

## **Corporate Governance for the year 2016**

The Board of Directors realizes the importance of having good corporate governance in order to add more value to the Company which will contribute to the long-term interests of the Company's stakeholders such as the shareholders, employees, suppliers, customers as well as the society as a whole. The Company's board of directors, consequently, agreed and approved the Corporate Governance Policy to be the guideline for the Directors, management and all the employees for operation.

The Company has complied with the 2006 and 2012 Good Corporate Governance Principles of the listed companies introduced by the SET continuously. For 2016, the details of the compliances were as follows:

### **Section 1 Rights of Shareholders**

#### **1. Shareholders' Meeting**

The Company has a policy to encourage every group of shareholders including institutional shareholders to participate in the shareholders' meeting. Venue of the meeting is easy to access and meeting will not be arranged on holidays or not during office hours. Before each AGM and EGM, the details stipulated in the Notice to the Meeting such as the meeting date, time, venue and agenda which states the explanation and rationale in every agenda as well as the opinion of the Board together with the various attachments such as details of the directors who shall be retired by rotation and be re-elected, Independent Directors' detail as a Proxy, the Company's Articles of Association in relation to the shareholders' meeting, the list of papers to show identification of the shareholders who have the right to attend the meeting and the proxy form B and form C which states 3 Independent Directors for proxy granting alternatives as well as the map of the venue were all posted on the Company's website in both Thai and English versions separately in advance so that the shareholders can have enough information and time to study before making decision. In addition, the shareholders are able to ask questions in advance via e-mail directly to the Company's IR unit at [IR@grouplease.co.th](mailto:IR@grouplease.co.th) which already disclosed on the Company's website without having to wait until the shareholders' meeting.

#### **2. Procedures on the shareholders' meeting date**

Computer was used to facilitate the registration and vote counting during the shareholders' meeting so that the meeting can be carried out efficiently. In addition, duty stamps were also provided without cost for the proxy granting and the shareholders who came late for the meeting still had the right to participate in the meeting. There was no director absent on the Annual General Meeting of Shareholders FY2016. On the re-election of the retired by rotation directors, the voting was done individually and voting cards were used as voting method in all

agenda and were kept for future reference to be transparent and auditable. A representative from the Company's independent auditor was assigned to be the witness in vote counting before the meeting began and was introduced to the Meeting and recorded in the minutes of the meeting.

Apart from having 2 languages version of the notice of the meeting, Thai and English versions, because Chairman is a foreigner, the meeting had to be conducted in English but there was a translation so that all shareholders were able to equally understand. Moreover, during the meeting, the Chairman provided opportunity for the shareholders to express their opinions or ask questions concerning the agendas and the Company's businesses fully before the voting in each agenda and more questions could be asked again on the last agenda after all the proposed agenda had been completed.

### **3. Writing and releasing of the minutes of shareholders' meeting**

Minutes of the shareholders' meeting shall always include the list of present and absent directors (if any), the explanation of voting method and vote counting as well as the important questions and answers in every agenda. The voting result will show the number of shares approved, disapproved and abstained votes and such results shall be disclosed on the Company's website on the following business day.

### **4. Rights to receive Dividend**

According to the Company's dividend payment policy, dividend shall be paid not less than 40% of the net profit. The said dividend needs to be approved by the shareholders meeting except for the interim dividend which can be approved by the Board of Directors. In the year 2016, the shareholders approved a dividend payment from the Company's operating result ending 31 December, 2015 at the total amount not exceeding 237,960,099.16 Baht or 69.94% of the net profit or at 0.1560 Baht/share which complied to the dividend payment policy of the Company. All the shareholders who have the name on the registration book closing date 11 May, 2016 were eligible to receive such dividend payment.

## **Section 2 Equitable treatment of shareholders**

### **1. Release of information before shareholders' meeting**

The Board resolution on notice of shareholders' meeting together with the agenda and opinions of the Board both in Thai and English versions were disclosed to the SET and the notice of the meeting and other attachments were also posted on the Company's website for about 30 days in advance of the meeting date. The Company used voting sheets for every agenda and the vote counting method is based on 1 share per 1 vote for all shareholders. Before starting the meeting, voting method and the vote counting method were

announced to the meeting. In addition, the amount of shares / votes required from the shareholders to approve each agenda was also announced before doing voting in each agenda.

## **2. Protection of minor shareholders**

Minor shareholders were provided the opportunity to propose agenda and/or nominate qualified persons to be the Company's Director to be considered in the AGM FY2016 in advance in which the procedures of proposal were disclosed on the Company's website and the period of proposal was during 1 Oct – 31 Dec, 2015. However, there was no agenda or any nomination proposed for AGM2016. In the re-election of Directors, the shareholders had the right to vote for each person individually.

The Company neither added more agenda nor switched the sequence of the shareholders' meetings agenda in the AGM2016.

## **3. Protection against abuse of inside information**

The Company has a policy to restrict the staff in disclosing any inside information that has not been prior disclosed to the public for own interest by setting up as a Company's rule so that any director, management and employee who knows such inside information and discloses or uses it for personal interest shall be penalized. A committee consists of Manager in various departments chaired by the Chief Operating Officer shall be appointed to judge for the penalty which varies from giving written notice in case that the guilty was done by carelessness to dismissing from the Company in case of an intentional action which causes serious damage to the Company according to the corporate governance policy.

Moreover, all Directors and executives (under SEC's definition) were informed about their obligations or duties in reporting their share holdings of the Company's share as well as their spouse's and minor children's whenever there is any change to the SEC in compliance to the Securities & Exchange Act BE 2535 and the notification of the SET. Such changes shall be reported in the Board of Directors' Meeting and the share holding of the directors and executives shall appear under the profile of each director and executive in the annual report.

