

Good Corporate Governance

2013

Charn Issara Development Public Company Limited

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Preface

The corporate governance by definition of the Stock Exchange of Thailand is the system allowed for structure and process of relationship between the Board, management and shareholders in order to create a competitive advantage leading to growth and increase value for shareholders in the long run while due consideration is also give to other stakeholders.

In the year 2012 the Stock Exchange of Thailand has improved the principle for good corporate governance for newly listed company to fit in with the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) which is a tool adopted to gauge the corporate governance for listed company in member countries of ASEAN. The improvement was in line with the changing environment in the circle of the capital market which also elevated the standard and practice on good corporate governance for listed companies to a higher standard of corporate governance.

The Company realized the benefits of composing the principle of good corporate governance for use as a reference for the Board and the management to enable the Company to compete towards sustainable growth.

Charn Issara Development Public Company Limited

Objective

The composition of good Corporate Governance is to enable the Company's management to be efficient, transparent, and accountable by creating confidence and trust among shareholders, investors, stakeholders and all concerned parties which will lead the Company towards a sound and sustainable growth in the future.

Chapter 1 Rights of Shareholders

The Board of Directors recognized the right of shareholders especially their fundamental rights such as the right to buy and to sell or transfer share, the right to share profit from the operation, the right to receive adequate information of the business, the right to attend meeting and exercise its voting right in the shareholders' meeting for the appointment or dismiss of Director, the right to appoint an auditor and the right in other businesses which will be affected such as dividend payment, the composing or amendment of the Company's regulations and the Articles of Association, capital decrease or increase and the approval of extra ordinary items.

The Board of Directors shall arrange for shareholders to receive regulation and process to attend meeting as well as giving adequate information for consideration of each agenda prior to the meeting with enough lead time allowed. This includes made available the opportunity for shareholders to propose agenda and gives right to assign proxy to attend the meeting on one's behalf, allows question to the Board both during the meeting and submitting question in advance.

The Board of Directors has therefore set out the following guidelines for practice of the Company in relation to shareholder's right as follows:-

1. Shareholders' Meeting

- 1.1 The Company has a policy to encourage and facilitate all shareholders including institutional shareholders in particular to attend the shareholders' meeting.

- 1.2 The Company shall furnish information regarding date, time, venue and agenda of the meeting with clarification and reason stated on each agenda or as a reference for the agenda as stated in the notice of ordinary general meeting of shareholders and extra ordinary general meeting of shareholders or in the enclosures of the
- 1.3 notice of meeting which is sent via registered mail to shareholders at least 14 days prior to the meeting as well as published on the Company's website.
- 1.4 The Company shall facilitate shareholders in attending the meeting and vote by arranging a convenient meeting venue for easy access of shareholders. These days the Company organizes meeting at the Company which is accessible by car, BTS, train, and taxi boat.
- 1.5 The Company has allowed shareholders to propose question on the Company in advance before the meeting and notify all shareholders through the Stock Exchange of Thailand and on the Company's website.
- 1.6 The Company has organized a proxy form ก, ข, and ค for shareholder to use as thought fit. In addition, the Company has also proposed the name of 3 independent Directors as an alternative for all shareholders to assign proxy to.

2. Practice on the day of shareholders' meeting.

- 2.1 The Company has a plan to adopt technology in organizing shareholders' meeting such as in registration, counting vote on each agenda to enable fast progress and accuracy of the meeting.
- 2.2 All Directors shall endeavor to attend all shareholders' meeting if not engaged in other necessary business to allow shareholders to make enquiry on all questions.

