

# CORPORATE GOVERNANCE REPORT

## DEFINITION

Corporate Governance is a set of structures and processes of relationships between a company's management, its board and its shareholders to enhance its competitiveness towards business prosperity and long-term shareholder value taking into consideration the interests of other stakeholders.

The above definition is as recommended by the SEC and the Company has endeavored to follow the same completely in letter and spirit.

Precious Shipping Public Company Limited ("the Company") recognizes that good Corporate Governance is important and necessary for sustainable growth in business and long term shareholder value, and accordingly, the Board has set up a Corporate Governance Policy Manual and a Business Ethics and Code of Conduct Manual which have been circulated to all the Company's employees via email and disclosed on the Company's website under the subject of "**Corporate Governance**". The Company reviews and updates these Manuals regularly in order to ensure that these Manuals meet the present requirements and are suitable for the current circumstances.

In 2018, the Board of Directors considered and reviewed the new version of the Corporate Governance Code 2017 (CG Code) published by the Securities and Exchange Commission. The Company has adopted the terms of the CG Code which are suitable for its business. Further, the Audit & Corporate Governance Committee annually reviews the implementation of the CG Code within the Company, in order to ensure that good corporate governance is followed within the Company for the sustainability of the Company.

The Company has won (or nominated for) the following awards including awards for good Corporate Governance:

- Nominated as one of the Top 10 companies for the Board of the Year Award 2018, for companies with a market capitalization below Baht 30,000 million, by the IOD & the SET. The Award will be announced in June/July 2019.
- Classified as one of the companies with "Excellent" Corporate Governance for nine consecutive years from 2010 to 2018, by Thailand's National CG Committee
- Adjudged as the Company with "Outstanding Best Investor Relations" within Companies with a market capitalization between Baht 3,000 million to Bath 9,999 million at the SET Awards 2016
- Winner of "the Public Debt Deal of the Year" for 2016 from Marine Money, New York, for the Company's THB 3.59 billion Unsubordinated Unsecured Bonds issued in Thailand in 2016
- Adjudged as the 3rd placed in the "Best in Sector: Industrials" category for Investor Relations Awards at the IR Magazine Awards & Conference - South East Asia 2017
- Classified as one of the companies as "Excellent" for conducting Annual General Meetings for 5 years; 2012, 2013, 2014, 2015 and 2018, by Thai Investors Association
- Nominated as a finalist for "Ship Owner/Operator" award at the Seatrade Maritime Awards Asia in 2010, 2012, 2013, 2014, 2017 and 2018
- Nominated as a finalist for "The ClassNK Dry Bulk Operator of the Year" award of the Lloyd's List Asia Pacific Awards 2014, 2015, 2016, 2017 and 2018
- Nominated as a finalist for "Deal of the Year" award in the 10th Seatrade Maritime Awards Asia 2017 for the Company's THB 3.59 billion Unsubordinated Unsecured Bonds issued in Thailand in 2016
- The Company's wholly owned subsidiary, Great Circle Shipping Agency Limited, was nominated as a finalist for "Ship Manager" award at the Seatrade Maritime Awards Asia in 2014, 2015, 2017, and 2018
- Great Circle Shipping Agency Limited was nominated as a finalist for "Ship Manager of the Year" award at the Lloyd's List Asia Pacific Awards in 2012, 2014, 2017 and 2018

- Nominated as a finalist for “The Bulk Ship Operator of the Year Award” at the IBJ (International Bulk Journal) Awards in 2012, 2013, 2014, 2016, 2017 and 2018
- The Company’s cement carrier, M.V. APINYA NAREE, was nominated as a finalist for the “Bulk Ship of the Year” award at the IBJ Awards 2017
- Classified as one of the top 50 publicly listed companies in Thailand from ASEAN Corporate Governance Scorecard guidelines for 2013, 2014 and 2015 by ASEAN Capital Markets Forum (ACMF) and the Asian Development Bank (ADB)
- Conferred the “Thailand Sustainability Investment Award” at the SET Sustainability Awards 2015 on 16 October 2015
- Adjudged as the Best in “Industrials Sector” category for Investor Relations Awards at the IR Magazine Awards & Conference - South East Asia 2015
- Adjudged as the Second Best Company in Asia and the Best Company in Thailand for Overall Corporate Governance in the Corporate Governance Poll conducted by “ASIAMONEY”, the results of which were published in ASIAMONEY’s December, 2014 issue
- Conferred the “CSR Recognition” Award in 2013 and 2014, this award for honoring Thai Listed Companies which have shown that they are committed to continuously operating with social responsibility and are good role models of sustainable businesses by Thailand’s Corporate Social Responsibility Institute (CSRI) and the SET
- Winner of the “ASIA BEST EMPLOYER BRAND AWARD” at the Asia Best Employer Brand Awards, 7<sup>th</sup> edition, 2016
- Selected as one of three finalists for “Shipping Company of the Year” award at the BIMCO Awards 2014
- Conferred the “Best Investor Relations” Award by the SET at the SET Awards 2013
- Adjudged as the Winner of the Maritime Security & Safety Awards at the Seatrade Asia Awards 2013
- Mr. Khalid Hashim, Managing Director, was awarded the Seatrade Lifetime Achievement Award at the Seatrade Asia Awards 2012
- Adjudged as the Best Ship Operator in Asia at the Lloyd’s List Asia Awards 2012
- In 2010, the Company was selected to present information about Corporate Social Responsibility of the Company for CSR Awards 2010 by the Stock Exchange of Thailand.
- Adjudged as the Best Managed Company in Thailand in the medium market cap sector and one of the Best in Investor Relations in the Asia’s Best Managed Companies Poll conducted by “FinanceAsia”, the results of which were published in April 2010
- Adjudged as the Best Company in Thailand for Overall Corporate Governance, Disclosure and Transparency, Shareholders’ Rights and Equitable Treatment, Investor Relations and also Best Investor Relations Officer (Mr. Khalid Hashim, Managing Director) in the Corporate Governance Poll 2010 conducted by “ASIAMONEY”
- In 2009, Mr. Khalid Hashim, Managing Director, was adjudged the Best CEO among all companies in the small and medium market cap sector by the Thai Securities Analysts Association (SAA)
- Adjudged as the Best Company in Thailand for Overall Corporate Governance, Disclosure and Transparency, Investor Relations and Investor Relations Officers (Mr. Khalid Hashim, Managing Director) in the Corporate Governance Poll conducted by “ASIAMONEY”, the results of which were published in ASIAMONEY’s January 2010 issue
- Ranked as one of the Top 3 Companies with the highest Corporate Governance by “CLSA ASIA - PACIFIC MARKETS” in their Thailand Corporate Governance Survey Report of 3rd February 2009

- Ranked in 2007 by “The Asset” Magazine of Hong Kong as the Best Company in Thailand for Corporate Governance in the annual list of the Best Governed 60 Companies in Asia

**The Company’s implementation of good Corporate Governance principles is outlined in 5 sections hereunder:**

## **1. RIGHTS OF SHAREHOLDERS**

The Company recognizes the rights and equitable treatment of shareholders and maintains a smooth working relationship to safeguard the best interests of all the shareholders. The basic legal rights comprise the right to buy/sell or to transfer securities held, the right to share in profits of the Company, the right to receive dividend, the right to attend the shareholders meetings, the right to propose agenda in the shareholders meetings, the right to vote for the appointment of auditors and fixing of auditors’ fees and the right to take part in decision-making of the Company’s material issues, such as approval of key activities affecting business direction.

Apart from the basic rights of shareholders above, the shareholders have the right to receive information on operating performance, newsletters from management and other key information via the Company’s website. In accordance with good Corporate Governance guidelines, the Company has conducted its affairs with a view to protecting shareholders’ rights and also encouraging all shareholders to exercise their rights. The policy for maintaining rights of shareholders is part of the Company’s Corporate Governance Policy Manual which is disclosed on the Company’s website.

The Company is responsible to the shareholders in terms of information disclosure, accounting methods, internal information usage and conflict of interests. The Board of Directors and Management are expected to be honest and any decision must be based on honesty and fairness to both major and minor shareholders, and for the collective benefit of all. Some of the policies and procedures followed to protect the rights of the Company’s shareholders are as follows:

### **1.1 Appointment of Board members**

The Company has continuously improved the requirement of documents required for the appointment of each Board member individually to give additional information in the nominees’/existing Directors’ profile in the Company’s Annual Report and also to present to the Company’s shareholders in the Annual General Meeting of shareholders (“AGM”). The aforesaid information is provided so that the Company’s shareholders can get correct and complete information, which is relevant and required for their appointment, and include the following:

- Nominee’s/Director’s profile: Name, position, age, education, relevant knowledge, occupation, working experience and illegal acts (if any).
- Nominee’s/Director’s positions in any materially connected business.
- Nomination procedures (in case of the Directors who retire by rotation).
- Directors’ previous performance as Director in terms of meeting attendance.