## **4. Conflict of interest by directors**

The Company's Directors and executives have to disclose their own and their related persons' interests which might have any conflict with the Company's interest so that such related transactions shall be decided on the Company's highest benefit as a whole. Those who have significant conflict of interest which might limit the independency in decision making shall not participate in decision making of such matter.

## **Section 3 Role of Stakeholders**

### **Setting policies affecting stakeholders**

The Company has given importance and respects the rights of all stakeholders such as shareholders, customers, employees, suppliers, creditors, competitors, environment and society, etc. Therefore, the Board of Directors and management have initiated the guideline concerning the Company's stakeholders as follows:

- **Policy and guideline on Safety and hygiene in the working place** The employees are encouraged to take care of the working areas to always be clean, nice and safe to work in. It was stated in the Employees' rule that those who ride motorcycle have to wear helmet on every trip whether during on duty or off duty. In 2016, there had not been any serious accident during work operation.
- **Policy and guideline on employees' remunerations and welfare** The Company always strictly complies with the minimum payment of labor law and shall not pay less than the minimum wage but shall pay in comparable to the payment rate of the same industry. The Company has policy to pay yearly bonus in relation to its operating result. Yearly performance evaluation of employees is done to determine payroll increase by comparing the performance with the set target together with other ethical and behavioral factors such as absence or tardiness records. Moreover, the Company also provides provident fund and group health insurance and annual physical check-up for the employees to ensure that they are always in good health. Other additional welfares are maternity allowance, wedding, ordination and funeral expense allowances and scholarship for staff's children.

For long term remunerations, the Company provides Employee Stock Option Program (ESOP) to allocate some warrant which is the right to purchase Company's shares to Directors and employees aiming to motivate them to work more efficiently as they feel being owner of the Company and it is also considered to be one of the forms for retirement savings.

- **Provident Fund** was provided for employees who will receive the Company's contribution part according to their employment period.
- **Employees' development of knowledge and skill** The Company concentrates on developing knowledge and skill to both existing and new employees. For each year, apart from carry out orientation for new employees, the Company shall arrange courses concerning the changing of rules or laws in relation to the work operation to update them with latest information and shall encourage them to take skill development courses in relation to their jobs or other courses that can help develop the good attitude towards their work or management skill. Such training courses can be an in-house or external training courses. It is expected that after training, the employees can be able to work more efficiently for their own growth as well as the Company's as a whole. For the year 2016, we emphasized on developing Accounting and IT skills and altogether there were 719 employees participating the training courses with average 9.14 hours per person. The training courses consisted of the

Professional Strategic Team Work Management, Negotiation Technique for Efficient Phone Collection, IFRS9 and Related Financial Reporting Standards for Non-Financial Institutions and other IT courses including Recovery English Course for Management, etc.

- **The Violation of Human Rights** The Company has the policy not to involve in the violation of any human rights. All employees no matter in what race, skin color, sex, age, language, religion or physical condition shall be treated equally. Presently, the Company hires total 8 employees who have the problem in hearing and speaking. All were treated equally as other normal employees in terms of remunerations and welfare. They were assigned documentary job which suits their physical condition.
- **Policy and guideline about customers** The Company aims to fully satisfy its customers with good care and responsibility. Information regarding the services offered will be disclosed completely, correctly, timely and without any distortion to the customers. Moreover, we try to keep good and sustainable relationship with them. New forms and points of sales and new branches for credit granting services and payment channels were developed aiming to render qualified, convenient and fast services which is in compliance with the Company's mission: First, Fast and Forward. In addition, each customer shall be granted only appropriate amount of loan in relation to their financial status to avoid excessive obligation on them and customers with age lower than 18 shall not be approved for motorcycle hire-purchasing. Customers' secrets were kept confidential except on permission or enforced by law to disclose.
- **Policy and guideline about competitors** The Company supports and encourages fair competition with other firms doing the same business. Competition is done under the rules and regulations framework set by the regulators. We will not illegally searching for our competitors' confidential commercial information or do it by any improper ways.
- **Policy and guideline about suppliers** Suppliers will be selected on a fair and equitability in doing business framework taking into account the mutual benefits in which the Company shall comply with the commercial conditions and or the provisions stated in the agreement which were fairly signed. Suppliers who were suspected of corruption or soliciting bribe shall be avoid. We shall not accept, solicit or offer any bribes to suppliers.
- **Policy and guideline about creditors** The Company strictly commits and complies with the terms and conditions made with the creditors including the punctual repayment of debts and other conditions specified in the agreement.
- **Policy and guideline about the infringement of intellectual property or piracy** The Company has the policy and guideline not to support or use any non-copyright goods or products. For example, we will not use pirated computer software.

- **Policy of anti-corruption and bribery for commercial benefit of the Company** The Company's Board of Directors has passed the resolution to set up Anti-corruption Policy in January, 2016. Formerly, the Company had stipulated corruption as prohibited action in the Employees' regulations and also included in the Company's Code of Business Ethics. However, the Board of Directors has enhanced such regulations for clearer and more updated provisions and this Anti-corruption policy shall be inserted as a part in the Company's Code of Business Ethics. The Anti-corruption Policy states that:

*"Directors, executives and employees of the Company and subsidiaries are prohibited to participate in any corruption, bribes either to or from the government or private officers in any form whether directly or indirectly in return for wrongful benefits for oneself, family, friend and acquaintances or to get business for the Company or for commercial advantage. They must also comply to the Company's Code of Business Ethics and other laws in Thailand in relation to anti-corruption."*

- **Process on Risk Evaluation from corruption and guideline on governance and risk monitoring**

- 1) Internal Audit Department was established to be responsible for the risk evaluation from corruption actions by setting up yearly audit plan which covers various audited items that may incur the risk from corruption done by employees to the Company during the performing of duty or done with the outsiders such as customers, suppliers or government officers and report the results to the Audit Committee for further action in compliance to the Company's rule or related laws as the case may be. The auditing should be done regularly in each department and the risk criteria and Company's rules should be reviewed regularly to always ensure the effectiveness to control the risk to be within the acceptable level and to ensure the implementation of such policy.
- 2) When there is any corruption action found, an investigation committee will be established to investigate the case and if found guilty, the person shall be penalized or put under disciplinary action according to the Company's rule.
- 3) In order to be fair to the accused of corruption, such person if disagrees to the accusation, can file a complaint by following the complaint filing procedure specified in the Company's rule.
- 4) Anti-corruption Policy has been set as a course in the employees' training course and the orientation of new employees. It was posted on the intranet of the Company in both Thai and English versions in order to declare the Company's intention of doing business without corruption.

