

# Ocean Glass Public Company Limited

## CORPORATE GOVERNANCE GUIDELINES

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# **Ocean Glass Public Company Limited**

## **CORPORATE GOVERNANCE GUIDELINES**

Ocean Glass Public Company Limited (the “Company” or “Ocean Glass”) is committed to conducting its business in a highly responsible manner in the best interest of all stakeholders. The Company discharges this responsibility within the structure of its core values of quality, honesty and integrity, equal opportunity, and respect for the individual. These core values form the foundation on which the Company was incorporated and have become woven into the fabric of the Ocean Glass business culture.

The Company has developed these Corporate Governance Guidelines (the “Guidelines”) as a framework for the Board of Directors (The Board) to follow in directing the business and affairs of Ocean Glass, consistent with the above core values.

As part of its good corporate governance practices, the Company has established a risk management system and audit and control procedures to ensure of transparency and moral integrity. The affairs of the Company are carried out in accordance with resolutions adopted at shareholders meetings, in compliance with applicable laws, within the principles of the Articles of Association, and consistent with good corporate governance practices and ethical business standards.

Ocean Glass truly believes that good corporate governance and business ethics will sustain and enhance the Company’s performance. It will also contribute to the long-term effectiveness of corporate integrity as well as create competitive advantages in the marketplace, leading to the maximization of the Company value and shareholder wealth.

The Guidelines are regularly reviewed and updated by the Board.

### **CORPORATE GOVERNANCE POLICY**

The Board recognizes the importance of applying good corporate governance practices to the Company’s business operations. The Board truly believes in transparent management and good corporate governance. The Board is responsible for the Company’s activities as well as is conscious of fair treatment to all stakeholders. Good corporate governance contributes to the Company’s sustainable growth and improved competitiveness, adds value to the Company and its shareholders, as well as promotes greater public confidence and trust in Ocean Glass.

The principles of good corporate governance for Ocean Glass were approved by the Board and announced on March 01, 2006. Directors, management members and all employees of Ocean Glass are required to adhere to these principles as guidelines in performing their duties and jobs.

# RESPONSIBILITIES OF THE BOARD

## Duties and Responsibilities

The Board is accountable to the shareholders. Each director represents all the shareholders and participates in the supervisory and regulatory functions of the Company's operations in an independent manner for the benefit of all shareholders and other stakeholders.

It is the duty and responsibility of the Board to determine the policies and direction of the Company under a manageable level of risk. The Board may delegate its duties and responsibilities to management. Management is responsible for managing the Company's operations with integrity and care, under applicable laws, according to objectives of the Company, and in compliance with the Articles of Association, and resolutions passed at shareholders meetings.

The Board monitors the performance of management, reviews and approves business strategies and major policies, and sets up internal control systems which include effective auditing and risk management procedures. This is to ensure the effectiveness and transparency of operations in the best interest of all stakeholders based on good governance framework in order to increase value for the Company and shareholders in the long run.

The authority, duties and responsibilities of the Board include:

1. Determining and approving the vision, mission, values, business ethics, direction and policies of the Company for the long-term and balanced benefits of all stakeholders in general, and for continuous value creation for shareholders in particular.
2. Overseeing that the Company is managed with the highest integrity, in the best interest of its business, in accordance with applicable laws and regulations, and consistent with the objectives of the Company, the Articles of Association, and the resolutions of shareholders meetings.
3. Establishing the Company's regulations in various areas and ensuring their sufficiency.
4. Reviewing and approving major strategies and budgets proposed by management.
5. Ensuring an effective internal control system and an appropriate risk management framework.
6. Ensuring an effective audit system for implementation by both internal and external auditors.

7. Reviewing and approving quarterly and annual financial reports for public disclosure.

8. Supervising management to ensure it performs its responsibilities in an effective manner, under a manageable level of risk, within the framework of good corporate governance, and without any conflict of interest. Management shall present regular reports to the Board.

9. Monitoring the Company's performance and progress in achieving set objectives.

10. Reviewing and approving annual plans and budgets.

11. Overseeing the timely preparation of balance sheets and statements of profit and loss at the end of each accounting year. Ensuring the independent auditor completes the audit in time for presentation to shareholders at the annual general meeting.

