



## **Corporate Governance Policy**

**(3rd Revision, 2019)**

**of**

**Khon Kaen Sugar Industry Public Company Limited  
and Group of Companies**

## Corporate Governance Policy



### (3<sup>rd</sup> Revision)

The Board of Directors in the Meeting No. 7/2018-2019 on 13 September 2019 finds it appropriate to make a policy regarding the directorship of Managing Directors and/or executives in other entities so as that such important undertaking shall be supervised by the Board of Directors in accordance with generally accepted corporate governance. As such, Clause 13 is added to Chapter 5. Roles and Responsibility of Board of Directors and shall be effective on 14 September 2019 onwards.

*(Signature)*

(Dr. Warapatr Todhanakasem)

Chairman of Corporate Governance Committee

*(Signature)*

(Mr. Manu Leopairote)

Chairman of Board of Directors



## Corporate Governance Policy

(2<sup>nd</sup> Revision)

After the Board of Directors of Khon Kaen Sugar Industry Public Company Limited in the meeting no. 3/2558 on 26 June 2015 had approved the Corporate Governance Policy (1<sup>st</sup> Revision) to be effective since 27 June 2015, the Securities and Exchange Commission announced on 17 August 2560 the effectiveness of the Corporate Governance Code for listed Companies 2017 that were different from the previous CG principles which the Company had based on to make the CG Policy (1<sup>st</sup> Revision). Besides, the Stock Exchange of Thailand has prescribed criteria for the evaluation of sustainability of listed companies in various dimensions. The Company, therefore, deems it appropriate to revise the CG Policy (1<sup>st</sup> Revision) to be consistent with the aforesaid SEC's new Corporate Governance Code and the SET's evaluation criteria. Nevertheless, major content in 7 Chapters of the revised CG Policy remain unchanged; provided that the revised items bear footnotes to state the alteration from the 1<sup>st</sup> Revision.

The Board of Directors encourages the Company to have good corporate governance to warrant efficient management, transparency, accountability and trustworthiness to the shareholders, investors and all stakeholders which would bring about stability and sustainable growth as well as long term value-added to investors. The Corporate Governance Policy is a significant tool to prescribe effective governance in various aspects and aims at the binding effect and strict compliance with the Policy by all directors, executives and staff. The Board of Directors assigns the Corporate Governance Committee to supervise the implementation of this Policy and to report to the Board of Directors on a quarterly basis.

The Board of Directors in the meeting no. 7/2559-2560 on 29 September 2017 considers and approves the Corporate Governance Policy (2<sup>nd</sup> Revision) to be effective from 1 October 2017 onwards.

*(Signature)*

(Dr. Warapatr Todhanakasem)  
Chairman of Corporate Governance Committee

*(Signature)*

(Mr. Manu Leopairote)  
Chairman of Board of Directors



## Corporate Governance Policy

### (1<sup>st</sup> Revision)

The Board of Directors of Khon Kaen Sugar Industry Public Company Limited had published its Corporate Governance Policy and Business Ethics, as well as Policy on Providing Information of Commission of Wrongdoing and Dishonesty, Investigation, and Protection of Informant, with effective date from 3<sup>rd</sup> February 2014.

The Company deems it suitable to revise the Corporate Governance Policy on the whole, by still using the structure according to the criteria on corporate governance prescribed by the Securities Exchange of Thailand, which is divided into 5 Chapters. In the context itself, the Company has added certain issues in the Corporate Governance Policy so that it be in conformity with the criteria of the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard), and also prepared Anti-Corruption Policy as Chapter 6, and introducing certain important issues in the part of corporate governance of the Policy on Providing of Information of Commission of Wrongdoing and Dishonesty, Investigation, and Protection of Informant (previously it was a separate policy) in the Corporate Governance Policy as Chapter 7. As such, the newly revised Corporate Governance Policy now comprises 7 Chapters. Also, there have been revised the business ethics so that it be more appropriate, both in term of conformity with the various chapters of the Policy and the details contained therein.

The Board of Directors encourages the Company to exert good corporate governance so as to guarantee effective, transparent, and accountable management, which, in turn, would help create confidence to the shareholders, investors, and stakeholders. All of these will no doubt tantamount to strengthening the stability and the growth of the Company in sustainable way to an extent that it would create added value for the investors in the long term period. The Corporate Governance Policy is then an important tool that directs effective governance in various aspects and is intended to be strictly observed by the Board of Directors, executives, and all staff. In order that the compliance with this Corporate Governance Policy shall be continuous and effective, the Board of Directors assigns a Corporate Governance Committee to supervise the compliance with this Policy and report back to the Board of Directors quarterly.

The Board of Directors at its Meeting No. 3/2558 on 26<sup>th</sup> June 2015 duly considered and approved the application of Corporate Governance Policy (1<sup>st</sup> Revision) as from 27<sup>th</sup> June 2015 onwards.

*(Signature)*

(Dr. Warapatr Todhanakasem)

Chairman of Corporate Governance Committee

*(Signature)*

(Mr. Manu Leopaireto)

Chairman of Board of Directors



## Corporate Governance Policy

The Board of Directors of Khon Kaen Sugar Industry Public Company Limited is well aware of the responsibility towards all stakeholders under the scope of Business Ethics. Hence, it is deemed suitable to compile and prepare the “Corporate Governance Policy”, for use as guidelines on management of the organization, thereby creating confidence that any proceedings shall be carried out with fairness and taking into account the ultimate benefits of the shareholders.

The Board of Directors adheres to the principle of business operations sincerely and honestly. There have been prescribed policies, work plans, strategies, operations, and assessment, as well as proceedings and supervision on risk management with transparency and accountability.

The Board of Directors is committed to operating business under the Corporate Governance Policy continuously along with social responsibility, for the benefits of all parties concerned and of the society as a whole.

This Corporate Governance Policy shall become effective as of 3<sup>rd</sup> February 2014 onwards.

*(Signature)*

(Prof. Dr. Warapatr Todhanakasem)  
Chairman of Corporate Governance Committee

*(Signature)*

(Mr. Manu Leopairote)  
Chairman of Board of Directors

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## **Chapter 1**

### **Rights of Shareholders**

#### **Principle**

The shareholders enjoy the right of ownership of the Company, by controlling the Company through the appointment of a Board of Directors, who shall act on their behalf and shall have the right to make decisions concerning significant changes of the Company. The Company therefore encourages the shareholders to exercise their rights accordingly.