During the year 2016, the Internal Audit Department had reported the audit result on corruption or fraud actions according to the abovementioned Anti-corruption Policy through our Whistleblowing channel that during the year, there was nobody reporting

any case and also reported that there was no corruption or fraud cases found from the employees' operations.

- **Policy and guideline towards society and Activities on Community Development** The Company has policy and guideline to support or participate in activities which encourage the development of education or recreation of children or youngsters. The Company has set up scholarship project for staff's children who got excellent academic result every year, and supports some funds to procure educational equipment or recreation for the children who live in nearby community on Children's Day and also encourage the employees to participate in activities in order to create the awareness of social responsibilities to the employees. In addition, the Company had made cash donations to assist the flood crisis victims in the southern provinces of Thailand which happened during the end of year 2016. Employees also participated in donation of some useful things.
- **Operations under environmental standard** The Company's business nature does not have any impact on the environment. Nevertheless, we always realize the importance of the responsibilities towards the environment especially the environment surrounding the Company's office. Therefore, the Company has set up Waste Segregation Campaign by supplying different waste bins separately according to the different types of garbage. We educated the employees and encouraged them to throw the garbage in the proper bins provided aiming to conserve the Company's office surrounding environment and also to facilitate the waste collector as well as the Bangkok Metropolitan Administration in their garbage administration.
- **Efficient utility of resources** Employees were encouraged to value the awareness in preserving environment by utilizing the resources efficiently, for example, to turn off the unused lights or turn on lights or air-conditioner only when necessary and to turn off the electrical office equipment during lunch time or to recycle papers, etc. In addition, they were urged to value the preserving of energy especially gasoline which is one of the resources for the Company's business operation.
- **Employees' training about environment** The Company pays much attention on the environmental conservation. The employees were regularly informed about the news about environment and also encouraged to be trained about environmental issue whenever there is a chance.
- **Channel provided for any stakeholders to contact or complain on the things which may be a problem directly to the Board of Directors (Whistle Blowing)** Stakeholders who observed any suspicious act of corruption or bribery or a suspected violation of the law, the Code of Business Ethics or the good corporate governance policy of the Company or any malpractice which may adversely affect the Company's image by directors, management and employees may report clues or complaints in writing together with related details and evidence to the Company via registered post addressed below:

Chairman of Board of Directors  
Group Lease Pcl.  
P.O Box 149, Bang Sue,  
Bangkok 10800

This PO Box was specially opened exclusively for the clues and complaints on corruption or bribes reporting and the Internal Audit Department Manager is the responsible person. After receiving the complaints or clues, Investigation Committee shall be set up to investigate the truth. The accused person is given the right to defend himself before final result and penalties can be summarized and report to Audit Committee and the Board of Directors for acknowledgement. For other complaints such as problem on service rendered or other violation of rights or the complaints other than corruption cases can be done via e-mail address: [glpdc@grouplease.co.th](mailto:glpdc@grouplease.co.th). All the complaints shall be forwarded to the related Management who shall promptly investigate the truth and take the best action to solve the problem or make improvement.

In addition, in order to protect the rights of the whistleblower or those who reveal the information, the Company shall take appropriate care to conceal the identity and address or other information that can lead to the identity of the blower. The employee who discloses the clues, if it is done in good faith, will not be penalized or put under disciplinary action or demotion, suspension or layoff or any other actions that may have an adverse effect on such employee.

## **Section 4 Disclosure and Transparency**

### **1. Disclosure of information**

The Company has a policy to disclose clear, accurate, sufficient and timely information, both financial and non-financial, to all concerns in relation to the rules set by the SET and SEC and with transparency that is able to be inspected. The Company's information will be disclosed through the Company's annual report and the important information which was disclosed through the SET's electronic system (SCP) shall also be posted on the Company's website under "Investor Relations" section. Such information which will be updated regularly includes the Company's quarterly financial information and was disclosed within the regulated schedule.

The Company's financial statements were prepared by Certified Public Accountant who has no relationship whatsoever with the Company and in accordance with the generally accepted accounting standard. Before each disclosure, the financial statement has been reviewed by the Company's Audit Committee who is the Company's Independent Director and the Board of Directors. The Board of Directors' responsibility on the financial reports shall be disclosed together with the audited financial statement in the annual report of the Company including the disclosure of audit fees and fees on other services provided.



Apart from financial information, the Company has disclosed roles and responsibilities of the Board of Directors and Audit Committee including the meeting attendance of each director of last year, the term of office as well as the share holding of directors, spouse and their minor children and the opinion from the duties performed during the year as well as training and the remunerations payment policy and types of remunerations of the directors and executives, all of which are included in the Form 56-1 and annual report.

In the year 2016, the Company arranged 4 Analyst Briefings after the respective quarterly financial statement had been disclosed, i.e. on 15 February, 17 May, 16 August and 16 November, 2016 in order to communicate the Company's updates or to respond to queries from the analysts or other investors so that they can have sufficient information in making investment decision.

