

# **Corporate Governance Statement of Principles**

**Of**

**Samart Telcoms Public Co., Ltd.**

## **Preface**

The Board of Directors realizes the importance of good corporate governance and also believes that system and good corporate governance are the key success factors in business achievement. Consequently, the Company can manage optimum efficiency and effectiveness for the organization, enhance growth and security continuously, and create ethical practices to all the related members.

The Board of Directors decides to initialize a set of good corporate governance policies. The polices cover stakeholders responsibility, the Board of Directors' structure and role, information technology disclosure policy, transparency of internal control, and risk management in ethical business practice. The policies are not only to materialize Company's goals in achieving accountability and transparency in all operations but also to create and instill ethical mindsets among employees. Such implementation demonstrates the Company's highest standards that enhance the Company to gain more acceptances from both domestic and international constantly.

(Mr.Pradang Preechayangkul)  
Chairman

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## 1. Responsibility to shareholder and Company's role to stakeholder

The Company places high priority to the rights of all stakeholders from shareholders, employees, managers, customers, counter parties, partners, and other related organizations. Samart Corporation undertakes measures that cover the rights and benefits of all stakeholders on an equal and non-discriminatory basis. The Company reckons that sheer supports from stakeholders have greatly contributed to Company's higher competency, net profit, and sustainable growth.

The Company realizes that one of the important duties is to protect and justify shareholder's rights and benefits. Samart Corporation has strict policies to deliver equity and grant rights to every shareholder such as the rights to access Company information including annual reports, updated news and Company's strategies, vote as a shareholder, and facilitation for shareholder in its meeting.

### Shareholders' Meetings

In the meeting, the Company established a set of instructions and rules that meets country's legal requirements. The Company is responsible for organizing the meetings, distributing all necessary documents, and informing shareholder of meetings' schedule with Board of Directors' opinions in both languages, Thai and English. All meetings' processes including dissemination of the report and relevant information are conducted to adhere to regulations of The Stock Exchange of Thailand. In case that shareholder needs to grant his/her right to vote to a representative, the Company has a policy to nominate at least one independent director to represent that shareholder. This policy offers shareholder another alternative choice. Moreover, venues for meetings are chosen based on convenience of the majority of shareholders. The Company is trying its best to eliminate problems such as hassle in long-distance traveling or crowded meeting room. During the meeting, the Board of Directors and auditors will also participate in order to give each shareholder an equal opportunity to ask questions, express opinions and comment on the issues discussed.

## 2. Board of Directors

### • Board of Directors

#### 1) Elements of Board of Directors

The Board of Directors has at least 7 members, but not exceeding 15 members in total. The board consists of Chairman, Vice Chairman, other members including independent members and representatives of major shareholders, non-executive directors, and the executive directors. This arrangement permits the Board to commit to its duty with great efficiency.

#### 2) Qualifications

- Must have qualities that do not post conflict to requirements listed in the Limited Public Company Act 1992, others related laws, regulations of The Stock Exchange of Thailand, and Company's mandate;
- Must have well-rounded knowledge and wide range of experiences, and strong sense of leadership;
- Independent member must not be an employee of all companies under Samart Corporation's umbrella, joint-venture partners, related Company and should not hold more than 5% of paid-up capital of the Company, any subsidiaries company, any

affiliated company, any associated company or any related company. The member must be competent in maximizing shareholder value without any discrimination and prevent conflict of interests that may arise between Company, executives, and major shareholders. Moreover, the member must attend the Board of Directors' meetings and able to offer neutral comments.

### **3) Terms of positions**

In every Ordinary General Meeting of Shareholders, one third of all directors who have been in the post the longest will resign from the positions. Directors who step down due to expiry of their terms can also be re-elected to the board.

### **4) Balance between members**

More than half of the members of the Board of Directors is not a part of executive team. Within this half, one third of the directors are independent members who have no relations, business or personal, with the Company's executives. Free from executives' influences, they oversee the Company's direction with neutrality and pay careful attention to the rights of shareholder and stakeholder. To strike a balance of power within the Company, the positions of Chairman of Board of Directors and Chairman of Executive Board must not be attained by the same person. The Chairman of Board of Directors must be a independent member.