12. Reviewing and approving management succession plans and remuneration policy.

13. Appointing directors to conduct business or affairs on behalf of the Board.

14. Authorizing delegates to conduct the Company's business or affairs for specific periods of time under the supervision of the Board. The Board may terminate, withdraw, change or amend such delegated authority.

15. Convening Board meetings and preparing minutes. Convening shareholders meetings and preparing minutes.

16. Specifying the names of directors authorized to jointly sign binding commitments on behalf of the Company.

17. Determining the structure of the Company.

18. Establishing and complying with the Code of Corporate Conduct, and the Code of Conduct for Directors.

19. Promoting a culture of ethics and integrity among employees with emphasis on having in place appropriate internal control and internal audit systems to prevent frauds, abuse of power, and noncompliance with applicable laws.

20. Protecting the interests of and providing fair treatment to both major and minor shareholders.

21. Reviewing and approving legal or business transactions by directors with the Company whether on their own behalf or on behalf of others.

22. Providing opinions on issues being proposed for consideration at the shareholders meeting, including the recommendation for the appropriation of the annual net profits.

23. Considering the payment of interim dividends as may be justified by the Company's interim profits. Such payment shall be reported at the shareholders meeting.

The following matters, however shall require prior approval from the shareholders meeting:

- Related-party transactions, which must comply with regulations prescribed by the Stock Exchange of Thailand.
- Acquisition or disposal of material assets of the Company as prescribed by the Stock Exchange of Thailand.
- Sales or transfer of the Company's business in whole or in a material manner to a third party.
- Execution, amendment, or termination of contracts of the Company's business in whole or in a material manner; assignment of a third party to manage the Company's business; or merger of the Company's business with a third party for the purpose of profit or loss sharing.
- Amendment of the Memorandum of Association, and the Articles of Association.
- Increase or reduction of the Company's capital or issuance of debentures.
- Merger or dissolution of the Company.
- Annual dividend payments.
- Any other business which requires approval by the shareholders meeting as prescribed by law or the Company's Article of Association.

## **Business Ethics**

The standard of conduct at Ocean Glass is reflected in its core values. These principles of practice are the common goals in carrying out designated duties that the Company shares and believes are best for its operations. They form the basis of the culture and practices that guide everyone at Ocean Glass. They point employees in the same direction, helping them act and understand along the same lines.

The Company provides the Corporate Governance Guidelines as a framework for its operations. The purpose of the Guidelines is to enhance and maintain good business management and transparency, ensuring it is auditable and reviewable. Ocean Glass recognizes its duty and responsibility to all of its stakeholders and is committed to maintaining a high level of moral integrity and environmental responsibility. The

Company's operations place high priority on waste minimization, recycling, reuse, and pollution prevention.

The directors, management members, and employees have signified their acknowledgement and compliance agreement to the Guidelines.

## **Conflicts of Interest**

The directors, management members, and employees of Ocean Glass must avoid any conflict of personal and business interests. The Company places the responsibility of providing and supervising compliance of guidelines for the prevention and correction of conflicts of interest among stakeholders on all levels of management. The Company has established policies, regulations, and procedures to approve transactions that may cause conflicts of interest for compliance by directors, management members, employees, and related parties based on the following principles:

1. The Board delegates to the Audit Committee the duty of reviewing related transactions. Attention is placed on prices, terms and conditions to ensure fairness and consistency with offers to and from general customers.

2. The Company prohibits directors, management members, and employees to use internal data not yet disclosed to the public for personal or others' gains and benefits. This includes trading of the Company's shares.

3. All directors and management members are required to report changes in their holdings of the Company's shares to the Board, and to the Securities and Exchange Commission in compliance with Clause 59 and Clause 275 of the Securities and Exchange Act of 1992. This includes holdings of their spouses and children who are considered minors under the Stock Exchange of Thailand laws.

## **Rights of Stakeholders**

The Company is committed to conducting business in a responsible way and with regard for the interests of all stakeholders. To reflect this commitment, the Board ensures that systems and practices are in place that treat all stakeholders fairly and protect their rights.

