



## **Corporate Governance Policy**

### **N.C. HOUSING PCL**

**7<sup>th</sup> Amendment**

**18 December 2020**

# **Detailed Amendment of Corporate Governance Policy**

## **N.C. Housing PCL**

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# **Corporate Governance Policy**

## **N.C. Housing PCL**

The Board of Directors of N. C. Hosing PCL has established governance policy by foreseeing the importance and necessity in doing business for sustainable growth in order to add value and bring maximum return to the shareholders in the long term. The company emphasizes doing business with integrity, professional administration and transparency. In order to achieve its business goal, the company has managed to set up its business infrastructure and core values including BOD and the management with vision and responsibility, check and balance mechanism for managerial power to ensure transparency and accountability, control and risk management, , awareness of equal rights of shareholders, the responsibility towards stakeholders, clear and timely disclosure of information to investors as well as full support to the management and the employee to ensure their operations are in line with business ethics and the company code of conduct.

The company's corporate governance policy is divided into 5 sections with details as follows.

1. The company's Board of Directors (BOD).
2. Shareholders' rights and equality and role of stakeholders
3. Disclosure of information and transparency
4. Control and risk management
5. Business ethics

Effective from 18 December 2020 onwards



(Associate Professor Trairat Jarutas)  
Chairman of the Board of Directors  
N.C. Housing PLC

# **Section 1**

## **The Board of Directors (BOD)**

### **1. Leadership and Vision**

The company's BOD, consisting of directors with knowledge, capability and experience in business undertaking, is empowered to set forth the policy, vision, strategy, targets, mission, business plan and the company's budgets as well as to supervise the management to ensure that the company's business is carried out in accordance with the established policy efficiently and effectively under legal framework, objectives, Article of Association and the shareholders' meeting resolution with responsibility, integrity and prudence as per the concept of good corporate governance with a view to adding economic value and achieving maximum stability for the shareholders.

The BOD gives utmost importance to the internal control system, internal audit and appropriate risk management measures including the review system for compliance and proper control to ensure the internal control system is most effective and efficient for the company.

The BOD is the one that considers the clear separation of roles, duty and responsibility between the BOD, the Audit Committee, the Executive Committee, other committees and senior Executive in the organization. Note that the highest approving authority rests with the BOD.

### **2. Composition of the BOD, Appointment and Independence**

2.1 The company's BOD consists of at least 5 directors and not less than half of that number must reside in the country. Selection of the BOD is in line with the qualification criteria per Section 68 of Public Limited Companies Act, B.E. 2535(1992) and according to applicable announcements of the SEC. In addition experience, knowledge and capability related to the business will be taken into account. Subsequently, the BOD shall nominate the candidates to the shareholders' meeting for their consideration and approval.

- 2.2 At least one out of three of the entire BOD must represent independent directors.
- 2.3 At all Annual General Meetings, one third of the directors must resign. If the number of the directors does not allow for dividing into three portions, the closest number to ratio 'one out of three' must resign.

The directors who must resign in the first and second year after company registration will draw lots to determine who must resign. For the following years, the longest serving directors will have to resign and the directors whose terms have expired can be re-elected.

- 2.4 The shareholders' meeting will appoint director based on the majority votes in line with the following criteria and method:

- 2.4.1 A shareholder has the voting right equal to the number of shares held by him/her.

- 2.4.2 Each shareholder must exercise all the voting rights entitled to him/her per 2.4.1 to select one or several directors but cannot divide the voting rights.

- 2.4.3 The candidates receiving the highest votes in order will be elected as a director for the total number of directors proposed for election in that meeting. In the event there is a tie vote to the effect that more than one candidate are eligible to be elected, the chairman of that meeting shall have the power to cast decisive vote.

- 2.5 In the event there is a vacant director position due to other reason beyond expiration of term, the BOD's votes of not less than three quarter of the entire BOD's votes is sufficient to select a new director who must have the necessary qualifications and must not have a trait prohibited by the public laws to replace such vacancy in the next BOD's meeting unless the term of such vacant position is less than 2 months then the person who will fill such vacant position can serve in that position for the remaining period of such replaced director.

