

## Good Corporate Governance Report for the year 2009

The Board of Directors realize the relevance of corporate governance to comply with the company's regulations and Public Company Acts by the Stock Exchange of Thailand. The company has a clear policy and procedures to ensure transparency, control, and to protect the long term interests of shareholder by considering corporate ethics, including stakeholders and society. The implementation of the policy and result for the last year are as follows :

### 1. Rights of Shareholders

#### 1.1 The corporate governance policy concerning the rights of shareholders

From the Board of Directors' meeting no. 12/2007 which was held at October 25, 2007 involving the directors and members from the Audit committee, the company has improved the good corporate governance policy, determine the frameworks and post on the company website. However for the practical details, the company use "The Principles of Good Corporate Governance for Listed Companies 2006" as the guide line.

#### 1.2 Rights and equitable treatment of shareholders

The company treats each shareholder fairly, such as informing about company's information, informing about the annual general meeting, rights in voting, etc. Furthermore, the company provides convenience for shareholders in participating in the annual general meeting, such as providing necessary documents, and also informing the date, time and the minutes not less than 7 days before the meeting. (or 14 days prior for the meeting which have important agenda)

#### 1.3 Shareholders meeting

In the year 2009, the company arranged an Annual General Shareholders Meeting on April 22<sup>nd</sup>, 2009. The meeting was arranged at the head office of the company, locate in Bangkok, the company inform the date, time, place, and the details of each agenda adequately to Shareholders and also post on the company website in advance. The period of the meeting would be arranged appropriately and open for shareholders to inquire and suggest to the Board of directors.

### 2. Rights and equitable treatment of shareholders

#### 2.1 Minority shareholders treatment

- The company facilitate minority shareholders to propose, 2 months and 2 weeks in advance of the agenda and the candidates to be nominated as director for consideration on AGM 2010, declaration was on the company website and SET information disclosure system (ELCID), shareholders can propose the name and agendas from October 16 – December 31, 2009. The

board of directors have a pre-determined criteria on screening the issues proposed, anyway no shareholder proposed both agenda and candidate names for this year.

- For Shareholders' meeting the company use the proxy form which specify 3 independent directors' name for shareholder to appoint an independent director as their proxy and for the transparency and future reference, the company use voting card for *every agenda*.
- The company did not add any agenda items without notifying other shareholders in advance.
- Directors election utilize a process in which shareholders are able to vote on individual nominees.
- After the shareholders' meeting, The minutes of meeting are filed and kept in a secure place for auditing.

### 3. Role of Stakeholders

#### 3.1 Stakeholders

The company realizes the relevance of stakeholders who are concerned in the company's operation. To support co-operation between the company and stakeholders for creating maximum economic value to the company. The company sets rules to each group of stakeholders clearly as follows:

- Management and personnel – The company treats the management and personnel fairly and gives appropriated remuneration.
- Dealers – The company treats the dealers fairly regarding the contracts made between the company and dealers.
- Customers – The company realizes the quality of services with appropriate price by concentrating and satisfying the customers' need.
- Competitors – The company treats the competitors fairly and also co-operates at an appropriated time.
- Social and public – With the characteristics of the company, there is no cause that will affect society and the public.

#### 3.2 Communication to the board

The board of directors provide a way for stakeholders to communicate to the board any concerns about illegal or unethical practices, incorrect financial reporting, insufficient internal control, etc. The rights of any person who communicates such concerns will be protected. One channel is via e-mail announced on the website, which will direct to the Board.

#### 3.3 Policies on environmental and social issues

The company business have no impact to the environment. For the social issues, the company has policies to focus on education support. In 2009 the company had supported many education projects such as Scholarship Program for employee's child who can study well, donate used-motorcycle as a teaching material to career promotion division of social development department : BMA, donate computers and projector to the library of royal Thai Army region 2 at Nakornrachasima, Together with other APF group companies arranged CSR activity to preserve North – East region's culture and Arts "Hoop-Tam" at Na Pra Tart Temple, Nakornrachasima inviting Thai and Japanese artist to instruct the students who was qualified from the local school.

Other CSR activities such as donate motorcycles to some local police stations in the upcountry, supporting child - day activities for the metropolitan police station and Protection and disaster relief agencies, to support The 2<sup>nd</sup> International Conference on Disaster Preparedness for Persons with Disabilities by Thailand Association of the Blind, support funding for orphan and underprivileged child.

