

# CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

## POLICY OF GOOD CORPORATE GOVERNANCE

### 1<sup>st</sup> Revise Edition

Board of Company Director are confident that execution by way of using the principle of good corporate governance would help to lead the company ever prosperity, secure, good operating and would help to create value and maximum return to the shareholders in long-run and able to develop the company continuously on the operation etiquette and as concerned law. Board of Director then fix the policy of corporate governance for upgrading an existing operation to have clear standard system and scatter practice to the officer of every rank of the company which are creating to occur the culture of real corporate governance. Board of Director have assigned one who responsible corporate governance to be practiced as policy continuously and follow up effect, improve the practice line to be always coordinated and appropriated.

### **Board of Company Director**

#### **1. Component**

- 1.1 Board of Director consist of the directors that represent main shareholders as justice portion and independent directors (number of Independent Director come to at least 1 / 3 of number of whole director) which available at least 5 directors whose are suitable to operate with the company efficiently as a whole.
- 1.2 The Chairman and Managing Director must not be the same person in order to separate the role clearly and retard in operating power.

#### **2. Property of Directors**

Executive Directors and Non-executive Directors have following property:

- Have a property as fixed by law (Royal Act of Public Company Limited and Royal Act of Security and Stock Exchange).
- Knowledgeable, ability and useful experience toward conducting business, intently and morality in conducting business.
- Able to use discretion with fair and square freely from management and group of other interests.
- Able to devote one's time to the company which oneself is director sufficiently and careful in discharging duty as self-respond.

#### **3. Property of Independent Directors**

The Company set the property of Independent Directors as provision of Securities and Exchange Commission and Stock Exchange of Thailand by holding a good practice line in corporate governance as follows:

- Not hold the shares excess 1 % of paid-up capital of the company, subsidiary company, joint company or related company, all this let count together with the shares holding by concerned person.
- Is a director in other register company not excess 5 companies.
- Not participate in executing inclusive not be an employee officer, consultant of monthly salary or has an authority to control in the company, subsidiary company, joint company, related company or the company that main shareholders hold the shares both direct and indirect not excess 5 % of paid up capital or is a person that has conflict by must not have benefits or common interest in such manner for a period not less than one year.
- Not to be a person that has blood relationship or by legal register in the form as parents, couple, relations and child inclusive couple of child of executive, main shareholders powerful controller or a person to be proposed as executive or powerful controller of the company or subsidiary company.

- No relationship in business with the company, subsidiary company, joint company or juristic person that may have conflict in the manners that may be the hindrance to use discernment freely and no other manners that causes unable to provide opinion freely concerning operation of the company.
- No benefits or common interest either direct or indirect way in financial and executing fields in the company, subsidiary company, joint company or main shareholders of the company.
- No forbidden manner as fixed by Securities and Exchange Commission.
- Free form main shareholders of the company.
- Able to take care benefits of every shareholder equally.
- Able to take care not to occur the conflict on interest between the company and executives, main shareholders or other company which has an executive or main shareholders of the same group.
- Able to joint the Board of Director Meeting for making decision in crucial matter of the company.
- Shall be a person of knowledgeable, ability, talented, experience through state of leader and visibility that would be the benefits toward the conducting business of the company.

#### **4. Appointment of Director**

The Directors must be appointed from the Shareholder Meeting having each holding an office 3 years and when completed its term, shall have a right to return in the same rank by appointment. To appoint Directors, Board of Nomination Committee shall be selected the property person as fixed by the company to present toward the Board of Company Director to consider for approval and presents to the shareholder meeting for further electing.