### **1.2 Consideration of the policy on Directors’ remuneration**

The Company follows the policy of obtaining the approval of the policy on Directors’ remuneration from the shareholders in the AGM and has also disclosed guidelines/procedures for determining Directors’ remuneration in 5.7 hereunder.

### **1.3 Appointment of auditors**

The Company follows the policy of obtaining the approval of appointment of auditors from the shareholders in the AGM and has improved the information disclosure for the correctness and completeness of the information required for the decision on the appointment of auditors. The information provided in the AGM includes details as follows:

- Auditor's firm.
- Auditor's name.
- Auditor's remuneration for approval including separate disclosure for audit and non-audit related remuneration.
- Auditor's remuneration for the previous year.
- Relationship with the Company such as being the Company's advisor.
- Number of years as the Company's auditor (in case of reappointment of the present auditor).
- Auditor's performance.
- The reasons for changing the Auditor (in case the Company appoints a new auditor).

#### **1.4 Consideration of the dividend policy**

The Company obtained the approval of its current dividend policy in the shareholders' meeting in year 2004 and will continue to obtain such approvals in case of any changes in future.

#### **1.5 Consideration of the share repurchase plan**

The Company obtained the approval for the share repurchase plan from the shareholders in the shareholders' meeting in the year 2003, authorizing the Board of Directors to repurchase the Company's shares in accordance with SET/SEC regulations and provided the correct and complete information required for their decision.

#### **1.6 Shareholders' Meetings**

The Company has followed the recommended practices of SET/SEC for holding shareholders' meeting as follows:

- For the Annual General Meeting of shareholders (AGM) of 2018, the Company provided an opportunity to the shareholders to propose agenda items for the AGM and nominate suitable candidates to be members of the Board of Directors of the Company. This practice will be continued for AGM 2019 as well. In practice, shareholders with a combined holding of at least 2,000,000 shares could propose agenda items or nominate qualified Directors from 2 October 2018 until 31 December 2018, which exceeds the privileges required to be provided to shareholders by law. The Company set up communication channels through its website and made an announcement through the SET, based on which, a shareholder or a group of shareholders could propose an agenda item and/or nominate candidates to be Directors for consideration in the AGM.
- Providing an opportunity to the shareholders to post questions in advance, to be addressed at the AGM 2018. This practice will be continued for AGM 2019 as well.
- Providing a complete and correct notice with full information to call each shareholders' meeting is the normal policy of the Company. The notice includes the objective and reasons for each agenda item apart from the Board of Directors' comments/opinion, which have always been included. The Company does not amend the agenda of the shareholders' meeting without giving notice to shareholders.
- For AGM 2018, the Company disclosed the AGM schedule and the AGM Agenda through the SET on 6 February 2018 (58 days before the AGM date) to enable shareholders to plan their schedule for the meeting.
- For AGM 2018, the Company disclosed the notice of shareholders' AGM on the Company's website on 26 February 2018 (37 days before the AGM date). The Company also assigned the Thailand Securities Depository Co., Ltd. which is the Company's registrar to send the AGM notice to shareholders on 2 March 2018 (33 days in advance of the AGM).

- The Company publishes the notice of shareholders' meeting in both Thai and English language newspapers for three consecutive days and at least 14 days prior to shareholders' meeting.
- The Company provides full opportunity for shareholders to participate in the meetings and encourages the shareholders to ask relevant questions which are answered by Management and/or related persons.
- The Company prepares minutes of shareholders' meetings, which are clear and complete and include the names of Board members' who attended the meeting. The minutes also include a correct and complete record of questions/answers, voting method, vote counting procedure and voting results.
- The Company has always followed practices and policies for the protection of shareholders rights and has always complied with all laws pertaining to the protection of the rights of shareholders, including obtaining shareholders' approval for any major event and in case of any serious situation that affects the Company's operations and provided correct and complete information required for their decision. Some examples of this are i) the acquisition of 15 ships during the year 2004, ii) the signing of contracts for 12 new buildings during the year 2007 and 3 new buildings during the year 2008, and iii) the signing of contracts for 12 new buildings during the year 2014, for all of which, the Company also appointed an Independent Financial Advisor to advise the shareholders.
- The Company follows the policy of regularly reviewing the outstanding unpaid dividends and tries to contact all the shareholders who may have, for some reason, not received their dividends. Thereafter, the Company helps shareholders in terms of reminding and advising them on the required procedures to collect the dividends.

During the year 2018, the Company held one shareholders' meeting: the Annual General Meeting (AGM) on 4 April 2018 at AVANI Atrium Hotel. All Board members including the Independent Directors attended the AGM of 2018, which also included the Chairman of the Board of Directors, the Chairman of Remuneration Committee, the Chairman of the Audit & Corporate Governance Committee and the Chairman of Nomination Committee. The Auditors also attended the AGM to answer any questions raised by shareholders in respect of the accounts or the conduct of the Audit. At every shareholder meeting, the Company Secretary explains the voting procedures to shareholders at the start of the meeting. Equal opportunity is provided to all shareholders to examine the Company's operations, to ask questions and express their opinions and advice, and ensures that all items and resolutions including questions and answers are properly recorded in the minutes of the meeting. Thereafter, the minutes of shareholders' meetings are also sent to the SET and also disclosed on the website of the Company, including a video recording of the proceedings, under the subject of "Investor Relations" within 14 days after each of the meetings.

## **2. EQUITABLE TREATMENT OF SHAREHOLDERS**

The Company ensures the equitable treatment of all shareholders whether major shareholders or minority shareholders, foreign shareholders and institutional shareholders on a fair and equal basis and in terms of calling and holding shareholders meetings and for protecting the Rights of Shareholders for other matters by taking the following steps:

- Ascertaining that the date, time, venue of the meeting is convenient to attend.
- Offering one-share-one-vote.
- Facilitating proxy voting: clearly specifying the documents required to give proxy and by sending out the Notice to the extent possible under the regulations, to the Company's shareholders at least 4 weeks prior to the meeting date. For shareholders who are unable to attend in each meeting, the Company has designated the Chairman and/or Independent Director to attend and to vote on their behalf in each meeting. Full details for this purpose are provided in the Notice

of shareholders' meetings. Moreover, the Notice, including Proxy (Form B.), was disclosed on the Company's website to facilitate its download by shareholders.

- Registration process is commenced at least 2 hours in advance to keep adequate time for completion of registration.
- Providing ballot papers for each agenda item.
- Arranging barcode system for registration and vote counting for shareholders' convenience and accuracy of the vote-count.
- Providing an opportunity to shareholders to propose agenda items and to nominate candidates to be Director in advance for the Annual General Meeting of Shareholders (AGM) through various channels including the Company's website.
- Providing an opportunity for shareholders to elect Directors by voting on the given ballot papers for each of the Directors separately.
- Not adding any new agenda item without notice to shareholders in advance.
- Directors disclosing their interests and those of their related parties to the Board.
- Directors reporting their ownership of Company's shares and warrants to the Board regularly.
- Directors and Executives disclose and report their conflict of interests, including dealings with their relatives, if any, to the Company for the Company's use in complying with the regulation about connected transactions. Such report on interest is also useful in monitoring their adherence to their duties, by the following practices;
  - A new Director/Executive submits the "Report on Conflict of Interest Transaction" Form within 30 days after appointment.
  - Thereafter, if there is a change, Director/Executive submits the updated "Report on Conflict of Interest Transaction" Form immediately or no later than 7 working days from the transaction date.
  - The Company Secretary submits a copy of the report on interest to the Chairman of the Board of Directors and the Chairman of Audit & Corporate Governance Committee within seven working days from the date on which the Company has received such a report.
- The Board of Directors has established a system to prohibit a Director/Executive, who has a conflict of interest on a particular issue, from participating in the decision-making process related to that issue. Normally a Director/Executive, who has a conflict of interest on an issue, will leave from the meeting and join back once the issue has been discussed and a decision on the same is made.
- Providing detailed explanation of related-party transactions characterizing names, relationship, policy, and value of each transaction as explained under the "**Connected Transactions**" section of this Annual Report. No non-compliance cases involving related-party transactions have been detected.
- Following an appropriate policy and laying down procedures for monitoring the use of insider information as explained under the "**Insider Trading Controls**" section of this Annual Report. No cases of insider trading involving the Directors and/or the Management have been detected.