#### 4. Disclosure and Transparency

##### 4.1 Disclosure Channel

In 2009 the company has developed and continuously update website as the center of company's information disclosure which provide in both Thai and English, in addition to annual statement (Form 56-1), annual reports and SET information disclosure system (ELCID)

We give the importance of disclosing information whether financial data or others. They must be accurate, complete, clear and on time to enable investors and interested parties to use them in making decision. We have a unit to handle such duty call "Investor Relations" which may contact at tel. 66 2580 7555 ext. 5023 or make inquiries through the Company's website: [www.grouplease.co.th](http://www.grouplease.co.th).

##### 4.2 The Board of Directors' Report

- The Board of Directors have to take responsibility for financial statements and notes presented in the annual report. Financial statements and the results of operation are presented in accordance with General Accepted Accounting Principles. Accounting records are also prepared appropriately and consistency with previous years. Notes to financial statements will be sufficiently disclosed, including completeness, accuracy, truth and reasonability. The Board of Directors arrange the disclosure of information in the annual report included the statement of its responsibilities concerning the company financial report presented along side the auditor report, and the company will send the annual report together with a letter to inform about the meeting to shareholders.

- The Board of Directors ensure that its roles and responsibilities together with those of its committees are disclosed. The number of meetings and attendance of each director as well as results of tasks performed during the year are also be reported to shareholders in the annual report.
- The Board of Directors has revised and provide a summary of the corporate governance policy together with the implementation of the policy through the company website. (detailing in company website)
- The Board of Directors has approved policies on environmental and social issues, these policies also be disclosed together with the implementation through the company website. (detailing in company website)

## 5. Responsibilities of the Board

### 5.1 Board Structure

- Number and Ratio The Board of Directors consists of 8 members as 2 persons for Executive Director, 6 persons for non-executive Directors, and 3 persons for Independent Directors. The ratio of independent directors is 37.5% of total directors for balancing the power, and so no single group can make decision on their own.
- Term of service clearly stated in the company's article of the association, the 3 longest in the position have to resign in AGM but still have opportunity to be nominated for election. For the audit committee have term of service 2 years.
- The definition of independent directors in the year 2008, the company has amended the qualifications of independent directors accord with an improvement by SEC and SET as in the SEC notice no. korlortor (wor) 32/2551 which define the qualifications as follow :
  - 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. (present 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 judgement. And among other things materiality in making an independent opinion regarding the operation of the Company.

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

All 3 Independent Directors have qualifications required for the Independent Director and are also members of the Audit Committee.

- To be the Board Positions in other companies the company limit the number of board positions that a director can hold at 8 companies, managing director and other high level managers have to work full time in the company so no need to have limit. The number of board membership positions of each directors are as follow :

Directors' Name	Title	Number of Board Positions including every company
Mr. Mitsuji Konoshita	Chairman of the Board of Directors	8
Mr. Samart Chiradamrong	Vice Chairman/ Managing Director	2
Mr. Muneo Tashiro	Director	7
Mr. Surasak Khemthongkum	Director	1
Mr. Deepong Sahachartsiri	Director	1
Mr. Chatchai Chotanakarn	President of Audit Committee/ Independent Director	1
Mr. Satit Rangkasiri	Audit Committee/ Independent Director	2
Ms. Jaranya Sangsukdee	Audit Committee/ Independent Director	4

- Roles of Chairman and Managing Director The Chairman of the Board of Directors and Managing Director are not the same person. Separating management powers and having an Audit committee also ensures a balance of management.

The Board of director did not choose an independent director to be chairman of the board.

- The company secretary the company has secretary who serve the board of directors in areas of taking care of the board's activities, and monitoring compliance to the board's resolution including keep all important documents about board of directors meeting and resolutions. In the Board of Directors Meeting no. 3/2008 on March 19<sup>th</sup>, 2008 has resolution to appoint the company secretary accord with the new SEC ACT.

## 5.2 Sub - Committees

The company has only Audit Committee as a sub-committee which will help support in corporate governance. Anyhow the company does not have a policy to establish any other committees in the near future.

## 5.3 Roles and Responsibilities of the Board

- Review and approve key business factors The Board of Directors involved in planning of the company's strategy, objective, policy, and budget. The board of directors also advise and control the implementation of the plan according to the policy.
- Corporate Governance Policy The Board of Directors set and approve a written corporate governance policy for the company on the Board of Directors Meeting no. 12/2007 held on October 25<sup>th</sup>, 2007. The company review the policy and compliance to the policy annually, for the year 2007 the Board of Directors Meeting no. 2/2009 held on February 17<sup>th</sup>, 2009 has considered and approved the Corporate Governance report, to disclose in the annual report and post on the company website.
- Business Ethics The company provides the disciplines of directors, management, and personnel according to a Code of Ethics or Statement of Business Conduct. The disciplines are documented, and are informed to directors, management, and personnel. Furthermore the company provides documentation about work roles, honesty, and punishments for directors, management, and personnel to follow. All staff know those regulations.
- Conflict of Interests the Board of Directors proposed the preventive action for conflict of interest carefully and truthfully. Reasonable and independent of business ethics to get the total benefit, procedures to prevent conflict of interest are generated as follows:
  - To conduct transactions between the company and related persons, have to be considered and approved by Audit Committee in accordance with the Securities and Exchange Act. The persons who are involved in that transaction cannot vote.
  - To disclose and inform the related transactions to shareholders. Furthermore, the appropriation and reasonable of price and transactions have to be verified and suggested by the Audit committee or independent financial consultant.