- 2.3 The Company will put each business on vote at a time in the event that any agenda carry several businesses such as the appointment of Director and the fixing of Director's remuneration.
 - 2.4 The Company is considering appointing an impartial person to count or supervise vote counting in the annual general meeting of shareholders or extra ordinary general meeting of shareholders and to announce the voting results to the meeting with record in the minutes of the meeting.
 - 2.5 The Company has arranged to have a ballot on all agenda no matter how important they may be for transparency and to be used as evidence for further inspection in the event of doubt or disagreement.
 - 2.6 Chairman of the meeting has allocated time for all shareholders to voice their opinions and make enquiry on unclear issue to the meeting on every related issue to the Company, both directly and indirectly.
3. The preparation of minutes of the meeting and disclosure of the meeting's resolution.
- 3.1 The Company has prepared minutes of the meeting in details with note of clarification, voting process with voting results announced to the meeting before the meeting convene. There is an opportunity provided for shareholders to make enquiry with the record of such enquiry and its respective response including name of the person who made enquiry in the minutes. There is a voting result of each agenda showing the number of those voted for, against and abstained as a percentage of all shareholders attending the meeting. There is a record of Directors attended the meeting, absent with apology, all staff from different department attended the meeting as well as those others in attendance such as auditor, financial or legal advisor for instant.

3.2 The Company has disclosed voting results of each agenda of the annual general meeting of shareholders and extra ordinary general meeting of shareholders by the meeting date or on the next working day on the company's website.

Chapter 2 Equitable Treatment of Shareholders

The Company's Board of Directors has a policy of equal treatment to all shareholders, including those shareholders who are also the Company's management, shareholders who are not the Company's management and foreign shareholders.

The Board shall arrange to convene shareholders' meeting by treating all shareholders equally.

The Company has a policy to give an opportunity to minority shareholders to propose candidate for Director at least 4 months in advance. There is also an opportunity for those shareholders who cannot attend the meeting by oneself to appoint a proxy to attend the meeting and cast vote on one's behalf. The minority shareholders will also be given an opportunity to propose additional agenda prior to the date of shareholders' meeting.

The Board of Directors has a measure to prevent its management to use insider information for personal or others' interest. The Company's Directors and managements are required to disclose its connected transaction including those of related parties for the Board to consider if there is any conflict of interest and if decision made was of the Company's interest. In this connection the Company's Director or management who has interest in the connected transaction shall not involve in the decision making for such transaction.

The Company's Board of Directors has set out the following guideline for equal treatment to all shareholders as follows:-

1. Information given prior to the shareholders' meeting

1.1 The Company has a policy to give notice of the shareholders' meeting including agenda and opinion from the Board of Directors to the Stock Exchange of Thailand and publish such on the Company's website at least 28 days prior to the date of shareholders' meeting.

1.2 Prior to the meeting the Company shall inform shareholders of all regulations used in the meeting, process of casting vote including right to cast vote on each agenda.

1.3 The Company has posed notice of meeting both in Thai and English on the Company's website.

2. Right of minority shareholders

2.1 The Company has set out a procedure to allow minority shareholders to propose additional agenda 15 days prior to the date of the meeting for transparency and fairness in consideration if such additional agenda can be included as proposed.

2.2 The Company has set out a procedure for minority shareholders to propose candidate for Director together with information on qualification and letter of consent from the candidate through the Board of Directors 4 months prior to the shareholders' meeting.

2.3 The Company has a policy to prevent shareholders who are also management of the Company to propose additional agenda without prior notice especially those important agenda that shareholders need lead time to study information before making decision.

2.4 The Company has stipulated that shareholders shall exercise its right to appoint Director on an individual basis.

3. The prevention of the use of insider information.

The Company has a policy to prevent its management and staff to use insider information for personal interest. Those management and staff who are aware of such insider information shall refrain from buying or selling the Company's stock for 1 month prior to the

announcement of operating results (financial report). This insider information includes any information which has a material effect on the movement of stock price. The time frame for disclosure of financial report is 45 days from the end of quarter and 60 days from the end of accounting period. In addition, the Company has required its management to prepare a report on stock holding in the Company including those of spouse and minor children. Such report must be submitted to the Security and Exchange Commission as follows:-

- (1) Report on initial stock holding (Form 59-1) within 30 days from the date of closure of public offering or the date of appointment to Director or management.
- (2) Report the change of stock holding (Form 59-2) as a result of buying, selling or receiving transfer of stock within 3 working days from the date of buying or selling, transfer or receiving transfer of such stock.

In addition, all management is required to submit one copy of the stock holding report to the Company for reference keeping on the day of submission the same to the Security and Exchange Commission. The Company has no penalty for management who breaches this policy but will co-ordinate with the governing authority to take due legal action.