### 3. ROLE OF STAKEHOLDERS

The Company recognizes the importance of all stakeholder groups whether it is the internal stakeholders such as shareholders, employees and Management of the Company and subsidiaries or external stakeholders such as creditors, suppliers, customers, communities, government agencies and other related organizations. The Company is aware that the support from each stakeholder would help establish the Company's competitive advantages and profitability, which would contribute greatly to the Company's long term success and prosperity. The Company has also amended the Company's website to include, under the subject of "Stakeholder Activities", the Policy and Code of Conduct towards stakeholders in Business Ethics and Code of Conduct Manual and included therein a way whereby the website can be used as one of the intended channels for any stakeholder to express his/her opinion and contact the Board of Directors in case they wish to contact the Board of Directors directly without going through the Management. The Board will treat such information seriously and will maintain utmost confidentiality. If the complaints are not unfounded, the Board would take all remedial action that may be necessary.

**Management:** The Company recognizes that Management is one of the key success factors for the Company's operations and accordingly, Management remuneration is appropriately structured and comparable with the Industry norms and other equivalent listed companies in Thailand. The Management is also allowed to work independently without interference as defined in their duties and responsibilities, which are approved by the Board of Directors.

**Employees:** The Company recognizes that employees are one more key success factor for the Company's operations. The Company provides equal opportunities in employment, job security, and career advancement, as well as adhering to other good principles related to employees and employment. The Company also ensures that employees are adequately knowledgeable and skillful to perform their jobs for the Company's business, and understand relevant code of conduct and practice and are encouraged to gain knowledge and ability and keep them updated following Industry trends. The subject of safety and occupational health of all seafarers serving onboard the Company's ships has been explained under the subject of "**Sustainability Report**" of this Annual Report.

The Company provides remuneration to office employees as salary, bonus, and other benefits, like Provident Fund on a voluntary basis, although such other benefits are not required by law. Remuneration is based on their performance, roles and duties and incentives/ increments/ bonuses are also based on financial status/performance and future plans of the Company. As a long-term incentive, the Company does not have an ESOP plan in place since the Company feels that to a large extent, the share price of the Company depends on a number of factors beyond the employees' direct control like the state of the International Freight Markets and therefore, the Company's share price may not adequately reflect the better performance of the employees. Therefore, the Company has implemented a profit sharing scheme, which ensures that the employees are paid bonuses annually based on the performance of the Company against specified quantitative targets, which are laid down annually in advance.

The Company provides in-house and external training for officers of the Company both at Head Office as well as on the Ships. The costs of such training are borne by the Company. Moreover, the Company allows special leave and flexible working hours for employees who are undergoing longer term professional or degree courses. Moreover, the Company supports good relationship between all employees including the Management.

**Brokers:** The Company recognizes that ship-brokers with whom the Company regularly deals with for obtaining business for Company's ships are one of the Company's key success factors. Accordingly, terms are negotiated with a view to ensuring fairness and in keeping with industry norms so as to ensure a mutually beneficial long term working relationship.

**Creditors:** The Company recognizes Financial Creditors as one more important success factor who provide funds which are particularly required for the Company's highly capital intensive business. The Company values its relationship with and its commitment towards all of its lenders, and therefore,

the Company generally complies with all terms in borrowings including compliance with the objectives of using the borrowed funds, repayment, collateral, and other conditions as may be agreed. Moreover, if at all there is any covenant in any of the loan agreements with which the Company is not be able to comply, the Company proactively approaches the lenders to seek a waiver or achieve other mutually acceptable solutions.

**Suppliers:** The Company recognizes the importance of satisfied Suppliers and the Company always ensures that terms and conditions for suppliers are based on industry norms and practices and thereafter, agreed terms and conditions are strictly followed by the Company.

**Customers:** The Company recognizes that the Customers are the key success factors for the Company's operations. The Company always protects customers' interests, is attentive and ultimately responsible for the needs of the Customers with regard to service, and in setting and maintaining steady standards of service. The Customers' confidential information is used exclusively for concerned business, without revealing it unless required by laws, regulations, or with consent from the information owners, including issues related to marketing, market power exercises, price setting, and details of services, quality and safety.

**Competitors:** The Company acts within the rules of fair trade, not making any attempt to damage trade Competitors' reputations with false allegations against their companies without truth. The Company also does not make any attempt to access competitors' confidential information or use dishonest or inappropriate means for any purpose.

**Social Responsibility to the Community:** The Company recognizes its responsibility to the Community and is often involved in supporting community activities and being attentive to the consequences of the Company's conduct that affect the people more than what the laws require, including making efforts to absorb social accountability. The Company has provided a separate detailed report under the subject of "**Sustainability Report**" of this Annual Report.

**Regulators:** Apart from the various regulations which the Company's ships are subjected to and explained hereunder in this Report, on a corporate level, the Company recognizes that the Government is a regulator who is in control of the Company's operations in respect of the fairness and transparency of trading. The Company recognizes the significance of compliance with related laws and regulations and has included its review of compliance as one of the duties of the Internal Audit Department headed by a qualified Internal Auditor. The Internal Audit Department provides an annual compliance review report of related laws and regulation and directly report to the Audit & Corporate Governance Committee as explained under the "**Audit & Corporate Governance Committee Report**" of this Annual Report.

**Environment:** The Company recognizes that shipping operations if conducted irresponsibly may affect the environment, particularly in terms of air and/ or water pollution.

As part of its Environmental Protection Policy, the Company is committed to the protection and conservation of the environment and ranks environmental considerations equally with commercial and operational factors in managing its operations and implements this policy. The Company has provided a separate detailed report under the subject of "**Sustainability Report**" of this Annual Report detailing the steps taken by the Company and its compliance with various regulations/norms.

**Respect for International Human Rights Principles:** The Company requires that all of its Directors, Management and staff strictly respect International human rights principles including forced labor or child labor as part of the operations and the Company does not tolerate any violations thereof. All stakeholders are treated fairly on human dignity and non-discrimination of national origin, race, gender, age, skin color, religion, physical condition, status, or birth. The Company also promotes the monitoring of human rights compliance within the Company and encourages subsidiary companies, investors, business partners, and all stakeholders to observe the international standards of human rights principles.



**Ethics for Intellectual Property Rights:** The Company requires that all of its directors, the management and staff respect the intellectual property rights of others with care and caution, whether in trademarks, patents, copyrights, classified commercial information, or other stipulated categories of intellectual property, such as using only licensed software that has been inspected and installed by the Company's Information Technology Department, and encouraging our staff to ensure that the application of research findings or other data in their work does not constitute a violation of other people's intellectual property rights.

**Policy on preventing corruption and bribery:** The Company has a policy prohibiting all forms of bribery or corruption, either directly or indirectly to advance its business interests or those of its associates. The Company has a zero tolerance policy for fraudulent and/or corrupt behavior and takes corruption and bribery transactions, if any, very seriously. Any violation of this policy is regarded as a serious matter by the Company and will result in disciplinary action, including termination, consistent with local law.

In 2013, on countering corruption, the Company had signed a Declaration of Intent of the Thai Institute of Directors' Private Sector Collective Action Coalition Against Corruption (CAC), whereby the Company vowed to adhere to the Coalition's aim to fight corruption in all forms. On 16 January 2015, the Company was officially certified as a member of the CAC.

In 2015, the Company joined the Partnership Against Corruption for Thailand (PACT) Network, which brings together organisations from various fields through their shared goal of combating corruption and is an initiative of the Thaipat Institute and cooperating partners.

In 2018, the Company continued to maintain high ethical standards, with a view to upholding its position against any form of bribery and corruption. The continual activities throughout the year are as follows:

- A regular bribery and corruption risk assessment to review the mitigation measures and ensure they are appropriate.
- Prescribes strict guidelines for preventing corruption and bribery such as the guideline for giving and receiving gifts and gratuities, transactions with government, etc. Details of this policy and guidelines are presented in the Company's "Business Ethics and Code of Conduct" which is informed to all the employees and posted on the Company's website.
- A regular review of the internal control systems and procedures to ensure they are effective in countering bribery and corruption.
- A monitoring system to ensure that the policies and procedures are effective.

Moreover, the Company has established channels for reporting any misconduct, fraudulent act or corruption and provides protection and remedies for any person who files a complaint or cooperates in the investigation of the charge.

In December 2018, the Company has implemented the "No Gift Policy" in accordance with the suggestion from the CAC, whereby the Company has requested all business partners to not give any gifts for any occasion to any of its personnel, including its directors, executives, employees at all levels. This No Gift Policy reinforces the Company's compliance with the Anti-Corruption Policy and the good corporate governance principles.