## **2. Minimum information disclosed on the Company's website**

Besides disclosing those regulated information and through various channels such as SET's SCP system, form 56-1 and annual report, the Company also discloses important information in Thai and English versions through its website. Such information shall be updated regularly so that investors and other stakeholders are able to use them in making decision. Those who interested may visit the Company's website anytime at [www.grouplease.co.th](http://www.grouplease.co.th)

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

### **1. Board Structure**

- Number and Proportion In 2016, the Company's Board of Directors consists of 12 members in which 4 persons are Executive Directors, 8 persons are non-executive Directors or about 66% of the total number of the Board, and 4 persons are Independent Directors. The ratio of independent directors is in accordance with the rule set forth for the listed company for check and balance so that no single group can make decision on their own. The Company's Directors also consists of directors who possess various qualifications in terms of experiences in skills and expertise which are useful to the Company such as administration, investment, finance and accounting and there is at least one independent director who has direct experience in hire purchase business which is the main business of the Company.
- Term of Office The term of office of the Board of Directors was clearly stated in the Company's Articles of Association. One-third or the closest to one-third of the directors, at present it is 4 persons, who were in the position the longest shall retire by rotation every year but can be re-elected in the Annual General Shareholders' Meeting. The term of office of Audit Committee is set

to be 2 years each and can also be renewed. Currently, there has not been any limitation on the maximum term of office of the independent directors.

Directorship in other listed companies The Company does not limit the number of directorship of the Company's Directors in other listed companies as most of them had been a director of such companies before joining the Company. Moreover, if doing so, we may lose the chance of having good directors. However, at present, there has not been any director who takes up directorship in other listed company more than 5 companies. Nevertheless, each director was evaluated on their contribution of time to the Company in which all directors had always given high contribution to the Company As for the executives, they cannot be director of other companies except the Company's subsidiary or company in the same group. The number of directorship of each director in other listed companies except subsidiary companies for FY2016 are as follow :

Directors' Name	Title	Number of directorship in other listed companies
Mr. Mitsuji Konoshita	Chairman of the Board of Directors	-
Mr. Tatsuya Konoshita	Director	2
Mr. Muneo Tashiro	Director	1
Mr. Regis Martin	Director	-
Mr. Patrick Fisher	Director	-
Mr. Riki Ishigami	Director	-
Mr. Yusuke Kozuma	Director	-
Mr. Alain Dufes	Director	-
Gen. Suebsan Dardarananda	President of Audit Committee/ Independent Director	-
Mr. Sonit Pichyangkul	Audit Committee/ Independent Director	-
Dr. Pholdej Therdphithakvanij	Audit Committee/ Independent Director	-
Mr. Krit Phanrattanamala	Audit Committee/ Independent Director	2

- Chairman and CEO (the highest management) Since 2012, the Company had restructured its management structure by assigning the Chairman of the Board to take up another position of CEO. Being the representative from major shareholder, the Chairman will probably put more effort to manage the Company to the optimum profit. Despite this, the roles and duties of the Board of Directors and the management were clearly separated and besides, the significant issues are mainly decided by the Board of Directors' resolution. Moreover, having Audit Committee

which consists of Independent Directors will also ensure the check-and-balance of management.

- The Company Secretary The Board of Directors had appointed a Company Secretary who serves as a Secretary to the Board of Directors' meeting, shareholders' meeting and Audit Committee meeting (the Internal Audit Manager was appointed to be the secretary of Audit Committee since 31 May, 2016) and to coordinate for the Board and executives to comply to the related rules and regulations as well as the Board's resolutions and the Board and Audit Committee Charters including the preparing and keeping of the Board's registration book, minutes of the Meetings and important documents of the Company. The Company Secretary has been trained continuously to develop knowledge and skill necessary for the role of Company Secretary.

## **2. Committees**

At present, the Board of Directors has appointed only one sub-committee which is the Audit Committee without appointing Nomination and Remunerations Committees since the Board viewed that the Company's nature of business is not complicated with a small number of directors and a very low director's turnover rate that it does not need any nomination committee. Regarding the determination of the remunerations, the Board of Directors has the duty in determining the executives' remunerations and the remunerations for Board of Directors is normally determined by the resolution from the Annual General Meeting of shareholders.

## **3. Roles and responsibilities of the Board**

- Review and approve key business issues The Board of Directors involved in determining the Company's vision, mission and planning of strategy, objective, policy, and budget. It also advises and controls the implementation of the plan according to the policy.
- Corporate Governance Policy The Board of Directors set and approved a written corporate governance policy for the Company starting from the year 2007 and there has been a report on corporate governance practice in compliance to such policy annually disclosed on the Company's annual report and posted on the Company's website.
- Business Ethics The Company set up the guidelines for Directors, management and the employees according to the Code of Ethics or Statement of Business Conduct. Such guidelines are put in writing, and are informed to directors, management, and employees by including in the orientation of new employees and communicated to public by posting on the Company's website. Furthermore the operation guidelines were also set up in writing for the employees as guidelines or rules to work with honesty and good discipline and also states penalties in violation of the regulations.

- Conflict of Interests The Board of Directors proposed the preventive action for conflict of interest carefully and honestly, reasonably and independently under good business ethics significantly for the benefit of the Company. The preventive actions are set as follows :
  - Important transactions between the Company and related persons have to be considered and approved by the Board of Directors and in presence of Audit Committee and in compliance with the SET's rules and regulations and the Securities and Exchange Act. Directors who have conflict of interest in such transaction cannot vote. Additionally, the minimum quorum while making resolution in the Board Meeting should not be less than two-third of the total number of the Board of Directors.
  - Related party transactions should be disclosed to the shareholders(according to the regulations) together with the opinion from the Audit Committee or independent financial advisor whether such transactions are appropriate in terms of price and justification of the transaction.
  - Directors and management are prohibited to use the Company's information for own benefit both directly and indirectly.
  - The Company's Board of Directors' Meeting No. 8/2008 held on August 21<sup>st</sup>, 2008 had approved in principle that the management is able to approve the related transactions which have the same commercial terms as those an ordinary person would agree with any unrelated party under similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person as prescribed in the Securities and Exchange Act No. 4, BE. 2551. However, the related transactions which worth more than 1 million baht will be reported in the Board of Directors' Meeting for acknowledgement.
- Internal Audit System The Company realizes the importance of internal controls in every procedure to get the most efficient operations and to have sufficient internal control appropriated for each operation procedure of each system. As a result, Internal Audit Unit was set up and report directly to the Audit Committee.
 