- 2.6 The shareholders' meeting may resolve to remove any director from his/her position before his/her term expires with the number of votes not less than three quarter of the shareholders presenting at that meeting (with the rights to vote) and having number of shares not less than half of the total number of shares held by the shareholders presenting at that meeting (with voting rights).

### **3. Chairman of the BOD, Chief Executive Officer, and Managing Director**

The Chairman of the BOD, the Chief Executive Officer and the Managing Director must hold knowledge, capability, experience and appropriate qualifications and must not be the same person in order to ensure checks and balances in discharging his/her respective duties with a view to separating supervisory and managerial function.

The Chairman of the BOD as a leader of the Board is responsible for acting as the chairman of the directors' meeting and shareholders' meeting. The Chief Executive Officer and the Managing Director are responsible to directly report to the BOD on business management to achieve the planned objectives.

The policy on taking on directorship position in other companies by the Chief Executive Officer and the Managing Director:

In order to enable the Chief Executive Officer and the Managing Director to manage and allocate their effort and time efficiently, the company sets the policy covering holding position as a director in other companies for the Chief Executive Officer and the Managing Director which requires that they hold director position in other companies for not more than 3 companies all of which must not be a competitor or engage in the same business as the company.

### **4. Director qualifications**

- 4.1 A director must be knowledgeable and capable person with vision, and integrity and adhere to moral and ethical principle through his/her transparent working profile. And has sufficient time to devote his/her knowledge and capability for the company.
- 4.2 Has the necessary qualifications but not the trait prohibited by laws concerning public company limited and related laws.
- 4.3 The director can hold director position in other companies provided that it must not be an obstacle to perform duty as a director of the company.
- 4.4 The director must not operate or be a partner in an ordinary partnership or a partner with unlimited liability in a limited partnership or a director in other private or public company which operate the same business as the company or compete with the company unless the shareholders' meeting has been informed thereof before approving the appointment of such director.
- 4.5 An independent director must have the qualifications of being independent in the same manner as required for the Audit Committee according to the announcement of the Stock Exchange of Thailand (SET) regarding the qualifications and work scope of the Audit Committee and must also not hold shares more than 1.0 % of the company's paid up capital, affiliated companies, associated companies, subsidiaries or related companies and must be able to

look after the benefits of each shareholder equally to avoid conflict of interest. In addition, he/she must be able to join the BOD's meeting and give independent opinions.

**An independent director must have the following qualifications:**

- 4.5.1 Hold shares not more than 1% of the total voting shares in the company, parent company, subsidiaries, associated companies, major shareholders or those with authorities to control the company. This also includes the holding of the company's shares by related persons of that independent director.
- 4.5.2 Must not be or has never been a director taking part in the management, or an employee, staff, consultant receiving regular salary or a person with the power to control the company, parent company, subsidiaries, associated companies, subsidiaries of the same level, major shareholder or a person with authority to control the company unless no longer possessing such qualities as described above for longer than 2 years before being appointed as independent director. Such prohibited characteristics do not include the case where the independent director used to be a civil servant or a consultant to the government agency which is a major shareholder or has the authority to control the company.
- 4.5.3 Not a person who is related by lineage or legally registered as father, mother, brother/sister, children including spouses of children of the executive, major shareholder, one with the authority to control or a person being proposed to be the company's executive member or having the authority to control the company or its subsidiaries.
- 4.5.4 Has none or have never had business relationship with the company, parent company, subsidiaries, associated companies, major shareholders or person with controlling interest in the company in the manner that may impede the use of independent judgement including not an influential shareholder or an ex-shareholder or one having authority to control someone that has business relationship with the company, parent company, subsidiaries, associated companies, major shareholder or person with controlling interest in the company unless no longer having such descriptions of not less than two years before being appointed as an independent director.

