

## **Good Corporate Governance Policy**

The Company's Board of Directors places strong emphasis on making the Company's business management appropriate, transparent, fair and accountable. The Company established a Good Corporate Governance policy which was in line with the rules and principles of Good Corporate Governance of the Stock Exchange of Thailand and Thai Institute of Directors which will bring about transparent business management and control as well as stability for the Company's business operations. The Company established a Good Corporate Governance policy and prepared handbook on business ethics and the code of conduct for directors, executives and staff. The written information was disseminated to all the Company's executives and staff to sign an acknowledgement of compliance.

### **1. Rights of shareholders**

The Company realizes that each shareholder is the owner of the Company. As a result, it places emphasis on the appropriate maintenance of the shareholders' basic rights as stipulated by the law as well as other rights as deemed appropriate. These rights include, among others, to right to participate in the meetings of shareholders to be informed of the Company's performance and the right to receive a share of profit/dividends. The shareholders are provided with convenience to exercise their various rights such as proposal of agenda items, proposal of candidates for appointment as new directors, sending their questions about the Company prior to the shareholders' meetings, as well as the right to vote on agenda items under which a resolution needs to be adopted, with the understanding that the voting rights of all the shareholders will depend on the types of the shares they own. The Company has also established an investor relations unit responsible for providing the shareholders with the convenience to exercise their rights on various matters. Moreover, the Company has established the following policies in compliance with the principles of Good Corporate Governance.

#### **1.1. Sending the notice of meeting to the shareholders**

At the Annual General Shareholders Meeting, the Company has assigned Thailand Securities Depository Company Limited ("TSD"), as the securities registrar, to send the notice of meeting and related documents to the shareholders, both in Thai and English. The shareholders can use them at the shareholders meeting as supporting information in making vote decisions on various matters.

The notice of the meeting will clearly specify meeting agendas and objectives of the meeting for each agenda as well as the Board of Directors opinion. Related documents such as annual report, financial statements, support document for each agenda and proxy statement, will be attached with the invitation letter. The notice of the meeting shall be sent to all shareholders listed in the shareholders' registration book. The notice should be sent on the day the Company announced the closing date of share transfer registration and should be

sent 14 days in advance, as well as publish the notice of the meeting along with the mentioned meeting agenda on the Company's website not less than 30 days prior to the meeting. The purpose is to allow the shareholders to study the information before the actual meeting. This also includes continuously advertise the invitation notice on the Newspaper not less than 3 days before the meeting date to inform shareholders to prepare in advance before participating in the meeting, which is in accordance with the Public Limited Companies Act, B.E. 2535(1992).

### **1.2. Shareholders' Meeting**

The Company holds an Annual General Meeting of Shareholders within four months from the end of its accounting period. In case it is urgent for the shareholders to consider special agenda items, an Extraordinary General Meeting of Shareholders will be held. The special agenda items include matters that may affect the interests of the shareholders or those that are related to the conditions, rules, laws or articles that need approval by the meeting of shareholders.

### **1.3. Actions undertaken after the Meeting of Shareholders**

The Company submitted the report of the voting result during the AGM to the Stock Exchange of Thailand (SET) within 1 day since the meeting was adjourned and also submitted the minutes of Annual General Meeting of Shareholders to the Stock Exchange of Thailand and the Securities and Exchange Commission within 14 days after the date of the meeting concerned. As well, the video recordings of the meetings are available on the Company's website (<http://www.patumrice.com>). The purpose was to provide the shareholders with convenient access to the information.

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

The Company places very strong emphasis on the equitable treatment of all the shareholders. As a result, it has included the upholding of the rights of shareholders and the equitable treatment of shareholders in its policies on the Good Corporate Governance, the Company's performance, voting on appointment or removal of directors as well as dividend payments, proposing additional items to the agenda, and asking questions or giving opinions on various matters which the Board of Directors brings to the attention of the shareholders for information or consideration.

## **3. Consideration of Stakeholders' Role**

The Company looks after various groups of stakeholders whether they are internal stakeholders or external of the company such as shareholders, customers, trading partners, competitor, creditors, staff at all levels, as well as society in general and the environment to

ensure that the stakeholders will receive appropriate, equitable and fair treatments to foster understanding and cooperation between the stakeholder groups and the company. This is also another factor that will support the sustainable and stable growth of the Company.