#### **Policy**

1. The Company respects the rights of the shareholders as prescribed in the laws, regulations, and rules, whereby it shall strictly comply therewith, and shall also prescribe the rights of the shareholders according to the good governance guidelines.

2. The shareholders of the Company are entitled to the following rights:

2.1 Attend a shareholders' meeting and are afforded an opportunity to express their opinions, forward proposals, and jointly make decisions on important issues, including:

- The rights to appoint or remove directors.
- Approve directors' remuneration, whereby the Company will propose remuneration in all forms for approval, including annual remuneration, meeting allowances, bonuses/gratuity, and other benefits (if any).
- Approve an appointment of auditor.
- Receive shares of profits of the Company in the form of money and/or dividends.
- Approve an amendment to the Memorandum of Association or the Articles of Association of the Company, or other regulations of the same nature.
- Approve an increase or a decrease of the capital, a change of registered share value.
- Approve other special issues which are not items arisen normally as the Company deems that it be considered by the Meeting of Shareholders.

2.2 Rights to receive important information of the Company regularly and within a period of time in suitable format, such as news of the Securities Exchange of Thailand sent by the Company, web site of the Company, etc.

2.3 Other rights than the above as prescribed in the laws and Articles of Association of the Company.

3. The Company maintains its qualifications on free float policy, whereby there must be the number of ordinary shareholders and the shareholding ratio not less than that fixed in relevant criteria of the Securities Exchange of Thailand concerned.

### **Guidelines for Practices**

1. The Company shall send documents, information, day and time, place of meeting, and meeting agendas, including all information concerning matters to be decided at the Meeting to all shareholders not less than 30 days before the date of meeting, and shall also publish such information on the web site of the Company: [www.kslgroup.com](http://www.kslgroup.com), of both in Thai and English languages.

2. The Company sets the agendas for Annual General Meeting of Shareholders as prescribed by law and regulations concerned and which must be in conformity with the general practices of a listed company.

3. The Company shall afford convenience to the shareholders to fully exercise their rights to attend the meeting themselves or to give a proxy to other persons or to an independent director specified by the Company as proxy holder, and to cast their votes, by arranging the Meeting at a hotel or at other meeting venues on work days within Bangkok Metropolis and suburbs which is convenient for travelling by the shareholders, as well as providing sufficient personnel and technology for examining documents and affixing stamp duty on the proxies.

4. The Company shall first notify all shareholders of the rules applied at the Meeting, and shall allocate sufficient time and encourage the shareholders to express their opinions and put forward questions to the Meeting on matters relating to the Company.

5. The Directors and high-level executives of the Company shall attend the Meeting and shall also answer questions put forward by the shareholders at the Meeting.

6. The shareholders shall receive Minutes of Meeting via the web site of the Company within fourteen days after the date of said Meeting.

7. The shareholders may access to information and news of the Company via the web site of the Securities Exchange of Thailand.

8. The shareholders shall have an opportunity to visit the business of the Company or to take part in seminars organized by the Company.

## Chapter 2

### Equal Treatment of Shareholders

#### Principle

All shareholders, both executives and non-executives, minor shareholders, including shareholders who are foreigners, shall be treated equally and fairly. The Directors, the executives, and the staff shall not act in any way which is a taking of advantage of the shareholders by using inside information of the Company.

#### Policy

1. The shareholders shall have a right to propose an agenda of a General Meeting of Shareholders according to the guidelines annexed to this Chapter.
2. The shareholders shall have a right to nominate persons to be elected as a director of the Company according to the criteria annexed to this Chapter.
3. The Board of Directors shall afford an opportunity to the shareholders to exercise the rights of appointment of directors of the Company individually, and shall arrange for the use of ballots for transparency and accountability.
4. The Company prohibits its directors, executives, and staff at all levels to use significant inside information of the Group of Companies which has not yet been disclosed to the general public according to the required criteria for their own benefits or for benefits of other persons.
5. The directors and the executives of certain positions shall have the duty to report the holding of securities issued by the Company in the part owned by them, by their spouses, and by their children who are not yet *sui juris*, and shall report the changes of securities issued by the Company every time when there is a buying, selling, transferring, or acceptance of transfer of said securities, to the Office of the Securities and Exchange Commission, according to the bases prescribed, and shall report also the holding of securities to the Board of Directors.
6. The directors, the executives, and the staff who have come across inside information of the Company must not buy/sell the securities of the Group of Companies during a period of one month prior to the disclosure of financial statements or results of operations quarterly until the day the Company discloses its financial statements or results of operations quarterly to the general

public. In this respect, the Company shall notify any person specifically, or notify such to the directors, executives, and staff, of this restriction.

### **Guidelines for Practices**

1. The Company prescribes criteria for the shareholders to propose agendas at a General Meeting of Shareholders as follows:

1.1 One single shareholder or several shareholders holding shares altogether not less than five percent of the total number of shares with voting rights of the Company shall be entitled to propose a matter to the Board of Directors of the Company for putting as an agenda of the Annual General Meeting of Shareholders of such year, by preparing same in writing, which must contain the following information:

1.1.1 Names, addresses, and telephone numbers that can be contacted of the shareholders, including the number of shares held.

1.1.2 The matter proposed to be included in the agendas by the Board of Directors at the said Meeting must be a matter for approval or for consideration, by stating the details concerning the proposed agenda for consideration by the Board of Directors, such as, facts, reasons, issues for consideration, and other information, etc.

1.1.3 Other information deemed necessary by the shareholders for consideration.

1.2 The Board of Directors reserves the right not to include a matter proposed by the shareholders as an agenda of the General Meeting of Shareholders, if such matter is of the following descriptions:

1.2.1 Being a matter concerning normal business operations of the Company, and such claim of the shareholder does not show any reasonable cause of abnormality of such a case.

1.2.2 Being a matter that is beyond the power of the Company.

1.2.3 Being a matter that the shareholders had previously proposed to the Meeting of Shareholders for consideration in the past twelve months and obtained supporting votes at less than ten percent of the total number of votes, whereby the facts remain significantly unchanged.