The business relationship mentioned in the first paragraph includes entering into normal trade transactions, lease or rent real estate properties, transactions relating to assets or services or in giving or accepting financial assistance by way of accepting or lending, guarantee, in providing assets as security against the debt or other similar circumstances which causes the company or counter party to incur indebtedness to the other party from three percent of net tangible assets of the person seeking consent or from at least twenty million baht

whichever is lower. Note that the calculation for such indebtedness is to be based on the same calculation method for related transactions according to the announcement of the Capital Market Supervisory Board regarding the criteria for classifying related transactions, *mutatis mutandis*. To consider such indebtedness, the liabilities existing one year before establishing business relationship with the same person shall be included.

- 4.5.5 Not an auditor or used to be an auditor of the company, parent company, subsidiaries, associated companies, major shareholder or having major control in the company and not a significant shareholder, a person with controlling power or a partner of an auditing firm to whom the auditor of the company, parent company, subsidiaries, associated companies, major shareholders or a person with authority to control the company is subordinated unless no longer having the above description for at least 2 years before being appointed as an independent auditor.
- 4.5.6 Not a person providing or used to provide any professional service including as a legal consultant or financial advisor who received service fee for an amount greater than two million baht per annum from the company, parent company, subsidiaries, associated companies, major shareholder or person having authority in controlling the company and not a significant shareholder, a person with controlling power or a partner of such professional service provider unless no longer having above description for at least two years before being appointed an independent director.
- 4.5.7 Not a director appointed as a representative of a director of the company, major shareholder or shareholder related to major shareholder.
- 4.5.8 Not operate business which is in the same line of business and significantly compete with the company or subsidiaries or not a major partner or a director who has a role in managing, employee, staff, a consultant receiving regular salary or holds in excess of 1% of total voting shares of other company which operates the same line of business and significantly compete with the company or subsidiaries.
- 4.5.9 Not having any characteristic that prevents him/her from giving independent opinion on the company's operations.

## **5. Key duties and responsibilities of the BOD**

- 5.1 Supervise the company to comply with the laws, objectives and the company's Articles of Association including lawful resolution by the shareholders' meeting and be cautious in safeguarding the company's interest.
- 5.2 Set the company's vision, target, approach, policy, business plan and budgets, supervise the executive board and the executives to perform their administration functions consistent with the assigned policy and the SET's regulations except for the followings which the BOD must obtain prior approval from the shareholders' meeting e.g. capital increase, capital decrease, debenture issuance, disposal or transfer of the entire or significant part of the company's business to the third party or acquire or accept the transfer of the other company's business, amendment of the memorandum or articles of association including entering into connected transactions and sales/purchase of important assets as per the SET's criteria or other regulator's guidelines.
- 5.3 Arrange to establish accounting system, financial reporting and account auditing that is reliable and cause to have the process for evaluating the appropriateness/effectiveness/efficiency of the internal control and audit systems including risk management, financial reporting and monitoring.
- 5.4 Supervise to prevent conflict of interest among stakeholders.
- 5.5 Supervise the business to operate ethically.
- 5.6 Report their responsibility in preparing financial statements together with the auditor's report in the annual report and cover various issues according to the SET's policy statement on code of best practices of directors of listed companies.
- 5.7 The BOD may appoint director and/or a number of the executive members as deemed appropriate to be members of the Executive Board with delegated authority to manage the company as assigned by the BOD.
- 5.8 The BOD is duty bound to consider and approve the written corporate governance policy and requires reviewing the corporate governance policy annually to be consistent with the SET's standards and concepts.