- To prohibit directors and management in providing the company's information for his advantage directly or indirectly
- According to the document no. korlortor (wor) 38/2551 about the recommendation for normal practice under the Securities and Exchange Act (no.4) B.E. 2551. The Board of Directors Meeting no.8/2008 held on August 21<sup>st</sup>, 2008, the Board of Directors Meeting has approved the rule of normal commercial terms for connected transactions between the company or its subsidiary and directors, management or any other connected persons if those transactions are normal commercial terms same as doing with the general parties in the same situations, and no influences from the directors, management or any other connected persons. The company will report the connected transaction which amount over 1 million Baht in the Board of Director meeting.
- Internal Audit System The company realizes the relevant of internal controls in every procedure to get the most efficient operations. In 2009 the company hired a consultant –Tax Specialist Company Limited – to set and improve the existing systems to get more efficiency. And the company also set security to access internal information by using authorized passwords for each level. The company also identifies the responsibility of each person. For financial control systems, the company sets the 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 systems 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' meeting, will be held to evaluate the efficiency of accounts receivable' management systems 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. We employed consultants to assess operating risks of all divisions including the information technology system, and report, to the Company, of the risks that may affect the operation. The Audit Committee and the Executive Committee used the said report to monitor and manage such risks. The management had held a meeting to consider and had made up appropriate measures to deal with the risks mentioned in the report.

#### 5.4 Board Meetings

The Board of Directors' meeting will be held quarterly according to the company's regulation. At present the company sets more frequency of the meeting to once a month, and one further meeting for Audit committee which will be held quarterly. Special meetings are held for necessary occasions. The letters and documentations for meetings will be arranged and sent for making understandings to directors at least seven days before the meeting.

In 2009, 12 meeting were held and the directors who attended the meetings, were named as follows:

Directors' name	Number of BOD attained
Mr. Mitsuji Konoshita	8/12
Mr. Samart Chiradamrong	12/12
Mr. Muneo Tashiro*	7/8
Mr. Surasak Khemthongkum	12/12
Mr. Deepong Sahachartsiri	12/12
Mr. Chatchai Chotanakarn	11/12
Mr. Satit Rangkasiri	7/12
Ms. Jaranya Sangsukdee	10/12

\* Positioned as director from 22 April 2009

#### 5.5 Board Self Assessment

The Board Meeting no.1 /2010 on 15 January 2010 resolved to approve the self-assessment of the Board that evaluated the performance of the Board for 2009 on the following :

1. Structure and Qualification of the Board
2. Roles, Duties and Responsibilities of the Board
3. Board of Directors Meeting
4. Function of the Board
5. Relationship with the Management
6. Directors and Management Development

From the overall evaluation, most of the performance was rated as completely done and for the subjects that are not complete, the Board will make appropriate changes at proper time.

## 5.6 Remuneration

- The company has set the appropriated remuneration to the directors comparable to the industry and enough to maintain the qualified directors and also related to the operating result. The remuneration is separated to be meeting fee which up to the number of meeting attained. Every director has the same rate 10,000 Bath once. For Bonus is relied on the company performance which normally propose at the rate 2 times of employee bonus (ie. Employee get 2 months bonus, directors will get 4 months).
- The audit committee will receive for more, up to the additional meeting time, 10,000 baht once equally for everyone.
- The remuneration will be proposed to the annual general shareholders meeting for approval annually.

## 5.7 Board and Management Training

- Training The Board encourage and facilitate training for all internal parties related to corporate governance and support learning on the business management for directors, members of the audit committee, executives, company secretary and also the employee. The company provides both internal and external seminar by professional association training such as accounting association or revenue department and also the regulated office such as SET or SEC.
- New Director Preparation The company provide all documents and information useful to perform director duties which introduce the nature of the business and the operations of the company.
- Succession Plan The Managing Director regularly present the succession plan to the Board, assign successors in case they cannot perform their duties.
- Executives Development Program The Board has established a development program for executives and the managing director will report to the board annually. The executive development plan will be considered together with the succession plan.