1.2.4 Being a matter considered by the Board of Directors that there is no necessity to put such as an agenda, however, the Board of Directors must have reasonable grounds therefor which can be clarified to the shareholder.

1.3 In proposing a matter to the Board of Directors for consideration of putting as an agenda of the General Meeting of Shareholders, the shareholder must do so in writing and send it to the Company Secretary so that he/she may know that it is proposed by whom, or the shareholder may unofficially propose it via the web site of the Company at [www.kslgroup.com](http://www.kslgroup.com) for the time being, and then later prepare it in writing and send same to the Company Secretary.

1.4 The shareholder who wishes to propose a matter to the Board of Directors for consideration of including same as an agenda of the General Meeting of Shareholders must send such matter to the Company Secretary during 1<sup>st</sup> October to 31<sup>st</sup> December of every year.

1.5 Upon the Board of Directors having considered the matters proposed by the shareholders for inclusion as agendas at the General Meeting of Shareholders and deemed that they are suitable and should be included in the agendas of the General Meeting of Shareholders, the Board of Directors shall specify its opinions in the Notice Calling General Meeting of Shareholders that such are matters proposed by the shareholders. If the Board of Directors considers that the matters proposed by the shareholders should not be included as agendas of the General Meeting of Shareholders, it must notify the shareholders of such and state the reasons therefor via the web site of the Company at [www.kslgroup.com](http://www.kslgroup.com), and also disclosing such information through the Securities Exchange of Thailand first and then notify the General Meeting of Shareholders for information on the day of the Meeting.

2. The Company provides criteria for the shareholders to nominate persons to be elected as directors, as follows:

2.1 One single shareholder or several shareholders holding shares altogether not less than five percent of the total number of shares with voting rights of the Company are entitled to nominate persons deemed suitable to be elected by the General Meeting of Shareholders as directors of the Company to the Board of Directors for consideration by preparing same in writing, in which must contain the following details:

2.1.1 Name, address, and telephone number that can be contacted of the shareholder, including the number of shares held.

2.1.2 List of names of the persons to be nominated, including their education history, work history, work experiences, special expertise, outstanding achievements, shareholding in the Company, list of companies they are directors or executives or major shareholders, suitability in holding director position of the Company, and other information concerning said persons as deemed suitable for consideration by the Board of Directors.

2.1.3 Other information concerning the nominated persons deemed necessary by the Board of Directors for consideration. The Board of Directors must state reasons and necessity in requesting for said information.

2.1.4 Letters of consent of said persons that they agree to hold the post of directors of the Company.

2.2 The Board of Directors reserves the right not to present the names of those persons to the General Meeting of Shareholders for election as directors, if the said nominated persons are of the following descriptions:

2.2.1 Lack qualifications or possess prohibited descriptions to be a director of a listed company as prescribed in the law governing public limited company, the Notices of the Securities and Exchange Commission, the Notices of the Securities Exchange of Thailand, or other laws.

2.2.2 If elected as a director of the Company, the said person may have a conflict of interest in performing duties as a director, for example, the said person is a director or an executive or a major shareholder of a company that is a trade competitor of the Company, or is a customer or a trade partner of the Company, etc.

2.2.3 Being a person considered by the Board of Directors that he/she is not suitable to hold a position of director, in which case the Board of Directors must have reasonable grounds therefor, and can clarify such to the shareholders.

2.3 In proposing the list of names of persons suitable for consideration by the General Meeting of Shareholders for election as directors of the Company, the shareholders shall do so in writing and send same to the Company Secretary so that he/she may know that it is proposed by whom, or the shareholder may unofficially propose it via the web site of the Company at [www.ksigroup.com](http://www.ksigroup.com) for the time being and then later prepare it in writing and send same to the Company Secretary.

2.4 The shareholder wishing to propose the list of names of persons deemed suitable for consideration by the General Meeting of Shareholders to elect them as directors of the Company must send the said list of names to the Company Secretary during 1<sup>st</sup> October to 31<sup>st</sup> December of every year, so that the Selection and Remuneration Committee and the Board of Directors may have sufficient time for considering whether it is appropriate to present the list of names of said persons to the General Meeting of Shareholders for election as directors of the Company.

2.5 At the consideration of the Board of Directors, if the Board of Directors deems it suitable to propose the list of names of said persons to the General Meeting of Shareholders for

consideration, the Board of Directors shall state such in the Notice Calling General Meeting of Shareholders as its opinion in the agenda of election of directors that they are the persons nominated by the shareholders. If the Board of Directors considers that the said list of persons should not be presented to the General Meeting of Shareholders for consideration, the Board of Directors shall notify the shareholders of such, stating reasons therefor, via the web site of the Company at [www.ksigroup.com](http://www.ksigroup.com), and shall disclose such information via the Securities Exchange of Thailand first, and then notify the General Meeting of Shareholders later on the date of Meeting.

### **Chapter 3**

#### **Roles of Stakeholders**

##### **Principle**

The Company is well aware of the rights of the stakeholders of all groups and shall promote good management so as to create utmost benefits to all stakeholders suitably and sustainably.

##### **Policy**

1. The Company has arranged for good corporate governance, so that the business of the Company be carried out with transparency, fairness, accountability, and morality.
2. The Company operates business by attaching importance to environmental conservation, social development, along with good corporate governance.
3. The Company assesses risk and impacts on the environments and safety before it makes investment in its business. The Company also complies with laws relating to environments and natural resources, and manages its manufacturing process so that it may yield least impacts possible on the environments and natural resources.
4. The Company operates its business by taking into account the rights of the stakeholders under related laws or those entitled to them, including those of shareholders, staff, executives, customers, trade partners, creditors, as well as general public and society as a whole.

##### **Guidelines for Practices**

1. The Company creates awareness and compliance with Corporate Governance Policy in the group of directors, executives, and staff, and builds up cooperation between the Company, the Group of Companies, and other stakeholders.