## **6. Committee**

The company appoints subcommittees to assist in supervising the company's business as follows:

### **6.1 Audit Committee**

The Audit Committee consists of at least 3 independent directors at least 1 out of them must be a person who has the knowledge in accounting and finance. The Audit Committee must be independent consistent with the company's definition of independent director and whose term in serving under this position is three years. Their duty is outlined below:

- 6.1.1 Conduct review such that the financial report is done correctly and adequately by coordinating with the auditor and the responsible executive member in preparing financial report, both quarterly and annually. The Audit Committee may suggest the auditor to review or inspect any item deemed necessary and considered important while auditing the company's account.
- 6.1.2 Ensure that the company has put in place proper and effective internal control and internal audit systems and consider the independence of the internal audit team including giving opinions toward the appointment, transfer and dismissal of the head of internal audit or other units responsible for internal audit.
- 6.1.3 Require the company to comply with the laws relating securities and exchange, the SET's regulations or other laws relevant to the company's business.
- 6.1.4 Consider, select and nominate a person with independence to be the company's auditor and propose compensation for such auditor taking into account reliability, availability of resources in hand and auditing work load of such auditing firm including experience of the person assigned to audit the company's accounts and have a meeting with the auditor without the presence of the executives at least once a year.
- 6.1.5 Require connected transactions or transactions that may involve conflict of interest to be in compliance with the applicable laws and the SET's regulations in order to ensure that such transactions are reasonable and of the best benefit for the company.
- 6.1.6 Prepare the Audit Committee's report by disclosing it in the company's annual report. Such report must be signed by the chairman of the Audit Committee and contains the following information:

- Opinions on the correctness, completeness, reliability of financial reports
  - Opinions on adequacy of the company's internal control system
  - Opinions on compliance with the laws relating to securities and exchange, the SET's regulations and the company's business.
  - Opinions on the appropriateness of the auditor.
  - Opinions on items that may involve conflict of interest.
  - The number of meetings of the Audit Committee and the participation by each Audit Committee member.
  - Opinions or overall comments which the Audit Committee receives while performing their duty under the charter.
  - Other items that shareholders or investors should know under the scope of duty and responsibility assigned by the company's BOD.
- 6.1.7 Perform other duties assigned by the BOD and already consented by the Audit Committee.

## 6.2 **Nomination, Remuneration and Corporate Governance Committee**

The Nomination, Remuneration and Corporate Governance Committee consists of at least 3 directors the majority of which must be independent directors with independent director acting as the chairman of the Committee with 3 year terms. Below are their duties and authorities:

- 6.2.1 Consider the guidelines, process, structures and composition including the qualifications of the member of the BOD and the committee.
- 6.2.2 Nominate and select a person who has appropriate qualifications to hold the positions of the member of the BOD, the committee, chairman of the BOD, chairman of the executive board, managing director, company secretary, BOD's secretary and committee's secretary upon such positions being vacant or in case of new appointment to propose to the company's BOD and/or the shareholders' meeting for approval.
- 6.2.3 Set forth the guidelines for and evaluate the performance of the BOD, the committee, chairman of the executive board and the managing director.
- 6.2.4 Support the company to allow the minor shareholders to nominate individuals to be selected as the company's director.

- 6.2.5 Consider the compensation of the directors, the committee members and the executive board members; which include monthly compensation, meeting allowance, annual bonus and other benefits either in monetary and non-monetary forms and propose to the company's BOD and the shareholders' meeting for approval.
- 6.2.6 Consider the compensation for the chairman of the executive board and the managing director; which include monthly salary, annual bonus and other benefits both monetary and non-monetary and propose to the company's BOD for approval.
- 6.2.7 Consider the policy on employee compensation both monetary and non-monetary and propose to the company's BOD for approval.
- 6.2.8 Prepare propose to the BOD for approval the policy on good corporate governance appropriate for the company under the scope of the laws, guidelines, regulations of the supervising authorities e.g. the SET, SEC and related agencies including the approach to good corporate governance practice consistent with international standards. .
- 6.2.9 Review and revise the policy on good corporate governance practice regularly to be consistent with the international standards including the laws, guidelines, regulations, various requirements and the company's business.
- 6.2.10 Supervise, look after and provide suggestions to the directors, the executives and the employee in performing their duty and responsibility as per good corporate governance practice to achieve required performance and consistency.
- 6.2.11 Propose and suggest guidelines, approach on ethics and morality in conducting business and prepare the code of conduct for the directors, the executives and the employee.
- 6.2.12 Support and promote stakeholders to take part in adhering to the policy of good corporate governance practice.
- 6.2.13 Set up supervisory framework for guidelines relating to the company's anti-corruption practice.
- 6.2.14 Report the outcome of good corporate governance practice to the company's BOD and in the event there is an important factor or event which may significantly impact the company, must, as soon as possible, report to the BOD for information and consideration.
- 6.2.15 Perform other duties as assigned by the company's BOD regarding nomination, remuneration and corporate governance.