### **5) Duties and responsibilities**

The Board of Directors must take part in setting out the Company goals and carry out all the policies with an objective to optimize benefits to all shareholders and stakeholders without an obligation to personal benefits or any particular party. They must avoid all actions that may cause conflicts of interest between companies within the same umbrella. They must operate the business with morality and honesty, and also supervise the management to meet Company's goals, rules, regulations stated by The Stock Exchange of Thailand and Office of the Securities and Exchange Commission. Their duties include:

- Uphold the duties according to the law, and Company's objectives, mandate and consensus from the meetings of shareholders;
- Formulate policies and directions for the Company's operations. The Board must also supervise managerial and administrative departments to deliver all policies with effectiveness and efficiency;
- Appoint directors and executives, and consider remuneration package, which are proposed by sub-committee;
- Appoint sub-committees to oversee administrative process and internal system to coincide with Company's policies, e.g. management committee, audit committee and risk management committee;
- Summarize annual budget and financial statements of the Company for every fiscal year's ended period. Authorize the statements and present them during the annual shareholders meeting for further consideration;
- Appoint auditors and consider reasonable remuneration package for auditors, then proposed the names and amount for shareholders for further consideration;
- Ensure that there will be no conflicts of interest and establish systematic plans for internal control and risk management;
- Ensure that good corporate governance is implemented to demonstrate Company's commitment to operate the business with ethics and to bring fair treatment to all stakeholders.

- **Executive Board**

The Executive Board comprises of members appointed by the Board of Directors. Executives have duties to propose, analyze and execute Company's business policies and strategic plans. They must initiate long-term and short-term operating budgets as well as stipulate authority to conduct all Company's affairs. The plans and initiations will be passed on to the Board of Directors for approval. Executives must have investigation procedures to oversee Company's operations in order to ensure highest work quality. Furthermore, they must perform their duties according to the mandate of Board of Directors.

- **Audit Committee**

The Board of Directors appointed the Audit Committee to review all financial statements in order to achieve accountability. They must provide assistance to both auditors hired on consulting basis and Company's management team who prepares financial reports, quarterly and annually. They also check for adequacy and efficiency of internal control system, supervision process and risk management process. They must ensure that the implementation of all mentioned processes is complied with Company's policies and rules, regulations issued by The Stock Exchange of Thailand and Office of the Securities and Exchange Commission, and others related laws. In addition, they must appoint auditors and propose their remuneration package to the Board of Directors to present during shareholders' meetings. To achieve transparency, the committee must thoroughly consider all relevant information needed to be reported including those that may cause conflicts of interest. The committee must include all of the activities performed by members in the annual report, and perform other tasks insisted by the Board of Directors.

Audit Committee must have following qualifications:

- Must comprise of at least 3 independent members, and at least one member must be knowledgeable in the field of accounting, finance, and relevant factors that influence changes in financial report;
- Must hold no more than 5% of Company's shares including other companies under Samart Corporation's umbrella. If any member has personal relationships (e.g. contributors, customers, creditors and debtors) with other shareholders, their total amount of shares should not exceed 5%;
- Have no personal interests or benefits with the Company and not be employed by any Company under Samart Corporation's umbrella, joint-venture partners and major shareholders;
- Must not be a relative of executives or major shareholders;
- Must not be elected as a representative who ensures maximum benefits for shareholders and those related to major shareholders;
- Must be able to perform, opine, and report all activities advised by the Board of Directors without any influence from executives, major shareholders and their relatives.

- **Corporate Governance Committee**

Corporate Governance Committee is comprised of members appointed by the Board of Directors. The committee is responsible to inspect all operations performed by sub-committee established by the Board of Directors, executives and all employees. Their chief duty is to ensure that good corporate governance is being conducted at all level in accordance to legal requirements, and policies dictated by the Company and other related agencies. Moreover, they must formulate and review all rules concerning good corporate governance. To yield continuity and appropriate regulations in carrying out good corporate governance, the

committee should provide suggestions that are relevant to ethical practices, and plans for implementation as well as improving the regulations, to the Board of Directors.

- **Nominating and Compensation Committee**

Nominating and Compensation Committee is comprised of members appointed by the Board of Directors. The committee is responsible for recruiting, selecting, and nominating appropriate candidates for positions of Chairman of the Boards, members of the Boards including selected for special duties and executives when those positions are vacant due to the termination of terms or other reasons. They also propose just guidelines and reasonable remuneration packages for all members of the boards and executives. The proposal must be complimented to their duties, and, at the same time, conform to Company's outlook and market's atmosphere.

