALIFICATION OF COMPANY SECRETARY**

* + Having well-rounded knowledge and understanding of the Company’s businesses.
  + Understand the roles and duties of the Company Secretary.
  + Having knowledge and understanding concerning legal matters, regulations of the of Stock Exchange Control and the Stock Exchange of Thailand.
  + Do not exploit the Company’s business opportunity for personal benefits as well as preserve the confidential information of the Company.
  + Having good human relationship and can coordinate and contact with other agencies inside and outside the Company. .
  + Possess English proficiency.

1. **DUTIES AND RESPONSIBITIES**

* Preparing agenda and supporting documents for the Board of Directors’ Meetings and Shareholders’ Meetings.
* Arranging and coordinating the Board of Directors’ Meetings, Shareholders’ Meetings as well as coordinate to ensure all resolutions have been implemented and complied with in accordance with the Company’s Objectives, Articles of Association and the relevant laws and regulations.
* Monitoring the appointment of Directors and change of Directors’ terms and arranging for the registration of the change of Directors with the relevant Authorities.
* Preparing and keeping the following documents:
  + Register of Directors.
  + Notice calling Directors’ Meetings, Minutes of Board of Directors’ Meetings and an Annual Reports of the Company.
  + Notice calling Shareholders’ Meetings and Minutes of Shareholders’ Meetings.
* Ensuring that the Directors and Executives have filed reports on their interest as

required by law.

* + - Keeping the reports on interest filed by Directors and Executives as well as
    - Submitting a copy of such report to the Chairman and the Chairman of Audit
    - Committee within 7 business days from the date on which the Company has

received the reports.

* + - Performing any other acts as specified in the notification of the Capital Market Supervisory Board.

**INSIDER INFORMATION**

Insider trading is both illegal and unethical. Securities laws and Company policy prohibit the buying or selling of securities on the basis of material, non-public information. Directors, officers and any other employees, at any level, who are aware of non-public material information related to the Company or any other businesses, may not, directly or indirectly, use such material non-public information in purchasing or selling any securities of the Company or these businesses. Directors, officers and any other employees prohibited from purchasing or selling the securities of the Company or other businesses because they possess material, non-public information, may not have any other person purchase or sell securities on their behalf. Any purchases or sales made by another person on their behalf will be attributable to them. Material non-public information may not be disclosed to any person outside the Company (including relatives, friends or business associates and regardless of the purpose for which such disclosure may be made) until authorized Company officials have adequately disclosed the information to the public.

**ANTI – CORRUPTION POLICY**

Thai Poly Acrylic Public Company Limited has adopted concepts in doing business with the highest code of ethic and morality to promote corporate governance and fairness to achieve sustainable growth, and responsibility to society and environment.

The Company has announced its Anti-Corruption Policy that applies to all employees and agents worldwide. It forbids making, offering or promising to make a payment or transfer anything of value (including the provision of any service, gift or entertainment to Government personnel and other officials) for the purpose of improperly obtaining or retaining business. It also forbids making improper payments through third parties. Subsequently, the Board of Directors has approved a resolution to declare an intention to officially join the Anti-Corruption Program of CAC.