4. Connected transaction

- 4.1 The Company requires the Director who has interest in connected transaction to report such connection and report the same in the minutes of meeting.
- 4.2 The Company requires the Director who has significant interest which will prevent such Director from giving an independent opinion to refrain from taking part in the consideration of the agenda.

Chapter 3 Roles of Stakeholders

The Company has a policy to treat each group of stakeholders in consideration of their legal right or in accordance with an agreement made with the Company. It shall refrain from any conduct which violate the right of those stakeholders and shall also set out measure to compensate those who have been affected by such violation of rights.

The Company pays attention to the participation of stakeholders in the contribution to the Company's operating results in order to strengthen the business. There will be adequate disclosure of related information to those stakeholders to enable an effective participation. In addition, the Company has a measure to report any legal violation, accuracy of financial report, deficient internal audit system and unethical conduct to the Board of Directors through different channels. The company will protect the source of that information and treat it as a confidential.

The Company has a social responsibility policy particularly for those issues related directly to the Company's operation. To ensure all concern parties that the Company is conscious on social and environmental factors for sustainable development the following guideline for operation are adopted:-

1. Policy towards stakeholders

1.1 The Company has a policy towards each group of stakeholders as follows:-

- 1.1.1 Set up a scope of responsibility towards customer in health, safety and compensation in the use of or receiving services from the Company during warrantee period.
- 1.1.2 Process and operational procedure in selecting supplier or contractor.
- 1.1.3 Adopt a systematic operation to ensure that the Company's value chain is environmentally friendly as well as support the sustainable and regular development.

- 1.1.4 Create a good public relation with the community where the Company or its project locates.
- 1.1.5 The Company has a project and direction to tackle corruption including a support given to any activity that foster and educate all staff to be abided by laws and related regulations.
- 1.1.6 Has an operational procedure not to infringe the creditor's right
- 1.1.7 Treat all staff and employee with fairness and justice including arranging for a continued training and development of staff.
- 1.2 The Company has arranged for receiving channel for petition from stakeholder as well as managing those by putting up procedures and channel on the Company's website.
- 2. A disclosure of operational compliance with the policy and arrange the report on social responsibility.
 - 2.1 The Company has disclosed all activities in relation to corporate social responsibility and encouraged its staff to involve in those activities for the sustainable development of the Company.
 - 2.2 The Company has arranged to report the sustainable corporate social responsibility in the Company's Annual Report.

Chapter 4 Disclosure and Transparency

The Company has a policy to disclose important information relating to the Company including financial information and non-financial information with accuracy, completion, timely and transparency through channel of the Stock Exchange and the Company's website.

The Company has assigned the Managing Director to take the responsibility of giving out information and public relation by setting out a clear public disclosure policy. In addition, the

Company has arranged for a personal to assume the role of Investor Relation (IR) in order to communicate with people outside the organization such as shareholders, institutional investors, general investors, analysts, and related government sector. There will be an opportunity to meet the Company's management as deem appropriate under the principle that the given information is the information which has already been disclosed to the public in accordance with the following operational procedure:-

1. Disclosure

- 1.1 The Company has a controlling mechanism to ensure that information disclosed to investor is the accurate and adequate information for decision making.
- 1.2 The Company has reported the business management policy, business ethic, risk management policy and social & environmental responsibility policy which have been approved in brief. This report will also include the operating results of respective policy and those cases where the policy cannot be effectively followed. This report will be included in the Annual Report as well as posted on the Company's website.
- 1.3 The Company has a report from the Board of Directors accountable towards the financial report in conjunction with the report form the Company's Auditor in the Annual Report.
- 1.4 The Company has arranged to include the management discussion and analysis (MD & A) in the disclosure of Financial Statement in the Annual Report. This will allow the investor to receive information and understand the change in the financial position as well as the Company's operation on an annual basis in addition to those numbers in the financial statement.
- 1.5 The Company has disclosed auditor fees and other service fees that the auditor charges in the Annual Report.

1.6 The Company has disclosed role and duty of the Board of Directors and sub-committee which include number of meeting attendance versus total meeting convened in the past year, opinion related to the performance on duty, continued development and training of the Board of Directors in the Annual Report.