In order that, the details of related policies which the Company established to the Board of Director, the Executive Management and all of staff in order to treat to the stakeholders unless the shareholders are as follows

### **3.1 Customers**

The Company realizes that it is important for its customers to feel completely satisfied. This is because the Company's success depends on the customer satisfaction. To win customer confidence in its services, the Company needs to treat every customer fairly. The following policies and measures have been undertaken.

- 3.1.1 The Company honors all the terms and conditions agreed upon with the customers. In case it is not possible to honor any terms and conditions, the Company will try to find a satisfactory resolution or make necessary adjustments.
- 3.1.2 The Company treats all customers fairly and equitably.
- 3.1.3 The Company always keeps good relation with the customers.
- 3.1.4 The Company takes good care of the customers, taking into consideration their safety.
- 3.1.5 The Company provides the customers with accurate, adequate and timely information. It keeps the customers' information confidential. It will not use the customers' information for one's own benefit or for the benefit of the related parties.
- 3.1.6 The Company puts in place a system or process, through which the customers can file their complaints or give their suggestions about its services.

### **3.2 Trading partners, competitors and creditors**

In conducting its business affairs, the Company takes into account the benefits of its trading partners, competitors and creditors. It treats them equitably and fairly, in the best interest of the Company and based on the principles of righteousness and suitability as well as the business relationship. The following are the Company's practice guidelines.

- 3.2.1 The Company's conduct of business affairs is under the framework of fair competition rules and in line with the good culture and tradition.
- 3.2.2 The Company honors all agreements, terms and conditions, as well as rules and regulations. If it is not possible to honor them, the Company will try to find a satisfactory resolution or make necessary adjustments.

- 3.2.3 The Company places emphasis on treating these stakeholders appropriately, equitably and fairly.
- 3.2.4 The Company does not ask for or accept or pay any undue benefits dishonestly. The Company also does not violate confidentiality. As well, it will not attempt to gain access to trade secrets in a dishonest manner.
- 3.2.5 The Company puts in place a system or process, through which its trading partners, competitors and creditors can file complaints.

Apart from the aforementioned regulations, the Company has set up policies and regulations in selecting the trading partners by conducting under the following principles:

**Policies and regulations in selecting the trading partners**

- 1. Established the regulation in selecting and evaluating trading partners
- 2. Open bidding and select trading partners transparently, fairly and appropriately by the Company's procurement committee.
- 3. Compile appropriate contract form
- 4. Provide steps of procurement and tracking system including internal control to ensure that the conditions are practices accordingly.

**3.3 Society, communities and the environment**

The Company has always been committed to operating its business in a manner that shows responsibility towards society, communities and the environment. As part of its efforts, it takes actions that are of benefit to the society and communities. In particular, it complies with the building standards and requirements imposed by the authorities concerned. It has adopted the policies and measures as follows:

- 3.3.1 The Company complies with the laws as well as rules and regulations related to the environment.
- 3.3.2 It gives assistance to and cooperates with state agencies, communities, and educational institutions in their activities. The Company assists in preserving the local customs and traditions of the communities in which the Company and its offices are located. It also encourages its subsidiaries to adopt the same policy.
- 3.3.3 The Company encourages staff of the Company and its subsidiaries to be mindful of their responsibility towards society, communities and the environment.
- 3.3.4 The Company puts in place a system or process, through which complaints can be filed.

### **3.4 Employees**

The Company is aware that employees are the valuable assets and essential to the Company's achievement. The Company hopes that the employees will feel proud in the organization and have an equal opportunity to progress professionally and all are given a chance to continuously develop their skills. Therefore the Company has adopted the following guidelines in regards to its employees:

- 3.4.1 All employees shall be treated with equality and without prejudice.
- 3.4.2 The Company shall support and promote activities that allow employees to feel proud in the organization as well as strengthen the relationship among employees and between employees and that organization.
- 3.4.3 The Company shall provide fringe benefits for employees such as provident funds, healthcare and safety in the working environment.
- 3.4.5 The Company shall support and promote the development and professional progress of employees.
- 3.4.6 The Company shall set up a system and procedure that allows employees to file a complaint in case of injustice.