The Company also sets security to access internal information by using authorized passwords for each level and also identifies the responsibility of each person. For financial control systems, the Company sets procedure for verifying financial report systems. Those reports are presented to the concerned management every month. The Company also arranges the management meeting to consider and correct mistakes stated in the reports every month. The Company provides risk management by reporting accounts receivables' management every month. Accounts receivable will be grouped according to historical payment and each group will have officer taking responsibility. Management, together with the Board of Directors, will meet to evaluate the efficiency of accounts receivable management every month.

Risk Management Policy It is the policy that every division is to perform in compliance with the regulations and relevant laws. Operating policy, operating regulations and command of authorization are in writing and revised to cope with the

on-going operation. Internal Audit Dept. will be responsible in auditing each department's operations in order to assess the risks in which results and recommendations shall be presented in the Audit Committee meeting quarterly.

- Governance on Company's subsidiary In order to take care of the Company's investment in subsidiary company to the best interest, the Board of Directors has assigned appropriate personnel to become director in the subsidiary in order to control the operations of the subsidiary to be in line with the Company's policy and to overlook that various transactions are carried out in compliance to the rules and laws of each country. The operating result of the subsidiary was regularly reported in the Board of Directors' meeting.

#### **4. Board Meetings**

At present, the Company's Board of Directors meeting is arranged once a month. The Audit committee meeting is set to be held once a quarter. In December of each year the Board will be proposed to determine the next year's Board of Directors and Audit Committee as well as AGM meeting schedule in advance. However, if there is any urgent agenda that the Chairman or other directors need to bring in for the Board's attention, additional meetings can be arranged as necessary. In 2016, the Board of Directors' meeting was held altogether 19 meetings of which 12 meetings were monthly meetings and the rest 7 meetings were extra ones and the average percentage of each member for Board Meeting attendance was not less than 80%. The Company Secretary will send notice to the Board meeting and the Board papers to all directors at least 7 days in advance which was considered sufficient for the directors to study before coming to the meeting. Should any directors need more supporting information or reports, he can always ask from the related executives. In each monthly meeting, the agenda on operating result of the Company and its subsidiaries both in Thailand and abroad is set as regular agenda, and the Meeting is also updated on the motorcycles market outlook and other significant issues regularly each month. For each meeting, Chairman has allocated sufficient time for the meeting and all directors always pay high attention and give sufficient time to every proposed agenda as appropriate.

Moreover, the Board of Directors has the policy to let the Audit Committee which comprises of non-executive directors arrange a meeting with the external auditor of the Company without any presence of management team at least once a year in order to discuss various problems concerning management issues independently and the result will be reported in the Board of Directors' meeting.

#### **5. Board of directors' self-assessment**

The Board of Directors has the policy to conduct self-assessment of the Board of Directors and Audit Committee as a group annually aiming to improve the efficiency of both as a whole. In December of each year, the Secretary will review the questionnaires which had been adjusted from the SET's example and distribute to each of the director to fill in. The topics of assessment were under 6 main areas as follows:

1. Structure and Qualification of the Board
2. Roles, Duties and Responsibilities of the Board

3. Board of Directors Meeting
4. Duties performing of the Board
5. Relationship with the Management
6. Directors and Management Development

After the questionnaires have been returned, the Secretary shall summarize the result and report them to the Board of Directors. As for the year 2016, the overall result of the self-assessment of Board of Directors was excellent in all criteria which details are as follows:

Board of Directors' result

Criteria	Full Score	Score	%	Result
<b>Total</b>	<b>100</b>	<b>98.23</b>	<b>98.23</b>	<b>excellent</b>
1. Board structure and qualifications	28	27.5	98.2	excellent
2. The board meeting	24	23.6	98.3	excellent
3. Duties & responsibilities of Board	40	39.3	98.25	excellent
4. Others : - relationship with management team -Directors' self-development	8	7.8	97.5	excellent

## 6. Remunerations

Remunerations of the Company's Board of Directors consist of meeting fee and annual bonus which can be considered comparable to the industry, experiences, duties and accountability and responsibility as well as the contributions expected from each director. The Audit Committee receives additional remunerations in relation to the higher responsibilities and the Chairman of the Board and Chairman of Audit Committee receives about 20% higher rate than the other members for the higher responsibilities. Bonus of the directors is significantly depending on the Company's profit each year and directors' remunerations shall be approved by the shareholders' meeting.

The remunerations for top management was set adequately to attract them in the long run and in relation to the performance of each person by which the evaluation will be done every year to assess their remunerations.

## 7. Board and Management Training

- Training The Board of Directors, Audit Committee, management as well as the Company Secretary and the employees were encouraged and facilitated to join the training courses concerning the corporate governance and management skill. Such

training courses may be an in-house training or the seminars arranged by specialized organization such as the Accounting Association or the Revenue Dept. or other regulators such as the SET and SEC as well as IOD.