**Whistleblowing Policy:** To ensure fair treatment of all stakeholders under the Code of Conduct, the Company has set up a channel to contact the Board of Directors directly (without passing through the Management of the Company) for any business suggestions, complaints, or recommendations indicating impact or risks of impact on stakeholders arising from its business or from wrongful action, or violation of the Code of Conduct, and complaints for special cases like immoral/dishonest acts of Management, breach of Code of Conduct, illegal acts, etc. Any staff member or any other stakeholder is accordingly welcome to send a message by email or mail a letter to Khun Thira Wipuchanin, Independent Director and Chairman, at the following address:

By mail:

Mr. Thira Wipuchanin  
256 Lad Phrao Road, Soi Sannibathtedtaban,  
Chankasem, Chatuchak,  
Bangkok 10900 Thailand

By e-mail:

acthira@hotmail.co.th

### **The Complaint handling procedure**

When the whistle is blown or complaint is filed, the Company will collect the evidence, evaluate and formulate measures to relieve damages caused to the affected person(s) by considering the overall impact. Afterwards, the person responsible for the case will follow up results of the relief and report to the appropriate staff and the filer of the complaint. Results of action will be reported to the Chairman of the Board of Directors, the Chairman of Audit & Corporate Governance Committee and/or all relevant Directors, respectively, depending on each case.

### **Protection of Whistleblower**

In order to protect the rights of whistleblowers, the Company will not reveal the name, address, picture or other information of the whistleblower or those who participated in the investigation. No whistleblower who in good faith reports a violation of the Code of Conduct or files a complaint or expresses concern involving matters covered by the Whistleblowing Policy shall suffer harassment, retaliation or adverse employment consequences as a result of such a report. Persons affected by the damage will be relieved with procedures that are appropriate and fair. An employee who retaliates against someone who has reported a violation, complaint or concern in good faith is subject to disciplinary action up to and including termination of employment.

The Complaint handling procedure and guidelines to protect whistleblower have been presented in the "Business Ethics and Code of Conduct" which is informed to all employees and posted on the Company's website.

In 2018, the Company was engaged in no significant dispute with any stakeholders.

## **4. DISCLOSURE AND TRANSPARENCY**

The Company has tightened procedures to take care of important information to be disclosed, including both financial and non-financial statements and reports. The information is disclosed correctly, accurately, on a timely basis and transparently through the proper channels that users can conveniently access.

### **4.1 Board of Directors' Report**

The Board of Directors is responsible for the Company and its subsidiaries' financial statements and financial information presented in this Annual Report. The Report on the Board of Directors' Responsibilities for Financial Statements is presented along with the Report of Independent Auditor and Audited Financial Statements in this Annual Report.

### **4.2 Directors and Management Remuneration**

The Board of Directors appointed the Remuneration Committee in its meeting held on 15 November 2007 in order to oversee the remuneration of Directors and Management. The proposal of the Directors' Remuneration and the recommendations and opinion of the Board of Directors regarding the Directors' Remuneration would be presented for approval in shareholders' meeting. The details of Remuneration Committee such as members, qualification, duties, responsibilities and criteria to determine remuneration are disclosed on the website of the Company and under the subject "**Management Structure**" of this Annual Report.

In the years 2018 and 2017, the Company proposed the Directors' Remuneration for the year as a fixed retainer fee without any other compensation which was paid quarterly in equal instalments for each respective quarter, which was approved in the Shareholders' Meeting as follows:

(In million Baht)

	Name of Director	Position	Amount					
			2018			2017		
			Board of Directors	Audit & Corporate Governance Committee	Total	Board of Directors	Audit & Corporate Governance Committee	Total
1	Mr. Thira Wipuchanin	Chairman of the Board of Directors, Independent Director	1.20		1.20	1.20		1.20
2	Mr. Khalid Moinuddin Hashim	Managing Director	0.55		0.55	0.55		0.55
3	Mr. Khushroo Kali Wadia	Executive Director	0.55		0.55	0.55		0.55
4	Mr. Jaipal Mansukhani	Executive Director	0.55		0.55	0.55		0.55
5	Mr. Suphat Sivasriamphai*	Independent Director	-	-	-	0.14	0.10	0.24
6	Ms. Nishita Shah	Director	0.55		0.55	0.55		0.55
7	Mr. Kirit Shah	Director	0.55		0.55	0.55		0.55
8	Mr. Chaipatr Srivisarvacha	Independent Director	0.55		0.55	0.55		0.55
9	Mr. Kamtorn Sila-On**	Independent Director	0.55	0.40	0.95	0.55	0.35	0.90
10	Associate Professor Dr. Pavida Pananond	Independent Director	0.55	0.20	0.75	0.55	0.20	0.75
11	Mr. Ishaan Shah	Director	0.55		0.55	0.55		0.55
12	Ms. Lyn Yen Kok***	Independent Director	0.55	0.20	0.75	0.41	0.15	0.56
<b>Total Annual Remuneration****</b>			<b>6.70</b>	<b>0.80</b>	<b>7.50</b>	<b>6.70</b>	<b>0.80</b>	<b>7.50</b>

\* Director retired from the Board in April 2017 since he had passed the maximum age limit of a director per the Company's Corporate Governance Policy.

\*\* Appointed as Chairman of the Audit & Corporate Governance Committee with effect from 4 April 2017.

\*\*\* New Director was appointed in April 2017 as the replacement of Mr. Suphat Sivasriamphai.

\*\*\*\* Paid quarterly to the Chairman of the Board of Directors Baht 300,000 per quarter, each Board member Baht 137,500 per quarter, the Chairman of Audit & CG Committee an additional Baht 100,000 per quarter and each Audit & CG Committee member an additional Baht 50,000 per quarter

The remuneration of the Executive Directors and Senior Management includes their salary, bonus, and other remuneration (income tax and house rental) including severance payments as retirement compensation. During the years 2018 and 2017, the Company (and subsidiaries) paid remuneration to the Executive Directors and Senior Management (including Managing Director), totaling 14 persons (2017: 13 persons) of Baht 83.35 million and Baht 80.79 million, respectively.

The total remuneration to the Managing Director for 2018 was Baht 14.60 million which comprised of salary of Baht 7.85 million, bonus of Baht 1.29 million, income tax reimbursement of Baht 4.29 million, Director Fees of Baht 0.55 million, House Rental Allowance of Baht 0.60 million and other remuneration of Baht 0.02 million.

The following directors have been appointed by the Board of Directors as the Executive Directors of the Company and constitute the Executive Board of Directors as of 31 December 2018.

Name	Position
1. Mr. Khalid Moinuddin Hashim	Managing Director
2. Mr. Khushroo Kali Wadia	Director (Finance)
3. Mr. Jaipal Mansukhani	Director

Senior Management of the Company and its subsidiaries in 2018 comprises of the following:

Name	Position
1. Mr. Khalid Moinuddin Hashim	Managing Director
2. Mr. Khushroo Kali Wadia	Director (Finance)
3. Mr. Jaipal Mansukhani	Director
4. Mr. Gautam Khurana*	Chief Financial Officer
5. Mr. Shrilal Gopinathan	Vice President (Commercial)
6. Mr. Sebastian Arcanjo Cardozo	Vice President (Fleet Personnel Management)
7. Mr. Kodakara Veetil Murali Menon	Technical Director
8. Mr. Neelakantan Vasudevan	Vice President (Risk Management)
9. Mr. Stephen Korah**	Vice President (International Safety Management)
10. Mr. Nishikant Govind Desai	Vice President (Projects)
11. Mr. Prashant Mahalingam	Vice President (Technical)
12. Ms. Somprathana Thepnaplern	Assistant Vice President (Finance & Accounts) & Company Secretary
13. Ms. Wimonwan Jaysrichai	Senior Manager - Group Accounts
14. Ms. Nalinthip Santinanon	Senior Manager (Accounts & MIS)

\* Joined the Company with effect from 6 December 2018

\*\* Retired from the Company with effect from 1 January 2019

The comparison of remuneration of the Chairman, Directors, the Chairman of Audit & Corporate Governance Committee, Audit & Corporate Governance Committee Members and Management between the Company and other listed companies and listed companies in the transportation and logistics sector and listed companies in the services sector is as follows:

(In Million Baht/ Person/ Year)

Description	* PSL		** Other Listed Companies								
			Transportation & Logistics			All Listed Companies with revenue 3,000 - <5,000 MB.			All Listed Companies		
	2018	2017	Mean	Min	Max	Mean	Min	Max	Mean	Min	Max
Chairman of the BOD	1.20	1.20	1.68	0.11	6.22	0.79	0.06	3.95	1.04	0.01	9.90
Executive Directors	0.55	0.55	0.70	0.01	4.32	0.38	0.03	2.73	0.52	0.00	6.53
Non-Executive Directors	0.55	0.55	0.63	0.06	2.16	0.39	0.03	1.52	0.52	0.01	6.14
Management	5.95	6.21	5.24	1.05	10.35	4.79	1.08	17.44	4.95	0.06	50.81
Chairman of Audit & CG Committee ***	0.40	0.40	0.25	0.03	1.20	0.20	0.04	0.64	0.25	0.01	3.81
Audit & CG Committee members ***	0.20	0.20	0.16	0.05	0.52	N.A.	N.A.	N.A.	0.18	0.01	2.33