### **4. Information disclosure and transparency**

The Company places strong emphasis on disclosure of its information. In this connection, the Company has adopted a policy on equitable disclosure of a policy on equitable disclosure of key information both financial and non-financial, to shareholders and stakeholders in a complete, timely and reliable manner, in both Thai and English, through various channels such as annual report both in Thai and English, the Company's website ([www.patumrice.com](http://www.patumrice.com)) , website of the Securities and Exchange Commission (SEC).

The Company has assigned a person responsible for investor relations to disclose information to shareholders, investors, and stock analysts through its website ([www.patumrice.com](http://www.patumrice.com)) under the tab entitled Investor Relations.

### **5. Responsibilities of the Board of Directors**

To manage the Company efficiently, the Board of Directors must consist of individuals with knowledge, expertise and work experience in different fields of endeavor. Importantly, they must be able to dedicate themselves fully to their work and act at all times in the best interest of the Company.

#### **5.1 Composition of the Board of Directors**

- 5.1.1 The total number of members of the Board of Directors must be in line with the number specified by the meeting of shareholders. However, the number of the directors must be at least five.

- 5.1.2 The number of independent directors must account for at least one-third of the total members of the Board of Directors.
- 5.1.3 All directors must have proper qualifications and possess none of the characteristics prohibited under the Public Company Limited Act.
- 5.1.4 The appointment of directors must be transparent and clear. They must be appointed at the meeting of the shareholders or by the Board of Directors in case the director post becomes vacant before the end of the tenure.

## **5.2 Independence of the Board of Directors**

The independent directors must possess qualifications as specified by the Company. The qualifications are in line with those prescribed in the notifications issued by the Securities and Exchange Commission, with details as follows:

- 5.2.1 Holding shares not more than 1 percent of total number of shares with voting rights of the Company, subsidiary company, associated company, major shareholder or controlling person, including shares held by persons related to such Independent Director.
- 5.2.2 Is not now and never has been an executive Director, employee, staff, advisor who receives salary, or a controlling person of the Company, subsidiary company, associated company, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the appointment date. This restriction does not include cases in which the Independent Director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company.
- 5.2.3 Not being a person related by blood or registration under laws such as father, mother, spouse, sibling and child, including spouse of children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary company.
- 5.2.4 Does not have and never had a business relationship with the Company, subsidiary company, associated company or major shareholder or controlling person that may have a conflict of interest that obstructs the independent opinion. As well, any Independent Director is not now and never have been a significant shareholder, controlling person of any person having a business relationship with the Company, subsidiary company, associated company, major shareholder

or controlling person, unless the foregoing relationship has ended not less than two years prior to the appointment date.

- 5.2.5 Is not now and never has been an auditor of the Company, subsidiary company, associated company, major shareholder or controlling person. Not being a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, subsidiary company, associated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the appointment date.
- 5.2.6 Is not now and never has been a professional service provider, including a legal advisor or a financial advisor who receives service fees of more than two million baht per year from the Company, subsidiary company, associated company, major shareholder or controlling person. Not being a significant shareholder, controlling person or partner or the professional service provider, unless the foregoing relationship has ended not less than two years prior to the appointment.
- 5.2.7 Not being a Director appointed as a representative of any Director of the Company, any major shareholder or a shareholder related to the major shareholders.
- 5.2.8 Not operating any business that is of the same status and in competition with the Company or subsidiary company. Nor being a significant partner of a partnership or an executive Director, employee, staff or advisor who receives a salary or holds more than one percent of total number of shares with voting rights of any other company which operates business in the same status and in competition with the Company or subsidiary company.
- 5.2.9 Not having any business or being and Executive director nor having related benefit that may obstruct the independent opinion. As well, an Independent Director must not have any prohibited characteristic that undermines independence in carrying out the duties in the Company's operations.

#### Tenure of the Independent Director

The Independent Directors shall not hold office for a period longer than 9 years starting from the year 2016 onwards.