### **6.3 Committee Charter**

The directors approve the committee charter in writing to clearly set out their duties and responsibilities which the company's BOD assigns to them in relation to research and screening function. The full details of each committee charter shall be disclosed on the company's website.

The committees is obliged to report their performance in implementing such charter during the previous year to the BOD and the shareholders via the annual report.

### **6.4 The Executive Board**

The scope of duty and responsibility of the Executive Board are as follows:

- 1) Set forth policy, direction, strategy and key business operations consistent with the targets assigned by the BOD and are authorized to perform in line with the BOD's policy which is subject to the laws, terms & conditions, regulations and the company's Article of Association.
- 2) Prepare organization structure, the authority in managing, to cover in-depth the process of nomination, recruitment, transfer, training and termination of employment with the exception of the chairman of executive board and the managing director.
- 3) Consider the allocation of annual budget proposed by the managing director for scrutiny before forwarding to the company's BOD for approval.
- 4) Examine and monitor policy implementation and approaches to the management of the company as specified effectively.
- 5) Has the authority to scrutinize the investment related to the core and non-core businesses before being presented to the BOD for their approval.
- 6) Has the power to approve borrowing or credit application from financial institution including making payments for transactions in the normal course of the company's business e.g. disbursement for investment, land or land with building acquisition and other operating expenses within the limit for each item of not more than 500 million baht and if exceeding such limite, the BOD shall be consulted for approval.
- 7) Has the authority to consider the allocation of pension, reward or other compensations approved by the BOD.
- 8) Perform other duties as assigned form time to time by the company's BOD.

## **7. Board of Directors' Meeting**

The BOD shall manage to hold its meeting at least 4 times a year by setting the dates in advance and inform each director to reserve the time for attending the meetings. The Chairman of the BOD and senior executives shall see to it and agree on the meeting agendas and related guidelines, and ensure that the meeting documents contain relevant information, analysis and recommendations, sufficiently and appropriately. To ensure that have sufficient time to study and go over the matter the directors must be provided with the documents in advance of not less than 7 days unless it is an urgent case in order to protect the company's rights or interest, meeting invitation may be notified by other method and the meeting date may be fixed sooner.

When proceeding with the meeting agendas, the shareholders' and stakeholders' benefits shall be considered fairly and opportunity shall be given to voice their opinions on issues for consideration.

In the meetings, the director who is significantly involved in conflict of interest transaction does not have the rights to vote on such matter and must leave the meeting room during the discussion.

The company requires that to pass the resolution by the BOD's meeting, there must be at least two out of three of all directors presenting in that meeting and the resolution shall be reached by majority votes. If there is any dissenting opinion by any director, it is to be recorded in the meeting's minutes. If the number of vote is equal, the Chairman of the meeting shall exercise his rights (via voting) to decide on the matter.

The BOD shall cause to have the meeting secretary to prepare the meeting agenda, invitation letters, oversee and arrange the meeting, record meeting's minutes. Each agenda will be allocated with sufficient time for debating and voicing opinions for all. The Chairman of the BOD shall ensure that the duration of the meeting is appropriate. The Executive shall oversee the archiving of the meeting documents and provide suggestions on the director's conduct to ensure compliance with the laws, rules, various guidelines and resolution of the shareholders' meeting as well as coordinate with all concerned parties.