In 2016, one of the Audit Committee members, Mr. Pholdej Therdphithakvanij, had participated in CG Forum 1/2016 on 10 February, 2016 on the topic of 'Ethics: Conscience of Corporate Governance' arranged by the SET. Moreover, Company Secretary had participated in training courses on 'Basic IR' during 16-17 June, 2016 arranged by the SET and 'Enhancing Good CG based on CGR Scorecard' on 3 October, 2016 arranged by SET and IOD.

- Preparation for new director The Company provides necessary information to new directors useful to perform director duties which introduce the nature of the business and the operations of the Company consisting of the Company's annual report, Board of Directors / Audit Committee Charter, Affidavit, and Memorandum and Articles of Association, Company's Code of Ethics including the Director's Handbook published by the SEC.
- Succession Plan The General Manager shall report the succession plan to the Supervisor to assign successors who significantly possess knowledge, skill and experiences in case they cannot perform their duties.
- Executives Development Program The Board has established a development program for executives and the General Manager will report to the board annually. The executive development plan will be considered together with the succession plan.

## Committees

The Company's management structure of Directors and executives consists of Board of Directors and 1 committee which is the Audit Committee.

### (1) Board of Directors

As of 31 December, 2016, the Company's Board of Directors consisted of 12 directors as follows:

Directors' Name	Position	Remark
1. Mr. Mitsuji Konoshita	Chairman of the Board of Directors & Chief Executive Officer	
2. Mr. Tatsuya Konoshita	Director, Chairman of Executive Committee & Chief Investor Relations Officer	Appointed CIRO on 1 Jan. 2016 and Chairman of Executive Comm. on 22 Mar. 2016
3. Mr. Muneo Tashiro	Director and Chief Operating Officer	Appointed COO to replace Mr. Somchai Limpattanasin who resigned on 31 Dec. 2016
4. Mr. Regis Martin	Director and Chief Financial Officer	Appointed new director and CFO on 28 Apr. 2016 to replace Mr. Deepong Sahachartsiri
5. Mr. Patrick Fisher	Director	Appointed new director on 28 Apr. 2016

6. Mr. Riki Ishigami	Director	Appointed new director on 28 Apr. 2016
7. Mr. Yusuke Kozuma	Director	Appointed new director on 28 Apr. 2016
8. Mr. Alain Dufes	Director	Appointed new director to replace Mr.Somchai Limpattanasin who resigned on 6 Dec. 2016
9. Gen. Suebsan Dardarananda	Chairman of the Audit committee and Independent Director	
10. Mr. Sonit Pichyangkul	Audit Committee /Independent Director	
11. Mr.Pholdej Therdphithakvanij	Audit Committee /Independent Director	
12. Mr. Krit Phanratanamala	Audit Committee /Independent Director	

### **Authorized directors**

The directors who have authority to sign on behalf of the Company are Mr. Mitsuji Konoshita or Mr. Tatsuya Konoshita or Mr. Muneo Tashiro, one of the Directors signs with the Company's seal will be binding upon the Company.

### **Duties and Responsibilities of Board of Directors**

Directors take responsibility in managing the company's operation in compliance to the laws, Company's objectives, its regulations and resolutions from shareholders' meeting with integrity and fiduciary, which can be concluded as follows :

1. To determine the Company's objectives, directions, policies, plans, and budget, and to control and supervise the management to reach the set objectives. However, there are some matters which required by law to get the approval from the shareholders' meeting, such as the increasing or decreasing of capital, disposing of or transferring of the Company's whole or partial major business to other persons, or acquiring or accepting of transfer of other business, and the amendment of the Company's Memorandum & Articles of Association.
2. To arrange the Annual General Shareholders' meeting within four months after closing the accounting period and determine the agendas and give opinions to be proposed to the Meeting for approval such as the dividend payment, Board of Directors' and Audit Committee's remunerations and the appointment of directors, etc.
3. To consider and approve important investment of the Company as well as investment in subsidiary companies.
4. To consider and approve the Company's CG Policy and other policies including other rules and regulations that have been reviewed by Audit Committee or the management and monitor the implementation.
5. To arrange the Board of Directors meeting at least once every quarter.
6. To present financial statements, both balance sheets and income statements which have already been audited by external auditor to shareholders for approval.
7. To appoint the management or other persons as proxy or empower others to carry out Company's activities under the Board of Directors' control or to authorize such person to have the appropriate power at a specified period in which such power may be cancelled, withdrawn,



changed or amended. In the event of the proxy granting to the management or other persons to carry out activities relating to the normal business activities of the Company, such power granting should be in compliance to the resolution from the Board of Directors' meeting which shall consist of Independent Director or Audit Committee present in the meeting. In the event that the power granting was disapproved by the Independent Director or Audit Committee, such disapproved opinion should be clearly recorded in the Board of Directors' minutes of the meeting.

8. To consider and approve important related party transactions and the acquisition or disposal or transfer of significant assets so that the transactions are done and disclosed correctly and transparently in compliance with the Securities and Exchange Act and the Stock Exchange of Thailand's rules or other related laws.
9. To establish proper management structure including the appointment of high level management such as the Chief Officer, Executive Board/Director, Managing Director and General Manager level.
10. To approve the appointment of sub-committees such as Audit Committee and determine its roles and responsibilities including the changing in structure, term of office and renewal or other changes which may significantly affect such committee's operation.
11. To monitor the Company's operating result to continuously achieving the set target according to the business plan and budget.
12. To approve procurement of significant assets or maintenance expenses at the amount exceeding Bht 5,000,000.-
13. Directors must not involve in the business of the same nature of the Company's business or in competition with the Company's business or being partner in any partnership entity or being an unlimited partner in any limited partnership or being a director in a private company or other companies that operate the business of the same nature with the Company and competing with the Company's business either for personal interest or for others' interest except prior disclosing at the shareholders' meeting before the appointment.
14. Directors have to inform the Company promptly if he is having any conflict of interest directly or indirectly in any of the Company's contract, or the increasing and decreasing of the Company's share or debenture holdings.