2. The Company utilizes natural resources and energy economically, preserves the quality of environments, and shall not release wastes or pollution to the communities.
3. The Company promotes the design and development of manufacturing process, machinery, equipment, so that they could control and/or reduce pollution better, and also promotes the use of raw materials and products which are environmental friendly.
4. The Company applies the quality management system at international level, such as, ISO 9001:2008, FSSC 22000, SQF 2000, GMP, HACCP, HALAL, etc., so as to create utmost satisfaction to the customers in term of quality and standards of its products, punctual delivery, and world-class services, and strictly maintains confidentiality of the customers.
5. The Company provides equal opportunity on employment, appointment, assessment and transfer of staff, taking into consideration the quality of staff, the suitability of work condition, the fairness, the laws and regulations, and the utmost benefits for the Company. The Company shall not discriminate any persons owing to their race, nationality, religion, gender, age, marital status, disability, lack of opportunity. The Company provides work regulations which include employment, termination of employment and non-termination of employment in writing.<sup>1</sup>
6. The Company promotes progression and provides knowledge to its staff, by organizing training courses for its staff by itself, or encouraging the staff to attend outside training courses suitable to their positions and duties.
7. The Company maintains good working environments so that it be safe for life, health, and property of the staff at all times. The Company also provides welfare and rights/benefits which are suitable to their positions. The Company strictly complies with the labour law and Thailand labour standards.
8. The Company shall never employ forced labour of any kind, and shall never hire child labour whose age is under the age limit under the labour law or other laws. In the case of employment of labour of sex groups and ages, the Company shall comply strictly with the labour law and Thailand labour standards.
9. The Company pays remuneration in return to its staff according to correct and fair assessment, without discrimination and with equal opportunity. The Company complies with the law and regulations on labour wages. The Company shall manage the wages, salaries, and benefits at a competitive level so as to attract personnel to join the Company and to maintain capable personnel with the Company.<sup>2</sup>

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<sup>1</sup> Guideline 5. is revised by the Corporate Governance Policy (2<sup>nd</sup> Revision, 2017)

<sup>2</sup> Guideline 9. is revised by the Corporate Governance Policy (2<sup>nd</sup> Revision, 2017)

10. The Company adheres to the democratic system and encourages its staff to exercise their election rights under the Constitution, and shall never block the exercising of political rights of its staff personally. In this respect, the Company has no policy to grant financial supports or any other kinds of supports, either directly or indirectly, to any politicians or political parties, for the benefits of said politicians or political parties.

11. The Company shall comply with the agreements made with its creditors, whether in term of payment of debts, providing and maintaining security, and other conditions so set forth, such as, providing accurate report of financial data of the Company to its creditors, maintaining the ratio of debts and equity, etc. In the case the Company is unable to make repayment of debts on the due date thereof, the Company shall notify the creditors to jointly find a way for rectification of such problem on the basis of negotiation.

12. The Company supports free and fair trade competitions, equality in business operation and mutual benefits, transparent and fair purchases and contracting of works. The Company sets qualifications of its trade partners who shall have a right to propose quotations and will make announcements of same to the general public. The Company shall provide full and accurate information and conditions on purchases and contracting of works to trade partners who are eligible to quote prices openly and equally. The Company shall keep the quoted prices received from the trade partners in confidential and shall not reveal same to other persons, and shall not demand any benefits from trade partners in exchange for a contract of purchases or contracting of works.

13. The Company respects the intellectual property rights of other persons and shall exercise great care to prevent any claim or risk of violation of intellectual property rights of other persons.

14. The Company supports and respects human rights within the Company and the supply chain and operates its business to be in line with the principle and intention of the declaration and convention of the United Nations and other international agreements to which Thailand is a member, and shall not play a part in any acts which are contradictory to the principle of human rights by monitoring the compliance of the Company with this Policy and examine the non-violation of human rights by the suppliers and the customers regularly.<sup>3</sup>

15. The Company supports the organizing of activities, or may play a part in supporting activities, concerning charity or community development, so as to create good relations with the communities and to also upgrade their quality of life, particularly those living in the areas under

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<sup>3</sup>Guideline 14. is revised by the Corporate Governance Policy (2<sup>nd</sup> Revision, 2017)

operations by the Company. Such supports may be in the form of donations of money or articles according to suitability of each activity, taking in consideration the need of the receivers and according to local traditions and customs. In any case, the Company shall consider also that any supports given by the Company shall not risk to being accused as offering bribes or benefits to other persons in exchange for the benefits it may obtain improperly.

16. The Company receives opinions of the stakeholders and provides opportunity to stakeholders of various groups to participate in the Company's activities that are suitable to the stakeholder's status.<sup>4</sup>

## **Chapter 4**

### **Disclosure of Information and Transparency**

#### **Principle**

The Company discloses information accurately, adequately, transparently, thoroughly, regularly, and in time, of both financial and non-financial information, results of operations, and other related information, so that the investors and the stakeholders may receive significant information which may affect the price of securities of the Company, or the decision on investment, or the rights and benefits of the investors, under the scope prescribed by laws, regulations, rules of the State agencies concerned, as well as the Articles of Association of the Company itself, via the various channels and medias, as the case may be.

#### **Policy**

1. The Company, by the Investor Relations, communicates beneficial information to the shareholders, investors, analysts, and holds meetings announcing the results of operations quarterly for investors, securities analysts, which are attended by the executives concerned who shall make clarification and afford an opportunity to investors, securities analysts, fund manager, and interested persons, to put forward their questions.

2. The Company, by its Company Secretary and Legal Office, discloses its information to the Securities Exchange of Thailand and the Office of the Securities and Exchange Commission, according to the regulations laid down, such as, preparation of connected transactions, report of holding of securities, acquirement of property, etc.

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<sup>4</sup>Guideline 16. is revised by the Corporate Governance Policy (2<sup>nd</sup> Revision, 2017)

3. The Board of Directors and the executives disclose information concerning the gains and losses and the persons concerned so that the Board of Directors may consider the transactions of the Company which may have conflict of interest and shall make a decision for the benefits of the Company as a whole. In any case, the directors and the executives who have interests with the transactions made with the Company shall not have a part in making decisions on said transactions, whereby it shall be in accordance with the steps or measures on approval of related-party transactions of the Company.

4. The Management of the Company provides necessary and adequate information to the Board of Directors and Committees, so that each Committee may perform their duties efficiently.

### **Guidelines for Practices**

1. Disclosed Information and data include:

1.1 General information of business, which comprises nature of business, products, marketing situations, competitiveness, material foreseeable risk factors, reports of the Chairman of Audit Committee, and shareholding structure and management.