#### **5. Authority of Company Director**

- Board of Director have an authority according to the regulation of the company which include supervision and management the company in accordance with law, objective, regulation and resolution at the shareholder meeting.
- To fix visibility, direction and tactics of the company.
- To give approval for important tactics and policy including objective, financial target and company plan also follow up, supervise to have practice as planned.
- To manage having account system, financial report and auditing inclusive supervise for having an internal control system and internal audit to be efficiency and effective.
- To investigate supervising and manage to amend conflicts problem on benefits that may arise inclusive related subject.
- To set management line of risk and supervise executive for having system or efficiency process in risk management.
- To supervise in having system or mechanism of paying suitable remuneration to the high rank of executive to create inducement power both in short-run and long-run.
- To make working assessment of Managing Director and fix remuneration to coordinate with the operation result.
- To supervise for having appropriately way of communicate with each group of shareholder and who has common interest of the company appropriately.
- Allow to have disclosure of correct data, clear, reliably and high standard.
- To be a leader and good example in practice.

#### **6. Board of Director Meeting**

- The Company fix advance table of the Board of Director Meeting yearly by fixing to have a regular meeting at least one time / quarter and each director learns of it.
- The Chairman and Managing Director joint consideration for agenda meeting.
- To manage in sending invitation letter for meeting, agenda of a meeting and document for meeting to the directors is advanced at least 7 days before meeting enable to have time for considering data sufficiently.

- To fix in having the directors attend the meeting with quorum when having considered to resolve in important matters such as list of obtainable or distributed assets of the company and subsidiary company that affect to the company, expansion of capital project, fix work level of executive power, fix financial executing policy and risk executing above all.
- In the meeting, if any director who has common interest in the considering agenda, must depart from the meeting before begin considering in that agenda.
- Every director has a right to present the subject to the agenda of a meeting, examine document for meeting and other important document. If any doubt, other directors and management must operate for answering that doubt.
- Company secretary or one who has assigned to manage minutes of the Board of Director Meeting completely within time fixed by the law.

## **7. Remuneration for Directors**

The Company fix clearly the remuneration for directors and executives in the appropriate basis to uphold as directors and executives with qualification required by the company. The directors that assigned as Audit Committee will receive additional remuneration according to the volume of work.

## **8. Appointment of Board of Sub-Committee**

### **8.1 Board of Executive**

Board of Executive consist of 4 executive directors and 2 executives have following authorities:

- To set the executive policy and operation direction to coordinate with the policy and company objectives with intends to create security and maximum advantage to the company.
- To govern the management to follow the policy that set strictly.
- Consent powerful and make legal principle on the frame fixed by the Board of Company Director.
- Any other actions as assigned by the Board of Company Director.

### **8.2 Board of Audit Committee**

Board of Audit Committee consist of 3 Independent Director and at least one must be knowledgeable in accounting and financial field. Their duty and responsibility in brief are as follows:

- To consider, choose and fix remuneration for Auditor of the company.
- To verify report of company financial to meet the truth, complete, sufficient and reliable.
- To give approval in electing, revoke, transfer or stop hiring and goodness-merit of internal audit section.
- To coordinate with internal audit and Auditor of the company concerning limit of inspection and inspection plan inclusive supervise internal audit and Auditor enabling to practice freely.
- To consider and verify with internal audit and Auditor of the company concerning efficiency and effective of internal control system of the company inclusive sufficiency of natural resources that use in controlling internal and problem finds from inspection and advice of internal Auditor and Auditor of the company.
- To verify and consider with executive section and Auditor of the company when annual Auditing concerning financial statements and notes to financial statements ended. Report of Auditor, important problem that finds during inspection and other matters concerning auditing that has to inform Board of Company Director in accordance with generally accepted auditing standards.
- To verify and consider together with executive section and internal Auditor of the company concerning deficiencies that found, difficulty during inspection, limit of practicing, approach in essential data, budget and capacity, charter of internal audit section and practicing standard.

- To verify allowing the company acts as discipline, regulation and concerned law.
- To consider revise the list that may cause the conflict on interest.
- To manage report of practicing of Board of Audit Committee to present the Board of Company Director. Such report must be signed by the Chairman of Board of Audit Committee.
- To verify the important risk and supervise in having executed important risk of the company appropriately.
- To verify and propose to amend the Charter of Board of Audit Committee modernizing and suits with an environment of association.
- Other practices concerning inspection activity as assigned by the Board of Company Director.