1.7 The Company has disclosed director remuneration policy as well as those of senior management which reflect responsibility and position of each individual. This includes structure and type of the remuneration as well. The remuneration disclosure will also include those remunerations each Director receives from subsidiary companies.

2 Minimum information disclosed on the Company's website

The Company has disclosed information in accordance with prescribed guideline and through the channel of the Stock exchange of Thailand, form 56-1 Annual Information and form 56-2 Annual Report. In addition, the Company has disclosed information both in Thai and English through the Company's website which includes:-

- (1) Vision and Mission of the Company
- (2) Type of the Company's business
- (3) Name list of Director and Management
- (4) Financial Statement and report on financial position, operating results both from current year and previous year
- (5) Form 56-1 and Annual Report which can be downloaded
- (6) Information released to all medias
- (7) Shareholding structure, both directly and indirectly
- (8) Structure of group of companies including associate company, joint venture, and special purpose vehicle or SPV

- (9) Group of major shareholders both directly and indirectly who has more than 5% interest of issued and sold shares and entitle to a voting right
- (10) Shareholding both directly and indirectly by Directors, major shareholders, and senior management
- (11) Notice of Annual General Meeting of Shareholders and Extra Ordinary General Meeting of Shareholders
- (12) The Company's regulations, Articles of Association and other agreement of other group of shareholders (if any)
- (13) Policy on Good Corporate Governance
- (14) Policy on risk management and approach to each type risk management
- (15) Codes or responsibility, qualification and term of Director including those matters require approval from the Board of Directors.
- (16) Codes or responsibility, qualification and term of Audit Committee and Remuneration Committee
- (17) Ethic of staff and the Company's Director including ethic of Investor Relation
- (18) Contact information for the Company's department or Investor Relation

Chapter 5 Responsibility of the Board of Directors

The Company has a policy to allow Directors to make decision independently in the best interest of the Company and shareholders as a whole. There is a clear segregation of roles and duties between Directors and the management with assurance that the Company has an operating system to allow all activities carried on legally and ethically.

To enable an effective and efficient exercise of duty of the Board of Directors, the Board of Directors has organized to set up sub committees to help studying and screening works as

necessary particularly in case where neutral analysis is required. There is a clear stipulation of policy, role and responsibility.

As the fixing of Directors' remuneration is concerning direct benefits to the Director, the Board of Directors has arranged to have a clear process of fixing remuneration in consideration of the proposal from the remuneration committee and with approval from the Annual General Meeting of Shareholders. The Company has the following guideline of practice:-

1. Structure of the Board of Directors

1.1 The Board of Directors has designated structure of the Board of Directors to comprise of Directors of various qualifications including skills, experience and specific qualification deem beneficial to the Company. There must be at least 3 non-executive Directors and number of years each Director serves his or her term in the Company will be reported in the Annual Report and posted on the Company's website.

1.2 The Board of Directors comprises of person with knowledge, experience and various qualifications. There must be not less than 5 persons and not to exceed 12 persons on the Board.

1.3 The Company has Independent Directors to the number allowed by SEC to voice an independent opinion on works of the management. For other Directors the number will be a fair pro rata to the investment of each shareholder's group.

1.4 The Board of Directors has clearly designated term of Director by specifying in the corporate supervision policy.

1.5 The Board of Directors has considered qualification of candidates to be an "Independent Director" to enable the truly independence of the Company's Independent Directors suitable to the specific character of the Company. The

independence of which must be at least meet the criteria set out by the SEC and the Stock Exchange of Thailand.

1.6 Chairman of the Board of Directors and Managing Director must not be the same person and they shall have a different duty and responsibility. The Board of Directors has clearly specified authority and duty of the Chairman of the Board of Directors and that of the Managing Director so that no one shall have unlimited authority.

1.7 The Board of Directors may select an Independent Director to be Chairman of the Board of Directors.

1.8 The Board of Directors has set out criteria for Directors to serve in other companies in consideration of efficiency of work performance for those Directors who hold position in many companies. To ensure that Directors can devote their time in the course of their duty in the Company there is a limitation of number of company to 5 listed companies in which each Director may currently hold the office of Director thereby the effective work performance in the capacity of Director is ensured.