1.2 Management Discussion and Analysis (MD&A), report of responsibility of the Board of Directors to financial reports, report of the licensed auditor, financial statements, profit and loss statement, cash flow statement, statement of changes in shareholders' equity, notes to financial statements, and results of operations of the Company, related-party transactions.

1.3 List of names and history of directors, committees, including powers and duties and remuneration and performances according to the duties of committees in the past year.

1.4 Number of times each director and/or committee member attended each meeting.

1.5 Internal control and risk management.

1.6 Corporate governance, social responsibility, corporate governance policy, and anti-corruption policy, including responsibility of the Board of Directors, report of securities holding of directors and executives and of their spouses and children not yet *sui juris*, as well as changes of said securities holding.

1.7 Report of related-party transactions and interests of directors of the Company or of connected persons in the part concerning the Company or subsidiary companies.

1.8 Other information as prescribed in related laws or regulations, or as deemed suitable by the Company.

2. Method and Channel of Disclosure of Information. Disclosure of the information stated above or other information must be in accordance with the criteria, procedures, and conditions prescribed by law or the regulations of the regulators on such matter, such as, the Securities Exchange of Thailand, the Office of the Securities and Exchange Commission, the Capital Market Board, etc. For example, Form 56-1 (Annual Information Form), annual report, web sites of the regulators, letters, or reports. In the case there are no outside regulations therefor, the Company may disclose any information it considers suitable under the Corporate Governing Policy via suitable media, such as, web site of the Company, etc.

## **Chapter 5**

### **Roles and Responsibilities of Board of Directors**

#### **Principle**

The Board of Directors has a significant leadership role to govern the Company to exercise good management and establish sustainable business value. The Board shall bear accountability to the Company and shareholders and shall be independent from the management. The Board of Directors perform its duties and exercises discretion independently in making decisions on various matters of both from the Management and the shareholders, whereby each director has the duty and freedom to raise questions, express opinions, or raise an objection in the case of conflicting opinion on matters affecting the benefits of the shareholders or of the stakeholders.<sup>5</sup>

#### **Policy**

##### 1. Roles and Responsibilities

The Board of Directors governs the Company so that the latter shall establish sustainable business value that encompasses long-term business result, ethical operation, respect and responsibility towards shareholders and stakeholders, benefit to society, commitment to develop or reduce environmental impact as well as business resilience under variation of important factors.<sup>6</sup>

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<sup>5</sup> This principle is revised by the Corporate Governance Policy (2<sup>nd</sup> Revision, 2017)

<sup>6</sup> Policy 1. is revised by the Corporate Governance Policy (2<sup>nd</sup> Revision, 2017)

## 2. The Board's Charter

The Company provides the Charter of the Board of Directors that identifies the component of the Board, the qualifications of the Directors, duties and responsibilities of the Board, Board's operations, appointment and cease of directorship, evaluation and others as necessary and appropriate.<sup>7</sup>

## 3. Qualifications of Independent Directors

An independent director must possess full qualifications as prescribed by the Capital Market Board, and must be able to oversee the benefits of all shareholders equally, so that there be no conflict of interests. Besides, he/she must be able to attend meetings of the Board of Directors and express his/her opinions freely.

An independent director must possess the following qualifications:

3.1 Holding shares not more than zero point five (0.5 %) of the total number of shares with voting rights of the Company, subsidiary company, affiliated company, major shareholders, or persons with powers to control the Company, however, including the shareholding of related persons of such independent director as well.

3.2 Not being or used to be a director who has or had a part in the management, an employee, a staff, an adviser receiving regular salaries, or a person with control power, of the Company, subsidiary company, affiliated company, major shareholder, except where the period thereof has lapsed for not less than two years prior to the date of appointment as an independent director.

3.3 Not being a person who is related by blood or by registration under the law in the description of a father, a mother, a spouse, a brother/sister, and a child, including a spouse of a child of an executive, a major shareholder, a person with controlling power, or a person who is to be nominated as an executive or a person with controlling power of the Company or a subsidiary company.

3.4 Not having or used to have a business relations with the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, in a description that may be impediment to the exercise of discretion freely, and not being or used to be an important shareholder, or a person with controlling power of a person having business relations with the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, except where the period thereof has lapsed for not less than two years prior to the date of appointment as an independent director.

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<sup>7</sup> Policy 2. is revised by the Corporate Governance Policy (2<sup>nd</sup> Revision, 2017)

3.5 Not being or used to be an auditor of the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, and not being an important shareholder, a person with controlling power, or a partner of an accounting firm having employed an auditor of the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, except the period thereof has lapsed for not less than two years from the date of appointment as an independent director.

3.6 Not being or used to be a professional service provider, including the providing of legal consultancy service or financial consultancy service, who receives a service fee exceeding Baht two million per year from the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, and not being an important shareholder, a person with controlling power or a partner of the said professional service provider, except where the period thereof has lapsed for not less than two years prior to the date of appointment as an independent director.

3.7 Not being a director who is appointed to act as an agent of a director of the Company, a major shareholder, or a shareholder who is related to the major shareholder.

3.8 Not operating a business of the same nature as, and which is a competition to, the business of the Company or of a subsidiary company, or not being an important shareholder in a partnership, or a director who has a part in the management, an employee, a staff, an adviser receiving regular salaries or holding shares more than one percent of the total number of shares with voting rights of other company operating the same kind of business which is a competition to the business of the Company or a subsidiary company.

3.9 Not having any other descriptions which obstruct free expression of opinions concerning the operations of the Company.

#### 4. Chairman and Managing Director not the same person

The Company divides the duties and responsibilities of the Chairman and of the Managing Director, so that there is a balance of power, by separating the duties of business supervision and management from each other, that is to say:

Chairman is an independent director and is responsible in the capacity of the leader of the Board of Directors whose job is to monitor the management of the Executive Committee to achieve results according to designated plans. Besides, he/she has also the duty in the capacity of the Chairman of the Board of Directors and the Chairman of the Meeting of Shareholders.

Managing Director is the head the Company management (which may be called otherwise, such as, Chief Executive Officer and Managing Director, etc.), and is the Chairman of the Executive Committee *ex officio*. He/she is responsible to the Board of Directors in managing

the works of the Company so as to achieve the designated plans, and shall report the results of operations to the Board of Directors.