\* PSL's figures are actuals of respective years

\*\* From SET's Remuneration Report for the year 2016 (latest available survey results) – No survey conducted for the year 2018

\*\*\* Additional Remuneration as Chairman of Audit & CG Committee/Audit & CG Committee Member

N.A. Not available since not reported

(In Million Baht/Person/Year)

Description	* PSL		** Service Sector							
	2018	2017	Mean		Median		Min		Max	
			Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1.20	1.20	1.04	2.26	0.75	1.17	0.28	0.38	3.89	11.04
Executive Directors	0.55	0.55	0.56	1.34	0.50	0.73	0.16	0.22	1.98	6.75
Non-Executive Directors	0.55	0.55	0.57	1.37	0.44	0.74	0.19	0.25	2.40	7.16
Management	5.95	6.21	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	0.40	0.40	0.62	0.98	0.46	0.82	0.08	0.44	2.10	2.46
Audit & CG Committee members ***	0.20	0.20	0.44	0.80	0.32	0.68	0.06	0.42	1.66	2.02

\* PSL's figures are actuals of respective years

\*\* From IOD's Thai Directors Compensation Survey 2018

\*\*\* Additional Remuneration as Chairman of Audit &amp; CG Committee/Audit &amp; CG Committee Member

N.A. Not available since not reported

(In Million Baht/Person/Year)

Description	* PSL		** All Listed Companies with revenue 1,001 - 5,000 MB.							
	2018	2017	Mean		Median		Min		Max	
			Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1.20	1.20	0.85	1.27	0.62	0.92	0.06	0.11	10.07	12.16
Executive Directors	0.55	0.55	0.39	0.68	0.35	0.57	0.06	0.10	1.41	2.86
Non-Executive Directors	0.55	0.55	0.42	0.70	0.35	0.57	0.06	0.10	1.80	3.25
Management	5.95	6.21	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	0.40	0.40	0.39	0.70	0.33	0.66	0.07	0.21	1.12	1.62
Audit & CG Committee members ***	0.20	0.20	0.28	0.55	0.24	0.53	0.05	0.16	0.84	1.30

\* PSL's figures are actuals of respective years

\*\* From IOD's Thai Directors Compensation Survey 2018

\*\*\* Additional Remuneration as Chairman of Audit &amp; CG Committee/Audit &amp; CG Committee Member

N.A. Not available since not reported

(In Million Baht/Person/Year)

Description	* PSL		** All Listed Companies							
	2018	2017	Mean		Median		Min		Max	
			Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1.20	1.20	1.06	2.03	0.70	1.12	0.06	0.08	10.80	18.00
Executive Directors	0.55	0.55	0.54	1.21	0.41	0.66	0.06	0.08	4.26	9.06
Non-Executive Directors	0.55	0.55	0.55	1.22	0.41	0.71	0.05	0.09	4.26	9.06
Management	5.95	6.21	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	0.40	0.40	0.50	0.84	0.40	0.72	0.07	0.21	4.02	4.52
Audit & CG Committee members ***	0.20	0.20	0.36	0.64	0.30	0.59	0.05	0.14	2.76	3.26

\* PSL's figures are actuals of respective years

\*\* From IOD's Thai Directors Compensation Survey 2018

\*\*\* Additional Remuneration as Chairman of Audit &amp; CG Committee/Audit &amp; CG Committee Member

N.A. Not available since not reported

### 4.3 Relations with investors

The Board of Directors recognizes the importance of accurate, complete and transparent disclosure of financial information and general information, which may affect the Company's share price. The Company provides the information through the SET, the Company's website and through regular newsletters and communications from the Managing Director. While the Company undertakes investor relations at the top management level, the Company has also designated persons as the contact points in the Company to service investors, shareholders, analysts and public as under:

Mr. Khalid Moinuddin Hashim	Managing Director (voted "Best Investor Relations Officer" in Thailand in the Corporate Governance Poll in December 2010 by "ASIAMONEY") Telephone 66 2696 8801 Email: kh@preciousshipping.com
Mr. Khushroo Kali Wadia	Executive Director Telephone 66 2696 8836 Email: kw@preciousshipping.com
Ms. Somprathana Thepnapaplern	AVP (Finance & Accounts) and Company Secretary Telephone 66 2696 8856 Email: som@preciousshipping.com

The Company has joined many events for press/analyst briefings, which are attended personally by the Managing Director and/or the Executive Directors. Some of the major events in which the Company participated in the last three years are enumerated herein as under:

Year / Times	Analyst Meetings	Investor Meetings	Presentations Road shows	Press & TV Interview	Total
2018	20	16	19	6	61
2017	33	32	8	6	79
2016	19	13	5	8	45

## 5. RESPONSIBILITIES OF THE BOARD

### 5.1 Board Structure

The number of members on the Board of Directors is commensurate with the size and complexity of the Company's business. Currently, there are 11 Directors on the Board of Directors of the Company which consists of 3 Executive Directors (as full time employees of the Company/Subsidiary) and 8 Non-Executive Directors, 5 of whom are Independent Directors (more than one-third of Board of Directors).

The Audit & Corporate Governance Committee and Nomination Committee comprises entirely of Independent Directors.

#### Board Diversity

The Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. The Board members represent diversity from a range of perspectives including gender, age, educational background, skills, knowledge and professional experience. And for selection of new directors, the Board of Directors will consider candidate's qualifications, having regard to the mix of skills, diversity and in line with the Company's strategic direction.



## **Definition**

### **Executive Director:**

An Executive Director is a Director who is involved in the Management of the Company on a full-time basis and receives regular monthly remuneration from the Company in the form of salary or its equivalent.

### **Independent Director:**

The Independent Directors are independent from the Management and have no business or activities with the Company and must not be involved in the day-to-day management of the Company or an affiliated company which may compromise the Interests of the Company and/or the Shareholders.

The qualifications of Independent Director of the Company are more rigorous than the requirements set by the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission, Thailand ("SEC").

### **Qualifications of Independent Directors of the Company:**

- The Independent Director must not hold shares exceeding 0.5 percent each, including shares held by a related person, of paid-up capital of the Company, a subsidiary or of an affiliated, associated or a related company.
- The Independent Director must not be involved in the day-to-day management and must not be an executive director, employee or advisor who receives salary or other kinds of compensation from the Company, its subsidiaries, or affiliated companies, associated companies or related companies or with the major shareholders of the Company during the period of two (2) years before the date of appointment as Independent Director.
- The Independent Director must not have any business relationship pursuant to the regulations of the SEC and also must be free of any present, direct or indirect, financial or other interest in the management and business of the Company, its subsidiaries, associated companies, or its major shareholders during the period of two (2) years before the date of appointment as Independent Director.

The term 'business relationship' under the above paragraph, such as any normal business transaction, rental, or lease of immovable properties, transaction relating to assets or services, or grant or receipt of financial support through receiving or extending loans, guarantee, providing assets as collateral, including any other similar action whose value exceeds THB 20 million or more than 3% of the net tangible assets, whichever is lower.

- The Independent Director must not be the external auditor of the Company, its subsidiaries, or affiliated companies, associated companies or related companies, or with its major shareholders nor be a significant shareholder, a controlling person or a partner of such audit firm which employs external auditors of the Company, its subsidiaries, or affiliated companies, associated companies or related companies, or with its major shareholders during the period of two (2) years from the date of appointment as Independent Director.
- The Independent Director must not be a provider of any professional services, such as legal advisor, financial advisor or asset appraisal who receives service fees exceeding Baht 2,000,000 per year from the Company, its subsidiaries or affiliated companies, associated companies or related companies, or with its major shareholders during the period of two (2) years from the date of appointment as Independent Director.
- The Independent Director must not be a blood relative or legal relative of any Executive Director, executive officer, major shareholder or significantly influential person in/of the Company.
- The Independent Director must not be acting as a nominee or representative of any director, major shareholder or shareholders, who are a relative of any major shareholders of the Company.

- The Independent Director must be able to carry out their duties, exercise their judgment, and report the committee's performances, which are assigned by the Board of Directors without being influenced by Executive Directors or major shareholders of the Company, including related persons or relatives.