### **5.3 Executive directors**

Executive directors are those directors who participate in the management of the business, in line with the Notification of the Capital Market Supervisory Board No. TorChor. 28/2551 Re: Application for and Approval of the Offer for Sale of Newly Issued Shares. According to the Notification, “Executive director” means any director who holds an executive position, or any director who is in charge of any actions deemed to be taken by executive, and shall include any authorized director except where it can be demonstrated that such authorized director signs on transactions which have been approved by the board of directors and jointly with other directors.

### **5.4 Directors authorized to sign on behalf of the Company**

The directors who are authorized to sign on behalf of the Company and whose names are specified in the Company’s Articles of Association

### **5.5 Committees on Specific Areas**

The Board of Directors may appoint committees to perform some of its duties on specific areas. These committees assist the Board in carrying out some of its duties, conducting detailed studies, and checking things as deemed necessary and appropriate. These committees consist of the following:

- 5.5.1 The Executive Committee
- 5.5.2 The Audit Committee
- 5.5.3 The Compensation and Nomination Committee
- 5.5.4 The Good Corporate Governance Committee
- 5.5.5 The Other Committees

The characteristics of the committees must be in compliance with the requirements stipulated by the Stock Exchange of Thailand. As well, the Board of Directors has clearly specified the scope of responsibilities of each committee. It also requires that the committees present their respective report at each meeting of the Board of Directors.

### **5.6 Holding of Directorships**

The Board of Directors has considered the appropriateness of time allocation in carrying out the responsibilities of each director who is required to assume positions in various subsidiaries. The objective is to achieve the maximum efficiency possible in ensuring that each subsidiary adopts policies and conducts its business affairs in alignment with the parent company and that its business is beneficial and adds value to all groups of stakeholders. The Board of Directors then sets out a policy that individual Company Directors can serve as directors for not more than 5 companies listed on the Stock Exchange of Thailand (SET) without exception.



Moreover, the Board of Directors sets out a policy that the Managing Director can occupy positions for not more than 3 listed companies in order to regulate good corporate governance with the utmost efficiency.

#### **5.7 Segregation of duties between the Board of Directors and the management**

The Company clearly defines and segregates the authority between the Board of Directors and the management at various levels. In addition, the Chairman of the Board of Directors and the Managing Director must not be the same person. As well, the Company clearly segregates the authority and duties of the Chairman and the Managing Director. The objective is to strike a proper balance in managing the Company's business. The system in segregating the roles, duties and responsibilities between the Board of Directors and the management is in line with the segregation principle that is based on the Corporate Governance policy. This includes systematic delegation of decision-making authority. The management is independent in making decisions and managing the business within the limits of the delegated authority.

#### **5.8 Training and Development of Directors**

The Company regularly places importance in training and development of the directors. All the newly appointed directors is required to attend the orientation session which will provide them with adequate information about the Company before they start carrying out their responsibilities. The information includes the Company's vision, missions, strategies, goals, Memorandum of Association, Articles of Association, roles and responsibilities of the Board of Directors, policies on Good Corporate Governance, code of business ethics, code of conduct for directors, and business information of related companies, as well as related rules and regulations. The Company promoted and supported all the directors to regularly participate in the training and develop knowledge. No matter whether the training courses that are related to the performance of their responsibilities as director, are organized by the Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand, the Securities and Exchange Commission or other institutes; the Company will regularly inform the directors of the details about these courses in advance.

#### **5.9 Leadership and Vision**

The Company's Board of Directors has established clear vision and mission statements as well as business directions, policies, strategies and targets. They serve as guidelines for the management in formulating business plans and budgets as well as future business expansion plans in order to enable the Company to achieve sustainable growth and stability.

#### **5.10 Company Secretary and the Company Compliance Supervisor**

The Company has appointed Company secretary in accordance with the Securities and Exchange Act and the Good Corporate Governance practices of listed companies concerning the Responsibility of Directors, having the responsibility relating to the convening of meetings and the preparation and safe-keeping of documents, such as the register of directors, the notices for the convening of the meeting of the Board of Directors, the minutes of the meetings of the Board of Directors, the annual report of the Company, the notices for the convening of the meetings of the shareholders of the Company, the minutes of the meetings of the shareholders, and the report on the fact and the nature of conflicting of interests of the directors/executives, and the giving of recommendations, information/various regulations in respect of which the directors must have knowledge and compliance, and the attending to the various activities of the directors to enable them to discharge their duty efficiently and in the manner most beneficial to the Company.