The Company has established the Code of Corporate Conduct, which is available at the Company's Web site, for the strict adherence by all directors, management members, and employees. This Code of Corporate Conduct is distributed to all employees as guidelines, while related matters are communicated through the Company's newsletter and intranet. In order to ensure effective implementation and supervision of the Corporate Governance Guidelines, the Company has assigned the Human Resources Department to monitor compliance, and periodically report to the Board of Directors. All departments and operational units must strictly abide by the principles therein.

The principles of good corporate governance include:

- Shareholders: The Company is committed to success with integrity and while maintaining long-term sustainable growth and profit to maximize value for the Company and the shareholders.
- Customers: Customer satisfaction is second to none at Ocean Glass. The Company is committed to providing superior quality products and services at reasonable prices.
- Business partners: The Company honors its obligations and promises. Ocean Glass conducts business with its business partners in a way that creates mutual benefits in an honest and equitable manner.
- Competitors: The Company believes in the rules of fair and acceptable competition without sacrifice ethics to win over competitors.
- Creditors: Ocean Glass strictly upholds its obligations and duties to its creditors.
- Employees: The Company believes that its employees are the most valuable asset. Training and development programs to enhance knowledge and skills necessary for business achievements and customer satisfaction are continuously provided. Ocean Glass believes in fair opportunity for employment, compensation and treatment of employees. The Company is committed to ensuring good health and safety programs for its employees and emphasizes the development of a healthy organizational culture and productive working environment.
- Society and the environment: Ocean Glass is a responsible corporate citizen. It treats with care and respects the environment in which the Company operates and the community in which its employees live. The Company helps promote healthy communities and societies at large. Its operations place a high priority on environmental conservation and protection, including waste minimization, recycling, reuse programs, and pollution prevention. Ocean Glass is continuously improving products and procedures to meet or exceed environmental-friendly industry standards and legal requirements.

## **Relationship with Investors, Media, and Other Parties**

Ocean Glass is aware that media reports on the Company, as well as good relations with other companies, who are potential Ocean Glass customers or suppliers, and the financial community can enhance reputation of the Company and its products, and promote confidence of the investors and the public in the Company.

The Company has, therefore, set clear policies, which have been approved by the Board, relating to communication with outsiders. Ocean Glass places emphasis on the disclosure of accurate, complete and transparent information relating to its general business and finances as well as other information that may affect the share price.

The Company has assigned the Investor Relation Section to supervise and handle investor relations activities. The Investor Relation Section serves as the focal point for providing information to shareholders, investors, analysts, credit rating agencies and the public. There are also various channels for obtaining information, such as the Stock Exchange of Thailand. For further details, please contact the Investor Relations Section directly by telephone number 66(0)2661 6543 or 66(0) 2661 6556 or at [www.oceanglass.com](http://www.oceanglass.com) or by e-mail to [IR@oceanglass.com](mailto:IR@oceanglass.com)

## ORGANIZATION OF THE BOARD

### Composition

The Articles of Association specify that the Board shall consist of at least five directors. At least one-third of the Board shall be independent directors and nonexecutive directors. This is aimed at maintaining a balance between the auditing and management functions.

The role of an independent director is to provide independent opinions, taking into account the best interest of all stakeholders. The independent director does not take part in the management of the Company, its affiliated company or associated company. The independent director is independent from the management or the control of shareholders, and has no business relationship with the Company in any way that may have an impact on his/her independence in decision-making.

The Company has clearly defined the meaning of an independent director to conform to the principles of good corporate governance and the operational guidelines of the Securities and Exchange Commission, and the Stock Exchange of Thailand for the purpose of maintaining the confidence of investors and to maintain balance in management. The independent director must possess the following qualifications:

1. Holding shares not more than 5.0 percent (inclusive of shares held by related persons) of the paid-up capital of the Company, or any of its affiliated companies, associated companies or related companies
2. Not taking part in the management of the Company, or any of its affiliated companies, associated companies, related companies and not being a major shareholder of any of such companies.
3. Not being an employee, staff member or advisor who receives a regular salary from the Company, or any of its affiliated companies, associated companies, and related companies. Not having direct or indirect benefit or interest in finance and management of the Company, or any of its affiliated companies, associated companies. And not being a major shareholder of the Company.
4. Not being a related person or close relative of any management member or major shareholder of the Company.