#### **Definition of Related Persons**

Related persons shall include persons who are involved in any kind of benefits or are related to the Company's business to a significant amount, such as suppliers, customers, or creditors. This kind of connection may affect the Independent Directors in carrying out their duties independently or conveniently.

#### **Independent Director's Roles and Duties**

Independent Directors should have access to adequate financial and other business information for them to perform their duties effectively.

They should regularly attend every board meeting, including committee meetings, and raise questions to ensure the interests of Company's shareholders' and the protection of rights of other stakeholders', and that the Company complies with best practices.

Independent Directors should possess abilities and display willingness to learn the Company's businesses, and express their views independently, as well as dedicate time and attention to the Company as needed.

Independent Directors should regularly hold meetings among themselves, and try in every way possible to look for opportunities in which they can discuss business management issues with the Management.

Independent Directors are expected to submit a confirmation letter to the Company verifying their independence in accordance with the Company's definition, on the date they accept the appointment and every subsequent year if required.

It is expected that there should be specific terms given to Independent Directors, and no director is expected to stay on beyond a certain time limit. Nonetheless, the difficulties of searching an appropriate replacement and the benefits of the working relationship built up over the years within the Independent Directors and their understanding of the business must also be taken into account. Accordingly, at present no time limit has been set up for the Independent Directors apart from the statutory limits placed under applicable law.

#### **Other Committees**

The Board of Directors appointed several committees as part of the good corporate governance policy of the Company viz. the Executive Board of Directors, Audit and Corporate Governance Committee, Remuneration Committee and Nomination Committee. The details of these committees such as names and number of members, qualifications, duties and responsibilities are disclosed on the website of the Company and under the subject "**Management Structure**" of this Annual Report.

#### **Aggregation or Segregation of Positions**

The Chairman of the Board of Directors is an Independent Director and has no relationship with the Management, as defined by the SET. The Chairman is not the same person as the Managing Director of the Company nor is he related in any way to the Managing Director of the Company in order to segregate the duties between the policy maker and the policy manager.

The Chairman of the Board is the leader of the Board, and has duties as the Chairman of both Board and shareholders' meetings. His role includes promoting corporate governance and compliance, and ensuring its effectiveness. He engages directly with the Managing Director to monitor performance and oversees the implementation of the Company strategies. The Managing Director is the head and leader of the Company's executives and is responsible to the Board for managing the Company in order to achieve all planned objectives.

### **Powers, roles and duties of the Chairman of the Board of Directors**

- Provides leadership to the Board of Directors;
- Presides over the Board of Directors meetings, Non-Executive Directors meetings and Shareholders meetings;
- Facilitates open and constructive communication between members of the Board and encourages their contribution to Board deliberations;
- Promotes the highest standards of corporate governance, ethics and corporate social responsibilities;
- Consult with the Managing Director and Company Secretary to arrange the schedule and agendas of the Board of Directors' meetings;
- Ensure that the Company has effective communication with its shareholders and relevant stakeholders.

### **Powers, roles and duties of Managing Director**

- The day-to-day management of the Company and its business is the responsibility of the Managing Director, supported by the executive team.
- Develops and recommends the Company's vision, mission, strategy and business plan for the Board's approval;
- Manages the Company in accordance with strategy, business plans and policies approved by the Board of Directors;
- Reports on the Company's operation results to the Board of Directors as well as other work in progress to achieve the Company's objectives;
- Ensures that all Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;
- Builds and maintains an effective top management team capable of delivering the Company's strategy and objectives, and identifies and recruits new talent to ensure effective succession to top management positions;
- Ensures communication with shareholders and relevant stakeholders;
- Undertakes any other roles and duties assigned by the Board of Directors.

### **Company Secretary**

In keeping with good corporate governance, the Company designated a Company Secretary viz. Ms. Somprathana Thepnaplern, having duties and responsibilities in accordance with the Securities and Exchange Act and to be responsible for overseeing and advising the Board and the Management regarding applicable laws, rules, regulations and good corporate governance, and responsible for holding the Board and shareholders' meetings. The additional tasks include assisting the Board to comply with resolutions and safeguard the Company's documents and information.

The detailed profile of the Company Secretary, Ms. Somprathana Thepnaplern, has been disclosed under the subject "**Management Team**" of this Annual Report.

## **5.2 Roles, Duties and Responsibilities**

### **Leadership and Vision**

The Board of Directors is the main driver in defining the direction of the Company's performance, achieving its goals and objectives and to define the Company Mission, Vision, Core Values, strategic business plan, appointment of competent and effective Management and managing the Company's affairs with good corporate governance in order to reach the objectives in accordance with Company's

policy and in accordance with the law. The Board of Directors comprises of persons who have the knowledge, expertise, business experience and backgrounds which qualify them to perform their duties and responsibilities in accordance with the highest standards of business ethics.

### **Explicit responsibilities of the Board of Directors**

The Board of Directors performs its duties and carries on the business of the Company in conformity with applicable laws, the Company's objectives and the memorandum and articles of association, as well as the resolutions of the shareholders' meetings. The Board shall be involved in any matters that may have a significant impact on the Company's business. The following matters require decision or approval from the Board:

- Designation of the authorized Directors to bind the Company.
- Appointment of Executive Directors and members of the Sub Committees, in the manner prescribed by law.
- Authorizing the sale or mortgage any of the Company's immovable properties, to let any of the Company's immovable properties for the period more than three years, to make a gift, to compromise, to file complaints to the Court and to submit the dispute to the Arbitration.
- Approval of annual and quarterly financial results.
- Approval of the Mission Statement, Core Values and Code of Business Conduct.
- Approval of major decisions in respect of the Company's business direction and policies.
- Decision on major investments and contracts with significant impact to the Company.
- Any matters and/or transactions within the ambit of the Board pursuant to the memorandum and articles of association of the Company, the Public Limited Companies Act B.E. 2535, and other relevant laws and regulations.

The Board of Directors has clearly defined and demarcated powers, duties and responsibilities between each committee as mentioned under the "**Management Structure**" section of this Annual Report.

### **Succession Plan**

The Board of Directors shall ensure a systematic nomination for the proper candidate to replace a Director or executive position suitably in line with the succession planning policy. The Nomination Committee is appointed to propose the appointments of new Directors and key Executives (Managing Directors and Executive Directors) to the Board by considering the proper candidate both from internal and external candidates. To support its succession planning process, in 2018 the Company has hitherto been quite successful in sourcing and retaining such highly skilled and qualified personnel. The Company continues to take a number of initiatives including establishing a detailed Succession plan to attract and retain talent. Moreover, the Company has prepared and enhanced critical mechanisms, for instance, knowledge management, succession plan management and leadership development program as part of our Management Development and Succession Planning cycle.

### **The Corporate Governance Policy**

In recognition of the fact that it is important and necessary for sustainable growth of operating business and long-term shareholder value, the Board of Directors has set up a Corporate Governance Policy for the Company. The Board of Directors has reinforced corporate governance by including policies and directions on operating the business, set up adequate internal controls and internal audit systems and monitoring management to perform effectively under the policy to ensure long term interests of shareholders under applicable laws with full transparency and correct business ethics. A Corporate Governance Policy Manual outlining its features has been drawn up by the Company and already circulated to the Company's employees for the recognition of the necessity of Good Corporate Governance and is also disclosed on the Company's website.

The Company's Corporate Governance Policy consists of:

1. Right and Equitable Treatment of Shareholders and various groups of Stakeholders.
2. Structure, Rules, Duties, Responsibilities, and Independence of the Board of Directors.
3. Information Disclosure and Transparency.
4. Controlling System and Risk Management.
5. Business Ethics.

The Board of Directors conducts an annual review of Corporate Governance Policy and evaluation of the policy implementation so that the Corporate Governance Policy of the Company is up to date and appropriate with the current situation.

In the Board of Directors' meeting held on 8 November 2018, the Board reviewed the CG Code issued by the SEC and the CG guideline issued by the Stock Exchange of Thailand, and also conducted a corporate governance self-assessment through a questionnaire following the SET and IOD guidelines. The scores of corporate governance self-assessment fall in the level of "Very Good". The Board of Directors intends to use this result to further improve its corporate governance. The Company intends that the corporate governance self-assessment be done every year in order to comply with Good Corporate Governance practice and accordingly, this exercise will be conducted again in year 2019.

### **Business Ethics**

The Company has set up a code of ethics for Directors, management and employees as a guideline to carry out their respective work for the Company in a transparent, honest, faithful and justifiable manner. It is also disclosed on the Company's website.