However, the above authorization does not include the authorization in approving related transactions which has some conflict of interest with the Company and its subsidiary. This limitation complies to the Stock Exchange of Thailand's rules in which the approval of such transactions has to be approved by the Board of Directors or shareholders' meeting, according to the Company's regulation or related laws.

## **(2) Audit Committee**

As of 31 December 2016, Audit Committee consisted of 4 Independent Directors of which Mr. Sonit Pichyangkul is the Audit Committee member who possesses the knowledge and experience in auditing financial statement of the Company. In addition, he also has the direct experience in hire-purchase business which is the Company's main business of which his personal profile and working experiences appear in the Details of the Directors.

The Board of Directors has determined the term of office of the Audit Committee to be 2 years each and is able to renew the term of office for a 2- year term each. The present Audit Committee was first appointed on 11 May, 2011 and has renewed its latest term on 11 May, 2015.

The list of Audit Committee and the meeting attendance of the Audit Committee Meeting in 2016 is shown below:

Name	Position	Audit Committee Meeting	
		Number of Meeting held	Number of Attendance
1.General Suebsan Dardarananda	Chairman of Audit Committee / Independent Director	13	13
2.Mr.Sonit Pichyangkul	Audit Committee and Independent Director	13	13
3.Dr.Phodej Therdphithakvanich	Audit Committee and Independent Director	13	13
4.Mr. Krit Phanratanamala	Audit Committee and Independent Director	13	13

Definition of Independent Directors The Company defines the qualifications of the Independent Directors in accordance with the SEC and SET regulations as follows :

- An Independent Director does not hold more than 1% of paid-up shares in the Company, parent company <sup>(1)</sup>, its subsidiary <sup>(2)</sup>, affiliated company <sup>(3)</sup> or related company or any legal entity that has related persons <sup>(4)</sup>.
- An Independent Director is not an employee, staff member, an advisor who receives a regular salary or a controlling party of the Company, its parent company, its subsidiary, affiliated company or any legal entity that has related persons. (presently and 2 years before appointment)
- An Independent Director is not an immediate family member or a person legally occupying similar status as parents, spouse, siblings, sons and daughters including spouses of sons and daughters of an executive officer of the Company, a major shareholder, a controlling person or an individual who will be nominated to be an executive officer of the Company or any of its subsidiary.
- An Independent Director does not have business relationship with the Company, its parent company, its subsidiary, affiliated company or any legal entity, which has related persons that the relationship does not interfere with his exercise of independent judgment. And among other things materiality in making an independent opinion regarding the operation of the Company.

**Note :** <sup>(1)</sup> A parent company is the company that holds more than 50% of the Company's paid-up capital. <sup>(2)</sup> A subsidiary is the company that we hold more than 50% of its paid-up capital. <sup>(3)</sup> An affiliated is the company that we hold more than 20 % but not more than 50% of its paid-up capital. <sup>(4)</sup> legal entity that has related persons includes those who hold more than 10% of its paid-up capital.

All 4 Independent Directors possess the qualifications required for the Independent Director and are also members of the Audit Committee in accordance with the SEC notification Gorrortor.Gor.(wor) 32/2551 as of June 5<sup>th</sup>, 2008.

#### Duties and Responsibilities of Audit Committee

The Audit committee takes responsibility, subject to Board of Directors, and reports directly to the Board of Directors as follows

1. Oversee the reporting process and the disclosure of the financial information to ensure its sufficiency and accuracy.
2. Oversee to ensure that the Company has a suitable and effective internal control and internal audit systems including the independency of the internal audit department. The Audit Committee shall approve any selection, rotation or termination of the department heads of the Internal Audit Department or any other departments responsible for the internal audit system of the Company.
3. Ensure that the Company follows all the SEC's and SET's rules and regulations and other laws and regulations relevant to the Company's business
4. Consider, select, and recommend the appointment and termination of Company's external auditor and its remunerations. Have a meeting with the external auditor at least once a year without the presence of management team.
5. Ensure that the firm complies to all related rules when there is a connected transaction or transaction that may lead to conflict of interests.
6. Ensure full coverage of the audit committee's monitoring activities. The report must be signed by the Chairman of Audit Committee and disclosed in the annual report. The report should include the following :
  - Comment on accurateness, completeness and credibility of the Company's financial report.
  - Comment on an sufficiency of the firm's internal control system.
  - Comment on the Company's compliance with SEC's and SET's rules and regulation and other laws relevant to the Company's business.
  - Comment on suitability of the external auditor.
  - Comment on transactions that may cause conflicts of interest.
  - Specify number of meetings of the Audit Committee, and attendance of each member.
  - Comment on the issues that have arisen as the Audit Committee performed its duties stipulated in Audit Committee's Charter.
  - Any other transactions that all shareholders and general investors should know under the scope of duties and responsibilities of the Audit Committee assigned by the Board.

7. Other duties as assigned by the Board of Directors and agreed by the Audit Committee.

#### Audit Committee's self-assessment

For the year 2016, the Audit Committee has done its yearly self-assessment and the result was 98.36% which is considered excellent in which details are as follow:

Criteria	Full Score	Score	%	Result
<b>Total</b>	<b>76</b>	<b>74.75</b>	<b>98.36</b>	<b>excellent</b>
1. AC Structure and qualifications	12	12	100	excellent
2. AC Meeting	24	23.25	97.92	excellent
3. Duties & responsibilities of AC	40	39.25	98.13	excellent

#### Nomination of Directors and Top Management

##### (1) Independent Director

In selection of the Independent Directors, the Board of Directors shall nominate the persons who possess at least the minimum qualifications specified in the SEC's notification Ref: GorLorTor.Gor(Wor) 32/2551. In addition, additional qualifications might as well be considered such as being a reputable person acceptable in society or having the qualifications, knowledge and experience of an Audit Committee, for example, possesses the experience in financial statement auditing or direct experience in the Company's business, i.e. leasing or hire purchase business. However, independency is the most significant qualification to be considered. The most qualified person shall be proposed for appointment approval in the Board of Directors' meeting or may be nominated for approval in the shareholders' meeting as the case may be.