5. Not being appointed as a representative to safeguard interests of the Company's directors, major shareholders or shareholders who are related to the Company's major shareholders.

6. Being capable of performing duties, giving opinions or reporting the results of performance of work according to the duties delegated by the Board of Directors, free and clear of control from the management or the major shareholders of the Company, including related persons or close relatives of such persons.

## **Balance of Power**

The Company has clearly separated the role of the Chairman of the Board from that of Managing Director. Those two positions must not be filled by the same individual. This is to clearly define and separate the role of policy making and governing from the role of managing day-to-day business operations.

## **Qualifications and Selection**

The Board comprises members with qualifications as prescribed by relevant laws or regulations. The directors have a broad range of knowledge, skills, expertise and experience relevant to the operations of the Company, which enable them to bring independent judgment and effective leadership to bear on the strategies, direction, policies, and mission of Ocean Glass.

The Articles of Association contain provisions relating to the appointment and retirement or removal of directors as follows:

1. Any appointment or removal of directors shall be approved by the shareholders meeting.
2. The shareholders meeting shall elect directors based on the majority of votes according to the following criteria and procedures:
  - Each shareholder shall have the total votes equal to the shares held, with one vote equivalent to one share.
  - The shareholder has the right to nominate one or more nominees for directorship. However, the total number of nominee nominated by each shareholder shall not exceed the number of directors to be elected.
  - In the event the shareholders nominate more than one nominee for directorship, each nominee for whom a shareholder has voted shall receive the votes from such shareholder equal to the total shares held by such shareholder. Such votes shall not be divided for any other nominees.
  - The nominees with the highest votes shall be elected as directors and the number of such nominees shall be equal to the number of directors to be

elected. In the event of a tie, the chairman of the meeting shall have the casting vote.

## Remuneration

The remuneration of directors shall be in accordance with the principle and policy adopted by the Board. Consideration shall also be given as to the responsibilities of the directors, and the operational and financial performance of the Company.

The remuneration is reviewed by the Nomination and Remuneration Committee and proposed to the Board of Directors for consideration and for further recommendation to the shareholders meeting for approval.

The remuneration details are disclosed in the Company's Annual Report.

## Term Limits

The Articles of Association prescribes the term of directors as follows:

1. At each annual general meeting of shareholders, one-third, or as near as possible to one-third of the directors shall retire from office. The retiring directors may be re-elected by the shareholders meeting.

2. Apart from the normal term expiration, a director shall vacate the office upon death, resignation, lack of qualifications, possessing of attributes prohibited by the Article of Association, removal by a resolution of the shareholders meeting, or removal by court order.

3. Any director wishing to resign from office shall submit a resignation letter to the Company. The resignation shall be effective from the date on which the Company receives such letter.

4. In the event of a vacancy on the Board for any reason other than the normal expiration of term of a director, the Board shall elect at the next Board meeting a qualified person who does not possess any of the attribute prohibited by law or the Article of Association to assume the vacant office, unless the remaining term of the vacant office of said director is less than two months. In this circumstance, the resolution to elect such director shall be passed by a vote of not less than three-quarters of the number of the remaining directors. The new director shall hold office only for the remaining term of the director who has been replaced.

## BOARD COMMITTEES

The Board is empowered to establish various committees to oversee and perform specific business and affairs on behalf of the Board to ensure the fairness, effectiveness and efficiency of the Company.

Presently, the Board has appointed two such committees: the Audit Committee, and the Nomination and Remuneration Committee. Both committees report to the Board on a regular basis.

It is the Board's policy to form more committees in the future as deemed necessary and appropriate to accommodate the rapidly changing business environment.

### Audit Committee

The Audit Committee is appointed by the Board and comprises at least three independent directors. It is responsible for the oversight of the Company's operation and follows the guidelines set by the Stock Exchange of Thailand. The Audit Committee meets at least four times a year. The independent auditor, internal auditor, and management members may be invited to join the meetings when considered necessary or appropriate. Each committee member serves a three-year term.