- **Risk Management Committee**

Board of Directors appointed the members of the Risk Management Committee in order to record, analyze and indicate crucial risk factors in operating business. The committee must produce sound strategies to manage risks and standardize risk management as guidelines for all departments according to their responsibilities. They must also supervise and provide feedbacks after implementation. They have to systematically evaluate and analyze possible ramifications to ensure that every risk for all operational steps are properly identified. Furthermore, they must support and improve risk management to be continuously applied to every Company's process and to be complied with international standards.

### **3. Policies on disclosure of information and transparency**

The Company has strong determination to reveal accurate information, financial and non-financial, that are related to Company's revenues. Complete, consistent and updated information will truly reflect Company's financial situation and forebode Company's future.

The Board of Directors aims to dutifully comply with laws, regulations and restrictions concerning dissemination of information and transparency by:

- Appoint investigation team to review internal operation and secretariat department to make sure that laws, regulations, restrictions concerning the disclosure of information and transparency are being practiced;
- Appoint Investor Relations team to carry out public relations tasks providing useful information to shareholders through different channels from road shows, meetings with analysts, telephone conferences, road trips to visit investors and analysts, Q&A sessions via internet and phone, and Company's web-site;
- Apply appropriate and standard practices in accounting and hire outside auditors to approve and to straightforwardly comment on Company's financial statement. This process will add accountability to the Company's financial report as well.

## 4. Internal control and risk management

### 1) Internal Control

The Company organized internal control department to evaluate all operation processes of every department. Such method will boost confidence for both executives and stakeholders that internal control properly exists and has been consistently performed. Internal control also allows Company to spot for weaknesses and drawbacks, hence operational system can be improved to reach higher efficiency. This department is independent and able to conduct investigation, which will be directly reported to the investigation committee, at all level. Apart from this independence, the internal control department allows the Company to notice irregularity, gives early warning for plausible hazards, and reduces risk to acceptable threshold.

Internal control system is arranged to coincide with the system suggested by The Committee of Sponsoring Organization of the Treadway Commission (COSO) that covers wide ranges of topics from organizational and control environment, risk management, management control, information and communication to monitoring.

### 2) Risk Management

The Company has forward-looking commitment to prevent potential dangers from operational processes. Therefore, the Company introduced Enterprise Risk Management (ERM) as a tool to analyze the risks and to search for the most feasible solutions. The Company is prompted with Risk Management Committee who keeps vigilance on preventive measures and reassure that the proposed plans are timely executed. The procedures of risk management are as followed:

1. Initiation and management allows the team to lay out objectives, policies, responsibilities, regulations, and directions in managing the risks that will be synchronized with Company's strategies and goals. The Company has a policy to review policies on risk management every year;
2. Risk identification is the next step in which all risks that may delay the Company from achieving the goals are listed. The team must consider both, internal and external, risks, for example, fluctuation of market, competitions, legal issues, technologies, financial burdens, information system, and human resources management. The Company will prioritize the risks by using risk analysis and evaluation methods. If the risk is too high, then preventative measures will be immediately drafted;
3. Risk analysis step is an evaluation process to figure out possible risks that might remain after preventative measures were employed. These risks will be prioritized once again and if they are still precarious, then senior executives will immediately plan out strategies to eradicate the problem;
4. Risk management is a step where solutions to reduce all risks identified and prioritized during risk analysis process are generated. There are several ways to deal with risks such as avoiding risks, transferring risks, disseminating risks, accepting risks and utilizing risks for benefits;
5. Feedback and follow-up process is the last step where Investigation Committee will step in and evaluate the performance of Risk Management Committee. This step is meant to assure that final outcomes are agreeable with proposed objectives.

## 5. Business Ethics

Samart Corporations always operates business with great awareness in ethical and moral issues. The Company provides handbooks on ethics to every member of the Boards, executive, and employee. Rules and suggestions stated in the handbook are intended to foster honesty, integrity, and effectiveness to everyone in the Company. Such moral practices also cover all duties that oversee values for shareholders and stakeholders, response to all legal issues, protect properties, and prevent conflicts of interest. Everyone in the Board of Directors, executives and employees must have consciousness for ethical job performance.