The Chairman has a leading role in the Board of Directors and has the following duties.<sup>8</sup>

- (1) To govern, monitor and supervise to ensure that the Board performs its duties with efficiency and achieves objectives and principal goals of the Company.
- (2) To ensure that each Director takes part in promoting corporate culture that attributes to ethics and good corporate governance.
- (3) To prescribe the Board's meeting agenda on consultation with the Managing Director and to ensure that major matters are put in the agenda.
- (4) To allocate enough time for the management to present the agenda and the Directors to discuss the matters carefully and thoroughly, to promote the exercise of careful discretion by directors, to pay attention to all issues in meeting including the corporate governance issues.
- (5) To promote good relationship between the Board of Directors and the management.

The Board of Directors has prescribed the powers and duties of the Executive Committee in writing in the Charter of Executive Committee.

#### 5. Company Secretary

The Board of Directors appoints a Company Secretary who shall have the duties and responsibilities for preparing and keeping registration documents of directors, notices calling Board of Directors meetings, minutes of meeting of the Board of Directors, annual reports, notices calling meeting of shareholders, and minutes of meeting of shareholders, including report of interests of directors and executives, providing advice on laws and rules which need to be known by the Board of Directors, proceeding with coordination so that the resolutions of the Board of Directors be complied, and ensuring that laws, objectives, regulations of the Company, resolutions of the Board and of the Meeting of Shareholders shall be observed.

#### 6. Committees under Board of Directors

The Board of Directors appoints committees to perform the duties of work supervision and help shouldering the burdens and duties of the Board of Directors. However, the Board of Directors may appoint committees called otherwise according to necessity and suitability.

##### 6.1 Executive Committee

The Executive Committee comprises Chairman and other committee members of not exceeding eleven persons in number. It has the duties and responsibilities of managing the works of the Company so that it achieves results according to the plans and strategies duly designated, by reporting the results of operations to the Board of Directors.

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<sup>8</sup>This paragraph is added by the Corporate Governance Policy (2<sup>nd</sup> Revision, 2017)

## 6.2 Audit Committee

The Audit Committee comprises four independent committee members, namely Chairman and three other committee members, at least one of whom must have knowledge and experiences in financial statements auditing. The Audit Committee must possess the qualifications prescribed by the Securities Exchange of Thailand and the Capital Market Board. The Audit Committee has a term of three years and can be re-elected, however, they shall not hold office for more than three consecutive terms, except where deemed suitable by the Board of Directors. The Audit Committee has the scope of powers and duties as prescribed in writing in the Charter of the Audit Committee.

## 6.3 Selection and Remuneration Committee

The Selection and Remuneration Committee comprises four committee members, namely Chairman and three other committee members, whereby the Chairman and at least two committee members must be independent committee members. The Selection and Remuneration Committee has an office term of three years each time, and they can be re-elected, but they shall not hold office for more than three consecutive terms, except where deemed suitable by the Board of Directors. The Selection and Remuneration Committee has the scope of powers and duties as prescribed in the Charter of the Selection and Remuneration Committee.

## 6.4 Corporate Governance Committee

The Corporate Governance Committee comprises four committee members, namely Chairman and three other committee members, whereby the Chairman and at least two other committee members shall be independent committee members. The Corporate Governance Committee has an office term of three years each time, and they can be re-elected, but they shall not hold office for more than three consecutive terms, except where deemed suitable by the Board of Directors. The Corporate Governance Committee has the scope of powers and duties as prescribed in the Charter of the Corporate Governance Committee.

## 6.5 Risk Management Committee

The Risk Management Committee comprises four committee members, namely Chairman and three other committee members, whereby the Chairman and at least two other committee members shall be independent committee members. The Risk Management Committee has an office term of three years each time, and they can be re-elected, but they shall not hold office for more than three consecutive terms, except where deemed suitable by the Board of Directors. The Risk Management Committee has the scope of powers and duties as prescribed in the Charter of the Corporate Governance Committee.

## 7. Assessment of Performance of Board of Directors and Committees

The Board of Directors prescribes that there shall be prepared a self assessment form by using the Self-Assessment Form of the Securities Exchange of Thailand for use as the frame for examination of performances of the duties of the Board of Directors regularly. The Board of

Directors is of an opinion that the self-assessment of the Board of Directors is an important step of development leading to good corporate governance. In this respect, in making an assessment, the Board of Directors will compare if it has proceeded with the Corporate Governance Policy duly approved and/or Good Practices Guidelines, so as to improve the performances of the Board of Directors to be in line with the policy so laid down, and to increase work efficiency. There shall be prepared an assessment of performances of the Board of Directors every year after the end of each accounting period, whereby it shall be an assessment of results of works of the Board of Directors on the whole and individually.

The Board of Directors assesses the achievements of each committee on the whole, basing on reports of results of works in each quarter as presented to the Board of Directors, by considering the powers and duties of the committees as prescribed in the Charters of such committees.

#### 8. Remuneration for Directors and Executives

The remuneration for independent directors who are outsiders and who are not a staff or an executive of the Company or of the shareholders of the Company shall comprise monthly remuneration, annual remuneration, meeting allowances, and welfares.

The Company fixes the remuneration for the directors and the executives as per the following criteria:

8.1 The Company sets a policy on remuneration of Board of Directors so that it be at suitable level, by comparing such with the result of survey of remuneration prepared by the Securities Exchange of Thailand or Thai Institutes of Directors (IOD), and revising same when there is a change thereof. Besides, the Company sets the remuneration so that it be in line with the duties and responsibilities, by providing additional remuneration when directors of the Company must shoulder duties and responsibilities in committees.

8.2 The remuneration of executives comprise monthly salaries, bonuses, and provident fund, and other benefits, whereby such remuneration shall be linked to and based on the operations of the Company and the results of performances of the executives.

#### 9. Development of Directors and Executives

Each director newly appointed will receive a manual, in which contains information of the Company and information about related businesses of the Company, the powers and duties of directors, the responsibilities of directors, the regulations concerned, before he/she commences his/her works. The Company may also hold an orientation course for new directors, taking into consideration the suitability in respect of qualifications and age of new directors, particularly training in various courses organized by an outside organization, such as, the Securities Exchange of Thailand, and the IOD, so as to help the said directors to be able to perform their duties and supervise the business of the Company efficiently.