### **Conflict of Interest**

In order to prevent conflict of interest transactions, The Board of Directors, through the Audit & Corporate Governance Committee has supervised carefully such potential transactions by setting out a written policy and procedure of approval of transactions involving any potential conflict of interests and has set up an appropriate policy as follows:

#### **Potential conflict of interest transactions**

Any transaction which could lead to a potential conflict of interest and/or a related party transaction is considered very carefully by the Board of Directors with a view to full compliance with the relevant rules and regulations of the SET and the SEC, apart from compliance with the internal policies and guidelines set up by the Company. Moreover, such transactions are entered into strictly on an "Arms-Length" basis. The terms and conditions of such transactions are always in compliance with generally acceptable, standard commercial terms and conditions and appropriate disclosure regarding the details of the transactions viz. value, counter-party, reason and necessity of the transaction is made in this Annual Report and also in Form 56-1.

In addition to the above, the Audit & Corporate Governance Committee and the Internal Audit Department prepared the annual audit plan to review transactions that may cause conflict of interest. For the year 2018, the internal auditors audited the aforesaid transactions and reported the results thereof to the Audit & Corporate Governance Committee in the Audit & Corporate Governance Committee's Meeting No. 1/2019 held in February 2019. The Audit & Corporate Governance Committee found that the Company has a proper policy for approval and prevention of abuse in such transactions. The existing conflict of interest transactions are made only on the basis of proper comparison of market prices and for the benefit of the Company. Adequate disclosures of all such material transactions have been made in this Annual Report.

Moreover, the Internal Audit Department has reviewed the compliance of the Company in respect of the Notifications of the SET Re: The Disclosure of Information and Acts of Listed Companies Concerning Connected Transactions 2003 as amended from time to time and Notification of the Capital Market

Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions as amended from time to time including circular letter of the SEC about the recommended practice to be followed under section 89/12 (1) of the Securities and Exchange Act (No.4) B.E.2551. The details of the connected transactions have been explained under the topic “**Connected Transactions**” of this Annual Report. The results of the review have been reported to the Board of Directors of the Company. The Board of Directors of the Company is of the opinion that such transactions are fair and for the full benefit of the Company.

#### **Reporting changes in holding of the Company’s shares/warrants**

To prevent abuse of inside information, all Directors and Senior Management must report any changes in their (and that of their spouses and minor children) holding of the Company’s shares and/or warrants to the Company and the Office of the SEC within 3 business days from the date of trading/transfer of the Company’s shares and/or warrants (as the case may be). The changes in Company’s shares and warrants of the Directors are reported to the Board of Directors meeting every quarter. Please refer to the “**Insider Trading Controls**” section of this Annual Report for further information.

#### **Controlling System and Internal Audit**

The Company recognizes the importance of internal control systems on an operational level to ensure that the operations are conducted efficiently. Powers and duties of operations and management level personnel are laid down clearly. There is a proper level of control maintained on the utilization of the Company’s property/assets for the highest benefit of the Company and there is clear segregation between the operations units, control units and assessment units for the purpose of maintaining appropriate checks and balances. Moreover, an internal control system for the financial and accounting functions of the Company is clearly set up which allows adequate reporting to the relevant management.

The Company has a robust Internal Audit Department in order to ensure that the key operations and financial activities are conducted efficiently under the guidelines and relevant laws. Moreover, to ensure that the Company has complied with laws and regulations relating to the business of the Company, the Internal Audit Department conducts regular checks. Internal auditors report directly to the Audit & Corporate Governance Committee on all matters, in order to make the Internal Audit Department completely independent of the management.

The detailed profile of the chief of the Internal Audit Department is shown below:

#### **MS. PANIDA SATJADECHACHAI**

<b>POSITION</b>	Internal Audit Manager
<b>AGE</b>	42 years
<b>EDUCATION</b>	Master Degree in Accounting, Thammasat University
<b>TRAINING</b>	
November 2018	Attended the training course “Anti-Corruption Working Paper Program” held by Collective Action Coalition Against Corruption (CAC) and Federation of Accounting Professions (FAP)
June 2018	Attended the training course “Sustainability Risk and Materiality Analysis” held by Corporate Social Responsibility Institute (CSRI)
December 2017	Attended the seminar “Cyber Incident Management for Executive Committees of Listed Companies” held by SEC and the Business Software Alliance (BSA)
October 2015	Attended the training course “Anti-Corruption for Business Corporation” held by PACT Network, Investment Banking Club and PwC Consulting (Thailand) Limited
October 2014	Attended the training course “GRI Sustainability Reporting Process” held by Thaipatr Institute
June - September 2014	Attended the training course “Certification Program Internal Auditors (Thailand)” held by the Institute of Internal Auditors of Thailand



January 2014	Attended the training course “COSO Internal Control Framework 2013” held by Federation of Accounting Professions
October 2013	Attended the training course “CSR Knowledge Management” held by Corporate Social Responsibility Institute (CSRI)
February 2013	Attended the training course “New CG Principles 2012” held by IOD and the SET
March - April 2010	Attended the training course “Updating International Financial Reporting Standard IFRS)” held by KPMG Poomchai Business

## EXPERIENCE

August 2012 - Present	Internal Audit Manager, Precious Shipping Public Company Limited
2006 - 2012	Assistant Internal Audit Manager, Precious Shipping Public Company Limited

Moreover, an internal control system for the financial and accounting functions of the Company is clearly set up which allows adequate reporting to the relevant managers to achieve the following objectives:

1. Efficient and effective operations, including skillful use of resources for the best benefit of the Company.
2. Accurate, reliable and prompt financial reporting.
3. Full compliance with the Company’s policies, laws and regulations.

The Board of Directors recognizes the importance of risk management and is responsible directly for the risk management of the organization with the objectives to support the work performance of the management of the Company to be efficient and effective and to achieve the business objectives. The Board of Directors has specified the Company’s policy on risk management and internal control on the website of the Company and under the topic “**Internal Control**” of this Annual Report.

The Company also established the Legal & Compliance Department to review and evaluate compliance issues/concerns within the organization in order to mitigate legal risk and to ensure the Board of Directors, Management and employees are in compliance with the rules and regulations of regulatory agencies, that company policies and procedures are being followed, and that behavior in the organization meets the company’s Standards of Conduct.

The detailed profile of the chief of Legal and Compliance Department is shown below:

### MS. SIRASA SUPAWASIN

<b>POSITION</b>	Assistant Vice President - Legal
<b>AGE</b>	35 years
<b>EDUCATION</b>	Bachelor’s Degree in Law, Thammasat University Lawyer License, Lawyers Council of Thailand Notarial Service Attorney License, Lawyers Council of Thailand

### TRAINING

April 2018	Completed “Directors Certificate Program” (DCP) Class 254/2018
October 2013	Attended the training course “CSR Knowledge Management” held by Corporate Social Responsibility Institute (CSRI)
February 2013	Attended the training course “New CG Principles 2012” held by IOD and the SET
October 2010	Effective Minute Taking Program, the Thai Institute of Directors
October 2008	Business Law Training Course, Faculty of Law, Thammasat University
October 2007	Company Secretary Program, the Thai Institute of Directors
September 2006	Human Resource Law Training Course, Faculty of Law, Thammasat University

## EXPERIENCE

2017 - Present	Assistant Vice President - Legal, Precious Shipping Public Company Limited
July 2011 - 2016	Senior Legal and Compliance Manager, Precious Shipping Public Company Limited
2007 - 2011	Senior Legal Officer, United Thai Shipping Corporation Limited
2005 - 2006	Legal Officer, Daikin Industries (Thailand) Limited

### 5.3 Board of Directors' Meetings

The Board of Directors' meetings are scheduled in advance to convene at least 7 times per year, but extraordinary or special meetings, if required, may be called at any time during the year.

For each meeting, through the year, an agenda is predetermined by the Chairman of the Board of Directors and Managing Director. The meeting has a specific agenda, which would include a review of the Company's operations.

The Company Secretary sends the notice of the meeting and relevant documents to all Directors, at least 7 days prior to the meeting date, so as to allow sufficient time for them to review the information before joining the meeting.

Board of Directors' meetings are held after the Audit & Corporate Governance Committee meeting so that the minutes of the Audit & Corporate Governance Committee meeting can be sent to the Board of Directors for their consideration and discussion during the Board meeting. However, in case a Director either feels suspicious or has any questions, the Director can seek answers or clarifications directly from the Executive Directors at all times.

In every meeting, the minutes of the meeting are recorded, reviewed and adopted by the Board of Directors. The minutes of the meeting are kept with the Company Secretary for ready reference and review by other concerned parties.