The Audit Committee is responsible for performing the following functions:

1. Reviewing the Company's financial reporting process to ensure accuracy and adequate disclosure, by coordinating with the external auditor and the management members who are responsible for preparing the quarterly and yearly financial reports. The Audit Committee may suggest that the external auditor review or examine any transaction which is considered necessary and significant during the audit of the Company's accounts.
2. Ensuring that the company has a proper and effective internal control system and internal audit program by making a review jointly with the external auditor and the internal auditor (if any).
3. Reviewing the performance of the company to ensure compliance with the securities and exchange laws, regulations of the Stock Exchange or laws relating to business of the company.
4. Selecting and nominating an external auditor of the company, including recommendation of remuneration for the external auditor by taking into account the credibility, adequacy of resources and volume of audit assignments of that auditing firm, as well as the experience of personnel assigned to audit the Company's accounts.
5. Reviewing the disclosure of information on connected transaction or transaction that may lead to conflict of interest so as to ensure the accurateness and completeness.

6. Performing any other function as delegated by the Board and approved by the Audit Committee such as reviewing the financial management and risk management policies, reviewing the compliance with the Code of Corporate Conduct, reviewing material reports which must be disclosed to the public as required by law jointly with the management of the company such as the Management's Discussion and Analysis.

7. Preparing a report on activities of the Audit for disclosure in the Company's Annual Report. Such report must be signed by the Chairman of the Audit Committee and should consist of information:

- Comment on the accuracy, completeness and credibility of the preparation process and disclosure of the information in financial reports of the Company.
- Comment on the adequacy of the Company's internal control system.
- Ground to believe the company's external auditor is suitable for re-appointment for another term of service.
- Comment on the compliance with the Securities and Stock Exchange Law, regulations of the Stock Exchange or laws related to business of the company.
- Any other reports which should be made to the shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Directors.

The Board has the ultimate responsibility of approving the Company's quarterly and annual financial reports.

## **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is appointed by the Board and comprises at least three directors. Each committee member serves a three-year term.

The Nomination and Remuneration Committee is responsible for performing the following functions:

1. Reviewing the composition and size of the Board.
2. Determining the criteria and a transparent procedure for recruiting directors.
3. Nominating suitable directors for consideration and approval by the Board or the shareholders meeting.
4. Determining and reviewing the principles, and providing a suitable policy and form for fair appropriate remuneration and benefits for members of the Board, Board committees, and senior executives in accordance with each director's or each senior

executive's responsibilities, corporate performance, the Company's financial status and business strategies.

5. Proposing the remuneration for directors to the Board for consideration and for further recommendation to the shareholders meeting for consideration and approval.

6. Disclosing the details of the remuneration for directors in the Company's Annual Report.

7. Formulating and recommending to the Board the succession plan for senior executives in certain specific positions and a list of prospective candidates entitled for consideration. This list shall be reviewed from time to time.

8. Providing and recommending the evaluation of each director and follow-up procedures.

9. Determining the independence of each director in performing his/her duties and recommending improvements.

10. Performing any other functions related to nomination and remuneration activities.

## **BOARD MEETINGS AND REPORTS**

### **Meetings**

The Board convenes a regular meeting at least once a month. If necessary, additional meetings may be held.

The agenda for the meeting shall be issued in advance. Notice calling the meeting, including the agenda and related documents, shall be distributed to all members of the Board at least seven days prior to the meeting to allow directors sufficient time to review. In case of an emergency, notice calling the meeting may be sent less than seven days prior to the meeting.

At the meeting, each agenda item shall be carefully and fairly considered in the best interest of shareholders and other stakeholders. Open discussions and independent opinions are expressed within an appropriate time limit, which shall be at the discretion of the Chairman of the Board.

Executive directors shall participate in the Board meeting to report on operating results, present proposals with regard to the business and affairs of the Company, provide opinions and clarifications, and acknowledge the policies and decisions of the Board for further implementation as instructed by the Board.

Minutes shall be recorded on the resolutions passed by the Board on each agenda item. These when required.