## **8. Meeting of Non-executive Directors**

The BOD requires that the non-executive directors can organize meeting among themselves as deemed appropriate. Such meetings shall take place without the

presence of executive director or an executive member to give opportunity to debate various issues whether those involving the company's business or other issue of interest.

## **9. Company Secretary**

The BOD shall appoint the company secretary to oversee the BOD's activities and assist the directors and the company to adhere to the laws, regulations, guidelines and various related rules and facilitate the company to have good supervisory practice as well as oversee the organization of shareholders' meeting and the BOD's meeting to be in accordance with the laws, the company's rules and various protocols and shall be responsible for the preparation and archiving of documents for the meeting and follow up on implementation in compliance with the resolutions of the shareholders' meeting and the BOD's meeting.

## **10. Reporting on Interest**

In order to comply with the Announcement of the Capital Market Supervisory Board No. Thor Chor 2/2552 regarding Reporting on Interested of Directors, Executives and Connected Party, the company sets out the guidelines and method for such report on interest as follows.

1. In this announcement "Persons with the duty to report on interest" are the company's BOD, the Executive holding position of senior manager or higher including account manager and finance manager.

2. The company requires that the said persons submit the report to the Company Secretary within the specified timeframe as follows:

In case of reporting for the first time: The interest must be reported within 30 days from the date the company's BOD has approved the guidelines and the reporting method.

In case of information amendment: The interest must be reported within 15 days from the date of any information change.

3. The company requires that the Company Secretary be responsible for archiving the report on interest at the head office and forward a copy to the BOD and the Chairman of the Audit Committee within 7 days from the date of receiving the report from the person with the duty to report on interest.

## **11. Conflict of Interest**

The BOD places importance upon the management of conflict of interest of involved persons in discrete, fair and transparent manner including full disclosure of such information.

And if any director is involved in conflict of interest on issue being considered, he/she shall not join the meeting or is refrained from voting.

## **12. Regulation of the Use of Inside Information**

The company has the policy and method to supervise the Executive in using inside information which has not been publicly disclosed to seek own benefit including in trading the company's securities. In addition, the guidelines and procedure in the employee handbook and the company's ethics manual forbids an employee to divulge the company's secret to an external party or use its position in the company to wrongfully seek own benefit or for other people's benefit and disciplinary action shall be imposed if there is any violation.

## **13. Communication with the Executive**

The company's director can communicate with the Executive and the Company Secretary directly as deemed appropriate. Such communication must not constitute intrusion or interference to create an impact on the company's normal business operations.

## **14. Succession Plan for Senior Executive**

The company realizes the necessity and importance of the succession plan of senior executive position. In this connection, it stipulates the succession guidelines of the Managing Director and the Deputy Managing Director as follows:

1. In the event the position of the Managing Director becomes vacant, the Nomination Committee shall select one of the Deputy Managing Directors to act as the successor or, in the event there is no suitable person, may consider hiring the third party. which in the past the committee had developed and groomed the Deputy Managing Director who is now the current Managing Director of the company.

2. In the event the position of the Deputy Managing Director becomes vacant, the Executive Board shall select the next lower ranked senior executive position as successor or in the event there is no suitable replacement, may consider hiring the third party.

## **15. Compensation of Director and Executive**

The company's BOD appointed the Remuneration Committee to consider compensation for directors, committee members, Chief Executive Officer and Managing Director.

so there is a clear guidelines and transparency as well as being competitive with the industry and attractive enough to incentivize the directors with required qualifications to stay onboard. The director who is assigned extra responsibility shall receive additional compensation as appropriate. For the director, the compensation is set according to the resolution that is approved in the shareholders' meeting. The compensation for the Executive is set according to the principle and the policy specified by the BOD which is linked to the company's performance and the performance of each executive member.