##### (2) Nomination of Directors and Highest Level Management

The Company has not set up any Nomination Committee. In nominating persons to be appointed as Directors or highest level management of the Company, the Board of Directors shall consider from the caliber, experiences, vision and reliability of such person together with the past knowledge and skills which might be beneficial to the Company's business operation, including good understanding of the Company's business so that they are able to achieve the Company's goal and objectives determined by the Board of Directors and should be the ones who can contribute their time for the Company fully. Those nominated persons shall be proposed for appointment from the Board of Directors' meeting or shareholders' meeting as the case may be.

The nomination of directors and independent directors, could be based on the diversity of the board structure of which resources can be provided by the nomination from the minor shareholder (if any) or from the existing executive or subsidiary or associated company's director or introduced by existing directors or other persons, etc.

In each Annual General Meeting of Shareholders, the Company's Articles of Association states that there should be one-third (1/3) of directors retired by rotation. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire. The retired directors shall be determined by the ones who were in the position the longest. The retired Directors can be re-elected. The list of directors whose term has been expired in each year and the list of all directors by sequence of retiring term after the re-election shall be disclosed in the invitation letter to the Annual General Meeting of Shareholders and included in the minutes of the shareholders' meeting every year.

Principle and voting methods for nominating directors in the shareholders' meeting shall follow the method set in the Company's Articles of Association as follows:

1. In voting for nomination of director, the resolution has to come from a majority vote and use the vote counting of one share for one vote.
2. In voting for election of director, each candidate shall be voted individually and the shareholder shall use all of their votes to elect the proposed candidate one by one.
3. The persons who receive the highest votes in subsequent order shall be elected to be the director equivalent to the number of directors required. In case that there are more number of subsequent elected directors who have a tie vote so that it exceeds the number of required director, the presiding Chairman shall cast an additional vote to make the resolution.

In case that the vacancy of director results from the reason other than the expiration of the term of office, the remaining Board of Directors shall appoint qualified director to fill the vacancy in the next Board meeting except that the remaining term of office of the resigned director is less than 2 months. The resolution of such appointment has to be passed with not less than three-fourth of the votes from the remaining directors. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces.

### **Governance on Subsidiary Company and Associated Company**

The Company's subsidiary is wholly owned 100% by the Company or its subsidiary. Members of the Board of Directors were assigned to be the directors in the subsidiary company to form the structure of Board of Directors of the subsidiary company by which the number of directors is in relation with the Company's proportion held in the subsidiary company. Such Board of Directors shall have the responsibilities to ensure the best interest of the subsidiary company.

In addition, the designated persons also have the obligation to ensure that the subsidiary companies are having appropriate rules regarding related transactions, acquisition or disposal of assets or other significant transactions including the compliance of the rules and regulations in each related country. This includes the keeping of records and accounting of the subsidiary

companies' information that is auditable and also able to submit for consolidation to the Company on time.

### **Governance on Inside Information Usage**

The Company complies with the good corporate governance principles concerning the usage of inside information. Such rules were prescribed in the Company's Code of Business Ethics for Directors, executives and employees which has been approved by the Board of Directors and announced to all employees. The summary of related rules is as follow:

- Inside information should not be used for own interest in buying or selling of the Company's shares or should not be disclosed to others for the purpose of buying and selling of the Company's shares.
- It is forbidden to buy or sell Company's shares at least 7 days prior to the disclosure of the financial statement or status including other important information of the Company.
- Employees who are accessible to the Company's financial or important information must report the share-holdings of the Company's shares and its movement according to the rules set forth by the Company and or the SEC to avoid the abuse of inside information for buying and selling of the Company's shares. (the persons who are obliged to comply to the reporting of shareholding rule include the Company's directors, the first 4 executives succeeding the CEO according to the definition of SEC, the external auditor together with their spouse and minor children)

Whenever there is a new director or new executive appointed in the Company who are in the positions required to report their share-holding according to the SEC's rule, the Company Secretary will inform them of the duty to report the share-holding and its movement to the SEC according to Section 59 of the Securities & Exchange Act B.E. 2535 which must be done within 30 days from the appointment date and within 3 days from the changing of the share-holding and the Company Secretary should be notified and record such changing in which the summary of the amount of shares held by each director and executive shall be acknowledged in the next Board of Directors' meeting.

### **Remunerations for External Auditor**

In the fiscal year 2016, the Company paid the audit fee to the external auditor at the amount of 2,250,000 Baht (two million two hundred fifty thousand Baht) without any non-audit fee.

### **Compliance of good CG in other areas**

In 2016, the Company has complied with the principle of good corporate governance in all of the 5 sections mentioned above except the establishment of sub-committees such as Nomination and Compensation Committees in which reasons have been stated in the relative sections.

Even though the Company has not officially participated in the Private Sector Collective Action Coalition Against Corruption Project, our Anti-corruption Policy has been developed in early 2016 by using the contents in Self-evaluation Tool for Countering Bribery Form as our guideline and operation direction. Inclusively, the channel for whistleblowing has also been developed and communicated to Directors and staff in order for them to comply strictly. This is as if the Company has practiced the guideline of the said project. Therefore, we believe that with our efficient internal control system, we are able to efficiently control the compliance of our Anti-corruption Policy as well. Internal Audit Department had reported in its internal audit result report at year end that there had not been any clues of corruption submitted and there had not been any fraud or corruption cases found from the employees' operation during the year 2016.