#### 10. Assessment of Results of Performances of Managing Director

The Board of Directors, excluding directors who are executives, shall assess the achievements of the Managing Director every year, applying a standard agreed upon according to fair criteria, including results of financial operations and achievements concerning the carrying out of works according to the strategic objectives.

#### 11. Communications with the Management

The Board of Directors encourages the executives to attend meetings with the Board of Directors by presenting agendas responsible by them to the meeting, so that the Board may know of information and viewpoints of the responsible executives directly, while at the same time the executives have a chance to learn and understand the perspectives of the Board of Directors.

The directors may access to and communicate with the Management, the Company Secretary and the Secretary of the Board of Directors directly as much as suitable; however, such communication must not interfere or intervene with the normal business operations of the Company.

#### 12. Succession of Executives

The Board of Directors assigns the Selection and Remuneration Committee to consider soliciting suitable persons to assume the post of Managing Director in the case the said position is vacant, and also sets criteria for succession of high level executives.

The Managing Director shall have the duty to set succession plan for the position of high level executives who are important to the operation of the business of the Company, and also to specify a successor of high-level executive position from the position of Assistant Managing Director upwards, however, it shall be in accordance with the criteria prescribed by the Selection and Remuneration Committee, and he shall arrange for the said persons to attend training courses to be ready for the said positions.

#### 13. Directorship in other companies by Managing Director and Executives

The Board of Directors shall approve the representation of Managing Director or an executive to assume directorship in other companies or organizations; provided that the Board of Directors may authorize Managing Director to approve executives in the same manner as deemed appropriate.<sup>9</sup>

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<sup>9</sup> This policy is added by the Corporate Governance Policy (3<sup>rd</sup> Revision, 2019)

## **Chapter 6**

### **Anti-Corruption**

#### **Principle**

The Company stands against corruption and supports anti-corruption practices so as to reduce or eliminate corruption which is a cause of inequality in business operation and which is also an impediment to fair competition and undermines the society and the economy as a whole.

#### **Policy**

The Company has a policy prohibiting directors, executives, and staff from committing any kind of corruption. This policy shall apply to all departments of the Company and its subsidiary companies and affiliated companies, as well as other companies the Company has controlling powers and any third person the Company has connected business in every country. There shall be assessed a risk from corruption and a review on compliance with the Policy under this Chapter regularly. Also, there shall be reviewed the guidelines on compliance and the regulations of each part so that they be in line with the changes of the laws, regulations, acceptable standards, and business of the Company.

The persons concerned in various levels shall have the following duties and responsibilities:

1. The Board of Directors shall have the duties and responsibilities in designating a policy and supervising the Company to have an efficient system that supports anti-corruption practices.
2. The Managing Director and the executives shall have the duties and responsibilities in arranging for a system and a mechanism of risk management and prevention of corruption, measures promoting anti-corruption practices, guidelines on monitoring of compliance with this Policy, communicating the Policy on Anti-Corruption to the staff at all levels of the Company, its subsidiary companies and affiliated companies, holding training courses to provide knowledge for the staff in regard to anti-corruption practices.
3. The Internal Audit Office shall have the duties and responsibilities in examining and reviewing the carrying out of works of various departments to see if they are in line with the Policy on Anti-Corruption of the Company, as well as the sufficiency and suitability of the existing anti-corruption measures, and reporting and proposing recommendations to the Audit Committee.

4. The directors, executives, and staff of all departments and at all levels must comply with the Policy on Anti-Corruption and Business Ethics, whereby they shall not act or support any form of corruption whatsoever.

#### Meaning of Corruption under this Policy

Corruption means a giving, an offering, a promise to give, a covenant to give, a receipt, a demand for money or property or benefits in any other forms, either directly or indirectly, or through a third person, to State officials or outside agencies, customers, trade partners of the Company, or persons having duties in any matter, either directly or indirectly, so that the said persons may act or not to act anything which may cause the Company to acquire or to maintain a permission, an approval, or any other benefits, illegitimately, or so that the third persons may be awarded a business contract or any other benefits from the Company illegitimately.

#### Guidelines for Practices

1. The Company shall make this Policy on Anti-Corruption known to its staff for proper compliance widely and thoroughly, by preparing the Ethics on Anti-Corruption and Manual for various departments in the part relating to Policy on Anti-Corruption, for use in training, implementation, or learning by the staff, and for propagation via various suitable channels.

2. The Company shall provide protection for the staff who reports an incident or a lead about a corruption under the criteria prescribed in Chapter 7, including regulations and work regulations concerned.

3. A corruption is regarded as a wrongdoing and/or a dishonest act, as the case may be, and the person committing corruption is regarded as having violated the discipline and shall be subjected to punishment according to the work regulations of the Company and may also be subjected to criminal prosecution in criminal and civil courts.

4. In order that the Policy on Anti-Corruption be perceived and be the foundation of the organization culture, the Company shall attach importance to the process of personnel management since the soliciting or selection of personnel, promotion, training, assessment of results of performances, awarding of rewards, protection of rights of staff, whereby the Human Resources Department shall apply the Company's Policy on Anti-Corruption to the personnel management in every step.

5. The directors, executives, and staff shall take great care on any acts which may have a risk of corruption, and shall study the Policy, corporate governance, and ethics concerning anti-corruption as well.

## **Chapter 7**

### **Giving Information of Wrongdoing and Dishonest Acts**

#### **Principle**

The stakeholders who care about the benefits of the Company or the persons sustaining distress and damage from an act of the Company or its staff have a suitable channel to provide information or to lodge a complaint which is beneficial to the elimination or prevention of wrongdoing or dishonest act, and the person providing information or lodging complaint shall be given protection suitably and shall not receive any impact from having provided information or lodged complaints in good faith.

#### **Policy**

1. The Company has a channel for reporting lead or information on any commission of wrongdoing and dishonest act, or whistle-blower hotline, so that the stakeholders may provide information which is beneficial to the examination, elimination, and prevention of wrongdoing or dishonest act, or lodging of complaints, and so that such be rectified accordingly.