#### **16. Performance Evaluation of Chief Executive Officer and Managing Director**

The Remuneration Committee evaluates the performance of the Chief Executive Officer and the Managing Director by assessing their performance at end of the year together with evaluating the company's performance, whether the executives involved operate according to the policy specified by the company's BOD together with the overall economic conditions. The Remuneration Committee shall use information obtained to consider the compensation for the Chief Executive Officer and the Managing Director and present to the company's BOD.

#### **17. Senior Executive Compensation (CEO & MD)**

The Nomination and Remuneration Committee fixes the compensation for senior executives (CEO and MD) from long term and short term perspective in the form of monetary compensation and other form of benefits that is competitive with other companies in the same business.

#### **18. Director Compensation**

The company establishes a clear and transparent policy regarding compensation for the directors which is competitive with the industry and attractive enough to incentivize the directors possessing the required qualities to remain on board. Such policy is approved at the shareholders' meeting and is clearly disclosed in the annual report. The director who is assigned to serve in the Audit Committee and other committees shall receive additional compensation according to the additional work load. The compensation for the executive follows the principle and policy laid out by the company's BOD which is linked to the company's performance and that of each executive member.

#### **19. Job Orientation of New Directors, Trainings and Knowledge Development**

Each newly-appointed director shall be briefed on the overall performance picture of the company including regulations, pertinent information

relating to the company's business that is necessary for performing their duty before starting work. The director will receive trainings and a chance to develop their knowledge continuously to help them to perform their duty in supervising the company's business efficiently.

## **20. Assessment of Director Performance**

Every committee member is required to conduct self-assessment of their own performance to use as the framework to evaluate their performance as the company's director on regular basis. In assessing the performance of directors, it is measured on how well they perform in implementing the company's policy, in their supervision duty - in order to improve the company's overall performance to be in compliance with specified policy.

## **Section 2**

### **Shareholder's Rights and Equality and Roles of Stakeholders**

#### **1. Shareholder's Rights and Equality**

The BOD respects the rights and realizes its obligation to look after every shareholder's benefits equally. Each shareholder has the rights and equality as follows:

- 1.1 The right to receive share certificate and the right to transfer share
- 1.2 The right to receive information on the company's performance and its management policy regularly and timely
- 1.3 The right to share the company's profits equally
- 1.4 The right to participate in the shareholders' meeting, voice opinions, make suggestions and jointly decide on the change of important matters
- 1.5 The right to appoint and remove a director and give approval in appointing an independent auditor

In addition, each shareholder shall receive the rights equally as provided in the company's articles of association and related laws.

#### **Shareholders' Meeting**

The BOD organizes the annual general meeting within 4 months after the end of the company's accounting period. The BOD has the policy to make it convenient for every shareholder equally in participating in the meeting such as in receiving information, the opportunity to ask question and in exercising the rights to vote in the shareholders' meeting.

The BOD realizes the importance of the shareholder's right in taking part in the decision making and the right to receive information completely, sufficiently and timely for decision making. The BOD supports and facilitates the voting process including voting by proxy. In every shareholders' meeting, the BOD shall appoint at least one independent director to act as the proxy on behalf of the shareholder who may not be convenient to attend the meeting and already informed in the invitation letter.

The company gives an opportunity to the shareholders to propose agenda for the meeting including to nominate an individual with appropriate qualifications to be a candidate for the company's director and send in questions regarding the company's operation one day ahead of the meeting detailed method of which are clearly specified in the guidelines and procedures available on the company's website and via the SET's notification system.

The BOD supports the shareholders to voice their opinions and ask questions whilst the directors have the duty to join the meeting to answer the shareholders' questions in unison.

The BOD arranges to record important issues discussed via the meeting's minutes and causes the meeting's minute to be completed and disseminated to the shareholders via the company's website as soon as possible but not later than 14 days after the meeting date.