### **8.3 Board of Nomination Committee**

Board of Nomination Committee consist of 2 Independent Directors, 1 Executive Director and 1 Legal Adviser in which Independent Director performs duty as chairman, having an authority to select appropriate qualified person to be Director as provision of Company to present toward Board of Company Director to consider giving approval and present to the shareholder meeting for electing resolution.

### **8.4 Board of Risk Management Committee**

Board of Risk Management Committee consist of 2 executive directors, 2 executives and 1 legal adviser to consider setting the policy and risk management system, follow up risk management result from the process of point out, analyze, assess, manage, follow up and reporting systematically inclusive provide supporting by manage to have risk management process advice to various internal units through follow up to have practice continuously and regular all over the company.

## **Shareholders**

### **Rights and equality of shareholders**

Board of Company Director have realized fully an important of shareholders by intending the shareholders to be treated equally on the process of good corporate governance. The company then opens a chance to enable the shareholders participate by present the subject that think its important to put in the agenda of Ordinary Shareholder Meeting and present person name of knowledgeable, ability and appropriate qualified for receiving consideration of electing as company director and able to send the question concerning agenda of meeting to the Board of Director in advanced before meeting day and the company is still aware of the right of shareholders in receiving the company data with correct, sufficient, in time, and equal to make decision in shareholder meeting. Therefore, in every shareholder meeting, the company has sent a letter of convening meeting with data for meeting that contains full details, sufficient inclusive Board of Director comments in every agenda toward securities registrar of the company in order to reach in hand of the shareholders before meeting 14 days as fixed by law and the shareholders are still able to study the data for meeting in advanced through Website of the company at least 30 days before shareholder meeting day to open a chance to the shareholders having time to study such data in details. Besides, the company has still given facilities to the shareholders in participating the shareholders meeting by fixing day, time and venue to reach convenient and having appropriate size for receiving meeting attendant sufficiently and in case the shareholders are unable to attend the meeting by themselves then able to delegate other persons or Independent Director of either of their company to present and cast a vote by proxy.

### **Shareholder meeting**

Board of Director manage to have shareholder meeting as annual ordinary meeting within 4 months from the data ended of accounting year of the company and have a policy to give facilities to every shareholder equally, open a chance for shareholders to inquire suspicion, propose an opinion and use the right to vote clearly and justice and manage minutes of a meeting completely and spread out minutes of a meeting toward Stock Exchange of Thailand and report through Website of the company within 14 days from date of shareholder meeting.

Basis and method of casting a vote in electing director are as follows:

1. One shareholder has a vote equal to one share/one vote.
2. Each shareholder must use all existing vote as 1 to elect one person or many persons as director but can not share the vote to anyone more or less.
3. A person which receives maximum vote respectively shall be elected as director equal to number of available director as it must be and must elect in that time. In case a person which is elected respective person has equal vote exceed number of director that must have or must elect in that time, let the chairman vote for arbitrating.

#### **Conflict on interest**

Board of Director have executed carefully and cautiously to prevent conflict on interest when occur any matter that may cause conflict on interest. Board of Audit Committee will learn about the subject that get conflict on interest and related subject and have considered the suitability thoroughly every time by setting to have practice according to the basis of Stock Exchange in which prices and conditions as if doing subject with outsider and disclose details, subject value, partnership, reason/necessity in the annual report and type 56-1 also have disclosed in notes to financial statements heading, general information and account with related person.

#### **People who have common interest**

Board of Director are acknowledged and aware of the right of concerned people who have common interest and have a policy to support in occurring a cooperation between the company with people who have common interest in creating advantage among themselves and take care firmly that people who have common interest have received well protected and served by paying important toward the right of every group who have common interest such as officers, customers, co-traders, competitors, shareholders and whole society with set a practical line for directors, executives and officers clearly in business morality inclusive provide a way that people who have common interest will claim to the company in case not receive justice from the performance of the company whether by directors, executives of officers of the company.