Moreover, the Company Secretary also holds the position of Compliance to supervise and ensure that the Company performance is in accordance with the regulations of The Stock Exchange of Thailand, The Securities and Exchange Commission, and other related regulators.

#### **5.11 The Company's Board of Directors has formulated a succession plan.**

The objectives are to ensure availability of qualified people for positions at the level of department head and above and to support the Company's business expansion. In implementing the plan, the efficiency and potential of executives will be assessed. As well, they will be required to participate in appropriate training and development activities which are aimed at enhancing their skills and knowledge. Their professional development will be closely monitored.

#### **5.12 Remuneration of the Board of Directors and the Executives Management**

The Board of Director had set up policies and regulations for the Directors and sub-committee's remuneration at which the rates is appropriate and in line with the Directors responsibilities that have to minister to be in comply with the stakeholders expectation and in accordance with the related laws and rules. The Company, therefore, is required to select directors with experience and appropriate qualifications. The Board of Director had also set up policies that will determine the remuneration of each directors, where the remuneration rates will reflects the duties and responsibilities of each individual, this can be compared with the similar size of listed company on The Stock Exchange of Thailand along with to be able to practice in accordance with the Good Corporate Governance. The remuneration is revised annually.

### **5.13 Meetings of the Board of Directors**

The Company's various committees including the Board of Directors, the Executive Committee, and the Audit Committee plan their meeting schedules one year in advance. They are required to hold their meeting at least once a month. They may organize additional meetings as deemed appropriate, to consider special agenda items. The purpose is to acknowledge and monitor the Company's performance and business operations. The Company will send the notice of the meeting together with the agenda and supporting documents to each director at least 5 days before the Board of Directors' meeting so that the directors will have adequate time to read through the documents. At the meetings, the directors can give their opinions openly and independently. The minutes of the meetings will be taken and made available for the parties concerned for future reference. As regards the Compensation and Nomination Committee, their meeting will be held when the Company has to nominate directorships or when the Managing Director's performance has to be evaluated.

### **5.14 Annual Self Appraisal**

#### **5.14.1 Self Appraisal of the Board of Directors**

The Company has made arrangements for annual performance appraisal of the Board of Directors. The purpose was to reflect the efficiency of their performance. The procedure start from the Company secretary distributed the assessment form to the Board members for both the Board and individual self-assessment. The assessment requires each Board member to have self-assessment through responding a questionnaire and sending it back to summarize and report to the Board of Directors.

#### **5.14.2 Self Appraisal of the Committees**

The Company has made arrangements for annual performance appraisal of the committees such as the Executive Committee, the Audit Committee, the Compensation and Nomination Committee. The purpose was to reflect the efficiency of their performance. The procedure start from the secretary of the committees distributed the assessment form to the Committee members for both the committees and individual self-assessment. The assessment requires each committee member to have self-assessment through responding a questionnaire and sending it back to summarize and report to the Board of Directors.

#### **5.14.3 The performance assessment of Managing Director**

The Board of Directors appoints the Compensation and Nomination Committee to annually evaluate the performance of Managing Director by means of consideration of their suitability for assigned duties and responsibilities, the Company's business operations compared with the Company's goals, actual economic situations, and a remuneration comparison with other companies in the similar industry, in order to present obtained results of the evaluation to Board of Directors' meetings to be informed

## **6 Internal control and risk management**

### **6.1 Internal Control**

The Board of Directors allows the Audit Committee to supervise the internal control system, the risk management system, the corporate governance system, and the compliance of related laws, orders and regulations to prevent conflict of interest. Besides, related transactions are operated to control the performance of subsidiary companies, the abuse of the assets of the Company and subsidiary companies, and to protect the property of the company from being lost or abused and the rights infringement, care and use of property to prevent fraud or misconduct. The Company sets up an auditing mechanism and balance by hiring the internal auditors who is independent in performing auditing work, evaluating performance and sufficiency of the internal control system, the risk management system and the corporate governance system.