## **2. Roles of Stakeholders**

The BOD recognizes the rights of all the stakeholders whether internal stakeholders i.e. employee and executive of the company and subsidiaries or external stakeholders i.e. customers, competitors, creditors, public sector and other related agencies. The BOD shall cause to put in place a system of management to ensure that it complies with the legal requirements and other related regulations including those concerning with the rights of stakeholders.

The BOD arranges to prepare the company's ethic manual to allow those involved to use as a guideline while performing their duty with honesty, equality towards the company, every stakeholder, the public and the society.

Details of such manual shall be disclosed by the company in its annual report.

## **Section 3**

### **Information Disclosure and Transparency**

The BOD has the policy to disclose all information i.e. financial and non-financial related to the company's business performance that is true, accurate, complete, adequate, on regular basis and in timely manner revealing the company's actual financial and operational position including its business future.

The BOD has the duty to supervise the disclosure of the company's information consistent with the laws, rules and related regulations strictly and transparently.

The BOD arranges to have the Investor Relations unit to act as the company's representative in communicating with shareholders and facilitate investors, securities analysts equitably via appropriate channels including dissemination via the company's website i.e. [www.ncgroup.co.th](http://www.ncgroup.co.th) both in Thai and English.

## **Section 4**

### **Control and Risk Management**

#### **1. Internal control**

The BOD gives priority to an efficient internal control system at the management as well as operational level. It has therefore expressly set forth in writing the duty, obligation and authority to perform the job for the employee and the management. There is oversight of the company's assets usage that must be productive. There is separation of duty for operators, controller and evaluator to properly achieve check and balance principle.

The company's system audit and development department has duty to audit and evaluate the company's performance. It has internal audit manual to assist in the auditing process to ensure that the main operations and financial activities, IT management, special audit are performed according to the specified approach effectively including complying with the laws and rules related to the company. The system audit and development department performs their duty independently to maintain checks and balances. The internal audit department reports directly to the Audit Committee and are evaluated by them.

The BOD also places importance upon risk management. It measures and assesses business risk in order to implement proper preventive measures and manage risk that can impact the business from both internal and external to maintain them at an acceptable level and within the company's risk tolerance.

## **2. Risk Management**

At the BOD's meeting no. 1/2552 on 27 February 2009, the BOD approved risk management policy as follows.

- The risk management team is responsible for drawing the overall risk management policy which must cover key risks and preparing risk assessment matrix as well as determining risk index and making risk report in line with risk management procedures applied by the company.

- The risk management plan must be consistent with the policy and the strategy specified by the company to the extent that it can monitor and maintain the company's risk at appropriate level.

- Review the adequacy of risk management plan including the effectiveness of the system and adherence to the specified policy.

- Implement the risk management policy strictly and consistently under the supervision of the BOD and the Executive.

### **3. Anti-corruption policy**

The BOD established anti-corruption policy in order to be able to manage the company effectively and in line with the standards applicable to the company listed in the Stock Exchange of Thailand and gives importance to anti-corruption activities of all forms including supporting and promoting employee at all levels to be conscious in fighting corruption and be aware of the danger of corruption, creates proper values and enhance confidence from the stakeholders. The company cultivated and created good conscience for all levels of employees to be aware of and perform their duties with honesty, not to take advantage of their position to benefit others including to understand the negative impact and damage from committing fraud/corruption.

## **Section 5**

### **Business Ethics**

The BOD acknowledges its roles, duties and responsibility and further realizes that it requires knowledge, ability and experience that will be useful in operating the business ethically. The business must be operated within the rules of laws, respecting the company's articles of association and objectives including the shareholders' resolution with honesty and be aware of the company's and shareholders' interest at the same time. The company prepared code of conduct on ethics for the directors, the Executive and the employee to adhere to as guidelines in performing their jobs with honesty and fairness towards the company, stakeholders, the public and the society including determining monitoring system to verify compliance of such approach consistently.

In addition, the company set out work rules in order that the employee can adhere to as guidelines to perform their works with honesty and such rules also provides disciplinary actions in case of violation.