## **Reports**

The Board is responsible for financial statements and information that appear in the Company's Annual Report, and such financial statements are to be prepared in accordance with generally accepted accounting principles and policies. The Board must exercise due care in the preparation of such financial statements and must ensure that important information and data are sufficiently disclosed in the notes to the financial statements.

The Board is responsible for providing the balance sheet and statement of profit and loss at the end of each accounting year. The Company's annual report is provided at the annual general meeting of shareholders. The operating results of the previous year are reported to shareholders for their acknowledgement.

## **BOARD AND MANAGEMENT RESPONSIBILITIES**

### **Risk Management**

The Board places high emphasis on risk management. Risks can be classified as general operational risks, such as changes in price and competition, and corporate risks, such as policy and strategy formulation risks, liquidity risk, and operating risk.

The Company has established a risk management system consistent with international standards. The Audit Committee regularly reviews the effectiveness of various areas of the operation to ensure the sufficiency of the Company's internal audit system and procedures. In addition, the management members are responsible for determining a risk management framework that is in accordance with the vision and mission of the Company.

Risk management principles and policies are as follows:

1. The Board, management members and employees are each risk owners. Therefore, they are responsible for the evaluation and follow-up, and promotion of the effectiveness of the risk management process.

2. Each business unit must have in place a risk management process and evaluation system with continual improvement in order to effectively meet the ever-changing business environment. Review and evaluation must be performed at least once a year.

3. Risk management is an integral part of the Company's mid-year and annual plans. Risk evaluation covers the entire operation of the Company and takes into

consideration risk factors from both inside and outside of the organization. A warning system must be in place to cover all areas of operation that are subject to risk.

4. The Board is responsible for the initiation of policies, systematic and processes, strategy formulation, for risk measurement and risk management system in order to maintain risks at a manageable level. It is also the Board's duty to ensure that this policy is communicated throughout the Company, that the necessary training is conducted, and that all employees recognize the importance of risk management.

5. The Audit Committee is responsible for the evaluation of the risk management system. A report shall be made to the Board of the broad effects of the risks to which the Company is exposed including factors that impact on the different levels of acceptable risks. This report serves to inform the Board of critical risks. The Audit Committee also provides recommendations for improvement to the Board on a quarterly basis to ensure that systems are effective and proper.

## **Internal Control System**

Ocean Glass pays special attention and places significant emphasis on having an effective internal control system in place at all management levels of the Company's operation in order to prevent any possible damage to the organization and the abuse of power.

The duties and responsibilities of management and operational personnel have been clearly prescribed. The policy relating to internal control is determined by the Board and is clearly stated in the Corporate Governance Guideline and Code of Corporate Conduct. This includes details of internal control in such areas as the utilization of assets, information systems, access and usage of important information for optimal benefit.

Internal control and audit systems of the Company can be summarized as follows:

1. An independent international firm participates in the audit, review and evaluation of the effectiveness and sufficiency of the Company's internal control system in various areas of operation. This is conducted under the supervision of the Audit Committee. This internal control audit is to ensure that the main operations and financial statements of the Company are consistent with prescribed guidelines and in compliance with applicable laws and regulations, and that the overall risk is at a manageable level.

2. The Audit Committee is responsible for ensuring the sufficiency of the internal control system and the appropriateness of the current system for the Company's business undertakings. The Audit Committee reports the evaluation results in the Company's Annual Report, and discloses the details in the 56-1 report that is submitted to the Stock Exchange of Thailand.

3. The Company prepares written policies and operational procedures for different functions of the Company. Training and orientation programs are provided for employees to ensure a common understanding that leads to effective functioning.

4. Job and authority description are clearly specified in writing for all levels of employees.

5. The Company recognizes the importance of information technology and the database system in providing accurate and up-to-date information, sufficient for timely decision-making by executives and the Board. Proper information technology and accounting systems have been installed.

## **Board Advisors**

The Board may appoint several qualified persons to act as advisors to the Board. Their roles and responsibilities are to provide recommendations on matters relevant to and within the authority and responsibilities of the Board. These include the Company's policies or issues that require compliance with established laws and regulations, as well as other important activities that, once undertaken, may cause significant changes to or material impact on the Company's operations.