1.9 The Board of Directors has set out a policy and procedure for Managing Director or other senior management who hold the office of Director in other company.

1.10 The Company has a Corporate Secretary to co-ordinate on legal affairs and other regulations that the Board of Directors must note. The Corporate Secretary will perform his/her duty in managing activity for the Board of Directors including a liaison for operational compliance to the Board's resolution.

1.11 The Corporate Secretary shall receive training and continuous career development on law, accounting and/or the performance as the Corporate Secretary.

2. Sub Committee

2.1 In addition to the Audit Committee the Company has required to set up sub- committee for good business supervision as follows:-

Remuneration Committee

The Remuneration Committee comprises of Independent Directors and has a duty to consider type and criteria of Director's remuneration as well as remuneration for the top executives of the organization then propose to the Board of Directors. The Board of Directors is the authorized party to approve remuneration for senior management. The Board of Directors will propose to the Shareholders' meeting for the approval of the Directors' remuneration.

2.2 In the event that the Board of Directors appoints any advisor to the Remuneration Committee the Company shall disclose information of such advisor in the Annual Report including its independence and free from conflict of interest.

2.3 The Chairman of the Board of Directors shall not participate as a chairman or member in any sub-committee to allow an independent performance of those sub- committees.

2.4 Remuneration Committee has arranged to have a minimum of 2 meetings in a year to consider, discuss or complete any task in the call of their duties for the efficiency and effectiveness in achieving objective and completion of assignment received from the Board.

3. Role, duty and responsibility of the Board of Directors

3.1 Role, duty of the Board of Directors are as follows:-

3.1.1 Consider and approve essential business related to the Company's operations such as vision and mission, tactic, financial target, risk, business plan and budget.

3.1.2 Follow up and monitor the management to operate in compliance with policy and designated plan effectively and efficiently.

- 3.1.3 Internal control and risk management including a mechanism to receive petitions and action when there are clues to any issue.
- 3.1.4 Monitor to ensure the continuous business operation in the long run including staff development and continuity of management.
- 3.2 Arrange to have a policy on business supervision in writing and give approval to such policy. The Board of Directors has reviewed the policy and operational compliance with such policy on a regular basis at an interval of at least once a year.
- 3.3 Encourage the composition of business codes of conduct in writing for Directors, management and all staff to understand the standard of codes of conduct that the Company adopted in doing business and shall monitor the compliance with such codes.
- 3.4 Review carefully the conflict of interest and review any transaction which may deem to be conflict of interest with a clear direction for the benefits of the Company and shareholders as a whole. The person who has conflict of interest shall not involve in the decision making. Monitor the compliance of procedure and the disclosure of transaction with conflict of interest with accuracy and thoroughness.
- 3.5 Arrange to have a supervision of operation, financial report, rules, regulations and policy compliance. Arrange to have an independent personal or department to be responsible for such review of those supervision systems and to review essential system at least once a year and disclose such in the Annual Report.
- 3.6 Set out risk management policy to cover the entire organization by having the management to follow the policy and report to the Board of Directors on a regular basis. Arrange to have a review and efficiency evaluation of the risk management system at least once a year and disclose such in the Annual Report and to repeat the same every

interval when it was detected that the degree of risk has changed. This includes paying attention to all indications and unusual transactions.

3.7 The Board of Directors and the Audit Committee shall give their opinion in regard to the adequacy of internal control system and risk management system in the Annual Report.

3.8 Arrange to have a clear operational procedure for those who intend to give a clue or information of party with conflict of interest through the website or report directly to the Company through the channel of Independent Director or Audit Committee to allow an investigation according to the established procedure and report to the Board of Directors.

3.9 Put in place the mechanism to supervise subsidiary companies in order to protect the interest of the Company's investment. The Board of Directors has a duty to consider suitable personal to serve in the Board of subsidiary companies in order to supervise those operations in accordance with the Company's policy and to make sure that all transactions entered into are legitimate and in accordance with regulations of the security law, Stock Exchange and announcements of the Stock Exchange of Thailand.