2. An informant shall have a right to choose not to disclose his/her own identity, however, he/she must state the details, facts, or sufficient evidences, so that the Company may investigate to find facts that whether there had been committed a wrongdoing or a dishonest act or a violation of the regulations of the Company.

3. The Company has measures protecting the rights of the informant or complainant from any action that may affect his/her position, or the carrying out of his/her duties, or from other unfair treatments, so as to create confidence to the person wishing to provide information which is beneficial to the Company.

#### **Guidelines for Practices**

In this Chapter,

“information of wrongdoing” means to include information of wrongdoing or dishonest act or complaint or other leads concerning the commission of wrongdoing or dishonest act.

“complaint” means to include a reporting of information of a commission of wrongdoing.

“informant” means to include a person lodging complaint, a person providing leads, which are connected with a commission of wrongdoing or dishonest act.

“Internal Audit Office” means the Internal Audit Office of the Khon Kaen Sugar Industry Public Company Limited, and shall mean to include the Internal Audit Offices of its Group of Companies (if any).

“Ethics” means the Business Ethics of Khon Kaen Sugar Industry Public Company Limited.

#### 1. Duties and Responsibilities

1.1 Staff shall have the duty to report or to provide information of wrongdoing as committed by or to the Company, directors, executives, and staff of the Company, to their respective superiors and/or to the channels provided in this Chapter forthwith.

1.2 Reporting or providing information of wrongdoing must be made in good faith. Deliberately giving false information or framing other persons which causes damages to said persons or to the Company shall be regarded as a disciplinary violation which shall be subjected to disciplinary action, and legal action may be taken against said person.

1.3 Staff must render cooperation and assistance to the Management or a work unit of the Company carrying out an investigation of wrongdoing or dishonest act.

1.4 The executives shall set a good example in complying with the Ethics, and shall have the duty to monitor and promote their subordinates to comply with the Ethics as well.

1.5 The executives shall have the duty and responsibility to promote and provide sufficient and effective internal control system to prevent any wrongdoing, dishonest act, in the part of works under their responsibilities.

1.6 The executives shall have the duty to render support and cooperation to the Internal Audit Office, the Fact Finding Committee, the Inquiry Committee, and work units concerned in the investigation of wrongdoing or dishonest act.

#### 2. Channels for Giving Information

2.1 When a staff finds, or there is reason to believe in good faith, that there has been committed a wrongdoing or a dishonest act concerning the Company or its subsidiary companies, he/she shall inform his/her superior from the level of Manager forthwith, either verbally or in writing. If such report is ignored, he/she shall notify the higher superior according to the Form of Giving Information of Wrongdoing or Dishonest Act (Annex 1). However, the staff should not self-conduct further inquiry or questioning any suspicious acts.

2.2 If a staff is in a difficult situation or he/she is not comfortable to notify the said superior, or he/she suspects that his/her superior or any executive of the Company is connected with a wrongdoing, he/she may choose to file a report through the following channels:

- 2.2.1 Head of Internal Audit Office, Tel. 02-642-6092, Ext. 122, or email: [IA@kslgroup.com](mailto:IA@kslgroup.com).
- 2.2.2 Head of Human Resources Department, Tel. 02-642-6092, Ext. 969, or email: [Ampaporn@kslgroup.com](mailto:Ampaporn@kslgroup.com).
- 2.2.3 Send email to [IA@kslgroup.com](mailto:IA@kslgroup.com) on the intranet of the Company.
- 2.2.4 The Chairman of the Audit Committee or the Board of Directors of the Company, at the following address:
- Khon Kaen Sugar Industry PCL  
503 KSL Tower, 22<sup>nd</sup> Floor, Sri Ayudhya Road,  
Thanon Phayathai Sub-District, Rajathevi District,  
Bangkok Metropolis 10400,  
or email: [IA@kslgroup.com](mailto:IA@kslgroup.com).
- 2.2.5 In the case a high-level executive who is a departmental level executive or equivalent position upwards, or the Head of Internal Audit Office, or the Head of Human Resources Department, is connected with a commission of wrongdoing, the staff should notify the Chairman of the Audit Committee or the Board of Directors in accordance with the channels stated in 2.2.4.<sup>10</sup>

In filing such a report, the staff should disclose his/her name and address and telephone number. However, the staff may choose to reveal or not to reveal his/her name.

2.3 When the persons or above departments have been notified of a commission of wrongdoing or dishonest act, they must report such to the Internal Audit Office at once.

2.4 The Internal Audit Office shall have the duty to prepare a register of complaints and shall prepare a report summarizing the receipt of information of wrongdoing to the Audit Committee at its next meeting.

2.5 The Internal Audit Office shall consider initially that at which department the commission of wrongdoing occurred, and shall then send the complaint to the said department for investigation, and shall also monitor the proceeding of said department from time to time.

2.6 The fact-finding, the investigation, the disciplinary action, and the legal action shall be in accordance with the regulations governing such.

2.7 Upon completion of the complaint, the work unit concerned shall report the result to the Internal Audit Office for forwarding the matter to the Audit Committee at its next meeting.

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<sup>10</sup> Guideline 2.2.5 is revised by the Corporate Governance Policy (2<sup>nd</sup> Revision, 2017)

### 3. Protection of Informant

3.1 The Company shall not terminate employment, suspend, inflict disciplinary action, or threaten to take any action against any staff who provided information of wrongdoing. Whoever violates this clause shall be subjected to disciplinary action.

3.2 The Company shall protect the informant including the person rendering cooperation or assistance in the investigation in good faith from any threat and harassment.

3.3 The Company shall provide protection additionally and specially according to suitability, by taking into consideration the degree of severity and the importance of complaint. In the event the informant is threatened or harassed, he/she shall report such to the Managing Director for ordering the Human Resources Department to provide protecting measures for the informant suitable to the circumstances.

3.4 In the event a staff has reported a complaint or has provided information of wrongdoing in good faith, even though the Company finds no wrongdoing as lodged, the Company shall not inflict any punishment on the said informant. Nevertheless, if the result of investigation finds that the complaint is baseless and it was done with ill intention or an intent to yield damage to other person, or it was a giving of false statement, the Company shall consider inflicting disciplinary action to the staff who gave the information according to the work regulations, and shall also consider taking legal action against the said person.

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