#### **Risk Management**

Board of Director are aware of the important risk management and see that such process is one of the most important component of good corporate governance. So it manages to have risk management process which is standard system and more efficiently by assigning the Board of Risk Management to fix the policy, objectives, tactics in risk management and risk level that the company acceptable inclusive notify these matters to everyone in association to acknowledge for aware an important and is to make culture in risk management to occur in every rank of the company enabling to bring for continuously practice to overtake changed situation for being as practice on background of risk management inclusive take care of having fix follow up method of risk management result appropriately owing it is an important final step that effect toward success of risk management and fix for reporting to the Board of Director.

#### **Internal control**

Board of Company Director manage to have internal inspection section for performing inspected duty to convince that to practice principle task and important financial activity of the company have proceeded as fixed line and efficient inclusive to act in accordance with the law and provision concerned with the company.

#### **Rank of descent**

The Company set to have the descent plan of high rank executives to maintain conviction with the investors and officers that the operation of the company would receive continuation in proper time.

#### **Usage control of internal data**

The Company set to have standard measure in usage control of internal data in which the company will not disclose internal data to the public before reporting news toward Stock Exchange of Thailand which the executives must report condition of buying-selling shares and holding securities of the company every time whenever change and the executives are prohibited to buy-sell securities of the company one month before reporting news toward Stock Exchange of Thailand and

two weeks after reporting news and the company has brought a good practice guide line of Securities and Exchange Commission and Stock Exchange of Thailand to act strictly.

#### **Company secretary**

The Company set to have company secretary to perform duty of supervising activity of the Board of Director inclusive to coordinate in the following various matters:

- To give primary advice to the directors concerning provision, rule, discipline and various regulations of the company and follow up to act as properly and regularly inclusive alteration report of important point to the directors.
- To manage shareholder meeting and Board of Director Meeting in accordance with law, regulation of the company and various practices.
- To record the proceedings of Shareholder Meeting and Board of Company Director inclusive follow up to act as resolution at the shareholder meeting and resolution at the Board of Company Director.
- To supervise in having disclose data and report news in responsible part in accordance with discipline and provision of Stock Exchange of Thailand and Securities and Exchange Commission.
- To contact and communicate with general shareholders to learn about various right and information of the company.
- To supervise activity of the Board of Company Director.

#### **Investor relation and disclosure data**

Board of Company Director are aware that company data both concern and not concern with financial are entirely effected to the decision of investors and who have common interest. Board of Company then have a policy to allow the executives section disclosing complete data, truthful, reliable regular and in time which the company has paid an important and kept throughout practicing. For the work in Investment relation, the company has not set up this section owing such activity is not much but has assigned **Company Secretary** to contact and communicate with institution investors, shareholders, analyzer and state concerned in which the investors can see the data of the company through **Website : [cmfrozen.com](http://cmfrozen.com)** or contact for data at **Tel. 662-238-4091** or at E-mail address: **[info@cmfrozen.com](mailto:info@cmfrozen.com)**.

#### **Business morality**

Board of Director have permitted discipline of business morality to promote the directors, executives and every rank of officers to hold in practice regularly as usual which the directors, executives and every officers have signed for document concerning such discipline and confirm in practice which regards as practical standard frame of the company, also all Board of Director have assigned one who responsible to follow up result of practice continuously and always revise such discipline appropriately.

Board of Company Director have an intently to build up the process of good corporate governance that standardizes and allow scatter the practice to every rank of the officers of the whole company to create real culture of good corporate governance, so with the directors, executives and every officer to hold in practice according to the policy of good corporate governance 1<sup>st</sup> revise edition which has received permission to modify from the Board of Company Director Meeting No. 1/2008 Dated February 28,2008 (policy of good corporate governance obtained first permission from the Board of Company Director Meeting No. 1/2004 dated March 25,2004).