Details of Directors' attendance for Board of Directors and Sub Committee meetings held in 2018 are set out in the following table;

Director's Name	Board of Directors and Sub Committee Meetings					Annual General Meeting Of the Shareholders
	Attendance / Total Meetings (Times)					
	Board of Directors	Executive Board of Directors	Audit & CG Committee	Remuneration Committee	Nomination Committee	
1. Mr. Thira Wipuchanin	7/7	-	-	-	-	1/1
2. Mr. Khalid Moinuddin Hashim	7/7	4/4	-	-	-	1/1
3. Mr. Khushroo Kali Wadia	7/7	4/4	-	-	-	1/1
4. Mr. Jaipal Mansukani	7/7	3/4	-	-	-	1/1
5. Ms. Nishita Shah	6/7	-	-	-	-	1/1
6. Mr. Kirit Shah	7/7	-	-	2/2	-	1/1
7. Mr. Chaipatr Srivisarvacha	6/7	-	-	-	2/2	1/1
8. Associate Professor Dr. Pavida Pananond	7/7	-	4/4	2/2	-	1/1
9. Mr. Kamtorn Sila-On	7/7	-	4/4	2/2	2/2	1/1
10. Mr. Ishaan Shah	7/7	-	-	-	-	1/1
11. Ms. Lyn Yen Kok	7/7	-	4/4	-	2/2	1/1

For the year 2018, all resolutions of the Board of Directors were passed by the vote of the Directors present at the Board of Directors' meetings with a quorum of more than two-thirds of all the Board members.

On 8 November 2018, the Non-Executive Directors held a meeting among themselves for discussing the business management issues and performance of the Executive Directors.

#### 5.4 Board Self Assessment

In the Board of Directors Meeting held on 8 November 2018, Board members conducted a self-assessment through a questionnaire following the SET guidelines which covered the subjects as follows:

- Structure and characteristics of the Board
- Roles and responsibilities of the Board
- Board of Directors' meetings
- The Board's performance of duties
- Relationship with Management
- Self-development of Directors and Executive Development

The scores of Board's Self- Assessment fall in the level of "Excellent". The Board of Directors intends to use this result to further improve its performance. The Company intends that the self-assessment be done every year in order to comply with the Good Corporate Governance practice and accordingly this exercise will be conducted again in year 2019.

#### 5.5 The Board Committees' Self-Assessment

The Company has 4 Board Committees i.e., the Executive Board of Directors, the Audit & Corporate Governance Committee, the Nomination Committee and the Remuneration Committee. In the Board of Directors Meeting held on 8 November 2018, the Board of Directors acknowledged the results of each board committee self-assessment conducted by members of each board committee through a questionnaire following the SET guidelines which covered the subjects as follows:

- Structure and characteristics of the Board Committees
- Board Committees Meeting
- Roles and responsibilities of the Board Committees in each particular committee

The scores of each board committee self-assessment are summarized as follows

Board Committees	2018 Results of self-assessment
The Executive Board of Directors	Excellent
Audit & Corporate Governance Committee	Very Good
Nomination Committee	Very Good
Remuneration Committee	Excellent

Each Board Committee intends to use this result to further improve its performance. The Company intends that the self-assessment be done every year in order to comply with Good Corporate Governance practice and accordingly, this exercise will be conducted again in year 2019.

#### 5.6 Managing Director Evaluation

In the Board of Directors Meeting held on 8 November 2018, the Board of Directors acknowledged the results of Managing Director Evaluation conducted by Non-Executive Directors through a questionnaire following the SET guidelines which covered the subjects as follows:

- Leadership
- Strategy formulation
- Strategy execution

- Financial planning/ Performance
- Relationships with the Board
- External Relations
- Human Resources Management/ Relations
- Succession
- Product/ Service Knowledge
- Personal Qualities

The score of Managing Director Evaluation fell in the level of “Excellent”. The Company intends that the Managing Director Evaluation be done every year in order to comply with Good Corporate Governance practice and accordingly this exercise will be conducted again in year 2019.

## 5.7 Directors and Management Remuneration

Since the year 2007, the Board appointed and assigned the Remuneration Committee to set procedures for consideration of the remuneration of the Directors and Management in accordance with international standards and comparable with other equivalent listed companies including companies in the transportation industry.

The Management remuneration is fixed in accordance with the principles and policies set by the Board of Directors. The Board of Directors directly and specifically approves the remuneration of the Executive Board and the Director employed in an executive capacity in the Company’s subsidiary based on the remuneration in the Industry for equivalent positions, financial status/performance of the Company and their respective individual performances.

The remuneration of the Senior Management included their salary, bonus, and other remuneration (income tax, house rent and provident fund contributions) and the Directors’ Remuneration was a fixed annual amount which was approved in Shareholders’ Meeting. The remuneration of Directors and Management has been disclosed hereinabove under the subject of “Disclosure and Transparency”.

## 5.8 Directors and Management Training

The Board of Directors continues to try and enhance their value by participation in activities, courses and events which add to their knowledge base in the continually changing business environment to ensure that they are updated and possess full knowledge. All the Company’s Directors have attended important training courses that are available such as the Director Certification Program (DCP) or the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD).

Details of Directors attended training programs/seminars in the past year;

Year	Director’s Name	Seminar/Training Course	Conducted by
2012	Mr. Kamtorn Sila-On and Associate Professor Dr. Pavid Pananond	Audit Committee Program (ACP)	Thai Institute of Directors
2013	Associate Professor Dr. Pavid Pananond	Financial Statements for Directors (FSD)	Thai Institute of Directors
2014	Mr. Thira Wipuchanin	Chartered Director Class (CDC)	Thai Institute of Directors
2015	Associate Professor Dr. Pavid Pananond	Thailand Business Insights 2015; Panel1: Mapping the Future - Pillars of Diversity Panel2: Thailand - Blueprint & Gateway for ASEAN	Thai Institute of Directors (IOD) and Channel News Asia.
	Ms. Nishita Shah	Transformation & Change - Managing Culture For Success	Thai Listed companies Association (TLCA), the RBL Group, and ADGES Consulting

Year	Director's Name	Seminar/Training Course	Conducted by
2016	Associate Professor Dr. Pavidia Pananond	Africa and the South-South Cooperation: Toward a Better Governance for a Sustainable Economic & Social Governance	Crans Montana Forum, Dakhla, Morocco
	Mr. Kamtorn Sila-On	Top Executive Program in Commerce and Trade (TEPCoT)	Commerce Academy
2017	Associate Professor Dr. Pavidia Pananond	The Criminal Liability of Representatives of Juristic Person Amendment Act ("Amendment Act")	Thai Institute of Directors (IOD) and Hunton & Williams (Thailand) Limited
	Ms. Lyn Yen Kok	Executive Programme - Corporate Innovation	Stanford Graduate School of Business
	Mr. Kamtorn Sila-On	Business Revolution and Innovation Network 1 (BRAIN1)	The Federation of Thai Industries
2018	Associate Professor Dr. Pavidia Pananond	Annual Conference on 'Global Business and the Digital Economy',	Academy of International Business, USA
		6 <sup>th</sup> Copenhagen Conference on 'Emerging Multinationals: Outward Investment from Emerging Economies'	Copenhagen Business School, Denmark
	Ms. Lyn Yen Kok	Executive Programme	Singularity University
		Block Chain Strategy Programme	University of Oxford
		YPO Building Legacies Programme	INSEAD

#### Directors' Orientation

The Company Secretary provides any newly appointed director with the background of the Company's business, profile and industry along with all the relevant documents such as the Director's handbook, the Company's corporate documents, CG Policy Manual, Business Ethics and Code of Conduct Manual, laws, regulations and practices which are related to the trading of Company's shares.

The Company arranged such a Directors' Orientation program for the 1 new Director who was appointed in year 2017.

**The following principles below from the Corporate Governance Code 2017 published by the SEC and the Corporate Governance Principles 2012 recommended by the SET are the principles which the Company has not yet applied within year 2018:**

Principle	Opinion from the Board of Directors
<ul style="list-style-type: none"> <li>The Board should establish the policy that the tenure of an independent director should not exceed accumulative term of nine years from the first day of service. Upon completing nine years, an independent director may continue to serve on the board, subject to the board's rigorous review of his/her continued independence.</li> </ul>	It is difficult to obtain suitable and qualified Candidates repeatedly and therefore, such a term limit cannot be implemented presently. However, the Board of Directors considers various factors including independence of any independent directors who retire by rotation in order to propose for the shareholders' approval at the shareholders' meeting:
<ul style="list-style-type: none"> <li>The Board of Directors should establish an annual performance assessment conducted of individual Directors.</li> </ul>	This has not been adopted for the present but may be considered in future.
<ul style="list-style-type: none"> <li>The Company should establish a proper incentive and remuneration policy for its Senior Executives and Directors.</li> </ul>	The Company may consider this and structure a plan based on advice from an external expert but it was not possible to complete this in this year.