### **6.2 Risk Management**

The Company realizes the importance of risk management as an important mechanism and tool to help the organization achieve the target objectives and goals. Therefore, the Company has set up a risk management policy that focuses on the improvement of the risk management system according to the good corporate governance guidelines. There is also an integrated risk management that is implemented systematically and consistently throughout the organization.

## **7 Anti-Corruption**

The Board of Directors is well aware and place importance in operating the business on the principle of honesty, transparency and fairness to all parties, as well as operates the business by focuses on practicing in accordance with the rules of the established laws, with the regulations and ethics to build confidence to employees and all stakeholders. The Company established the policy on anti-corruption and Whistle Blowing Policy.

## **8 Conflicts of Interest**

The Board of Directors has made available the Code of Ethics and the Code of Conduct for directors, executives and Company's staff. They serve as guidelines for all directors, executives and staff of the Company and its subsidiaries in carrying out their duties in honest, upright and fair manner. The purpose is to ensure that the Company's conduct of business affairs meets with the established objectives, taking into consideration the responsibility towards all groups of stakeholders including shareholders, customers, trading partners, competitors, creditors, staff, society, communities, as well as the environment. The codes also help enhance the positive corporate image that will bring greater stability to the Company. Adhering to the codes is also in line with the Company's good corporate governance principles.

The Company had determined to monitor and supervise the committee, the executives and employees to practice in accordance to the business ethic and code of ethics by assigning all the employees to acknowledge and understand the business operation ethics handbook that the Company had established and to use it as a guideline to perform their duties with integrity, honesty, and fairness. Those who refrain will be investigated and appropriate disciplinary punishment will be made, which may be to the extent of termination of employment and even legal action made be in the case of illegal conduct.

## **9 Conflicts of Interest**

The Board of Directors has adopted a policy and various measures that serve as guidelines for dealing with conflicts of interest. The policy and the measures are in compliance with the guidelines given by the Stock Exchange of Thailand. In this connection, all employees of the Company are required to take into consideration the best interest of the Company when they make business decisions. In addressing conflicts of interest, the employees have to consider carefully and adhere to the principles of honesty, integrity and rationality a well as independence within the framework of good ethics. The Board of Directors also ensures that complete information is disclosed, mainly in the best interest of the Company. In considering and deciding on matters which require approval, those with conflicts of interest or those who are involved in the matters under consideration are prohibited from participating in the process.

## **10. Supervision of use of inside information**

The Company places strong emphasis on the supervision of use of inside information. As a result, it has adopted a policy on good corporate governance. As well, it has established its Code of Ethics and the Code of Conduct. The directors, executives and staff are prohibited from using inside information for their own benefit by taking advantage of their positions. They are also prohibited from getting involved in either any business that competes with the Company or any other related businesses. As well, they shall not use inside information in trading the company shares for their own or others' benefit. The related details are as follows:

### **10.1 Supervision of Use of the Company's Inside Information**

The Board of Directors, executives or staffs who have access to inside information are prohibited from disclosing it to any third party or person who is not involved in the matter. They are also prohibited from using the information for their own benefit.

### **10.2 Changes in shareholdings**

Members of the Board of Directors and executives including their spouses and minor children are required to prepare and disclose reports annually to the Securities and Exchange Commission (SEC) when there are changes in their holdings of shares in Patum Rice Mill and Granary Public Company Limited, in compliance with Section 59 of Securities and Exchange Act B.E. 2535.

### **10.3 Trading of Company Shares**

They are prohibited from trading the company shares before the financial statements are disclosed to the public. The Company issues a notification prohibiting the share trading every time before the disclosure schedule.

### **11. Non human rights violation and non-infringement of intellectual property and copyrights**

The Company respects human rights and treating all employees fairly, as well as complies with laws related to human rights and employment. Thus, the Company had established regulations forbidding its employees to use any copyright work in the Company's advertising media, print media or in any work without permission from the copyright owners