4. Board of Directors' Meeting

4.1 Arrange to have a meeting and notify each Director in advance with agenda so that Directors can schedule in advance to attend the meeting.

4.2 Number of Board of Directors' Meeting shall be suitable to the duty and responsibility of Directors as well as nature of the Company's business. However, there must be no less than 6 meetings per year.

4.3 Chairman of the Board of Directors and the Managing Director will jointly consider agenda of the meeting by making sure that essential businesses have been included on the agenda and allow each Director to propose agenda beneficial to the Company.

4.4 Meeting papers shall be sent to Directors at a minimum of 5 days in advance of the meeting.

4.5 All Directors must attend Meetings no less than 75% of the number of Board of Directors' meetings convened in a fiscal year.

4.6 The Chairman of the Board of Directors has allocated adequate time for the management to propose business on agenda and for Directors to discuss essential business thoroughly. The Chairman will encourage a cautious consideration and that all Directors shall pay attention to all issues brought to the meeting inclusive of business supervision.

4.7 The Board of Directors encourages the Managing Director to invite senior management to attend the meeting to give detailed information as a first hand source of information and to allow the Board to become acquainted with senior management for consideration in the succession plan.

4.8 The Board of Directors can access to necessary information through the Managing Director, corporate secretary or any other management who has been assigned under the framework of designated policy. In some necessary case the Board may seek independent advises from consultant or external professional by treating the associated expenses as the Company's expenses.

4.9 The Board of Directors has a policy to allow non-executive Directors to meet among themselves as deem necessary without the presence of management to discuss all problems in relation to management which is of interest. The resolution of the meeting shall be reported to the Managing Director.

5. Self-evaluation of the Board of Directors

5.1 The Board of Directors and sub-committee shall conduct self-evaluation at least once a year to allow the Board of Directors to consider performance and problem for improvement by setting up criteria for evaluation against performance systematically.

5.2 The performance evaluation of the Board of Directors shall be conducted on the entire Board as well as individually. This includes a disclosure of criteria, process, and evaluation results in the Annual Report.

5.3 The Company shall arrange to have outside consultants helping in setting out guideline and propose area for performance appraisal of the Board of Directors every 3 years and disclose such in the Annual Report.

6. Remuneration

6.1 The Directors' remuneration is comparable with those levels adopted in the same industry, taking into account experience, duty, accountability and responsibility including input expected from each Director. Director who has been assigned additional responsibility from member of sub-committee will receive increased remuneration as prescribed.

6.2 The remuneration for the Managing Director shall be in accordance with principle and policy designated by the Board of Directors within the framework approved by the Shareholders' Meeting and in the best interest of the Company. The remuneration of which shall reflect the operating results and with consideration to the highest benefit of shareholders as well as the long lasting stability of the company.

6.3 The Remuneration Committee shall conduct a performance appraisal of the Managing Director on an annual basis in order to use as a reference in consideration of the fixing of the Managing Director's remuneration according to norms agreed in advance and to the subjective level. This includes operational results on finance, and achievement on

long term strategic objective. Such appraisal shall be proposed to the Board of Directors for approval and the Chairman of the Board of Directors shall communicate the appraisal results to the Managing Director.

7. Career development for Director and Management

- 7.1 The Board supported and facilitated the training and development for those involved in the business supervision of the Company which includes Directors, Audit Committee, Remuneration Committee, management and Corporate Secretary in order for continuous improvement.
- 7.2 On every appointment of new Director the management shall prepare information useful for the work of new Director including the arrangement of orientation to the business and direction of doing business of the Company to the new Director.
- 7.3 The Board of Directors shall cause the Managing Director to report on regular basis the development and succession plan which require the Managing Director to get ready for the plan for taking over by a successor in the event that he cannot perform his duty.
- 7.4 The Board of Directors shall arrange to have a management development by having the Managing Director report on an annual basis for what have been done during the year and to be considered in conjunction with succession plan.

Charn Issara Development Public Company Limited

Approved by the Board of Directors' Meeting No.8/2013

Dated : November 12, 2013



Mrs. Srivara Issara

Chairperson of the Board of Directors

Charn Issara Development Public Company Limited