



## Good Corporate Governance

### Corporate Governance Policy

Board of Directors of Fortune Parts Industry Public Company Limited has recognized the importance of good governance and social responsibility. Since there is no assurance that the good governance is good. It is important to help keep the business of the Company. Succeed And build confidence in the system of management that is efficient, transparent, verifiable, which helps build confidence for shareholders, investors, stakeholders. And all parties concerned Which will lead to sustainable growth and quality. And can add value to the business

The Company Board of Directors' understanding of the roles and responsibilities to the shareholders. Including relevant and knowingly committed to operating under the principals of good corporate governance, rules, regulations, and best practices enforced by the Stock Exchange of Thailand and the Securities and Exchange Commission. The regulation also define and review, including and evaluation of policies related to good corporate governance base on 5 components:

1. The Rights of Shareholders
2. The Equitable Treatment of Shareholders
3. The Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board of Directors

The directors, executive committees and employees, including employees of subsidiaries, have followed a policy of good corporate governance as the following:

#### 1. The Rights of Shareholders

Shareholders are the owners of the company. They control the company by appointing the board of directors to act as their representatives. Shareholders are eligible to make decisions on any of significant corporate changes.

Apart from aforementioned basic rights, the Company also encourage and facilitate the shareholders to exercise their right by:

1. In accordance to rules and regulation of SEC and SET, meeting agenda and additional information on business performance must be informed to shareholders 7 days prior to meeting date.

2. In case shareholders are not able to attend the meeting, they may appoint proxies to vote for their shares by signing in the letter of authorization attached to meeting invitation.

3. During the meeting, shareholders can comment, suggest and make inquiries to the Board and Committee to ensure that the shareholders have been given substantial information prior to making an approval on any issue. And the shareholders are welcome to ask for



information and details

4. The company has to make an completely minutes of meeting with accuracy and shall be filled properly for further review or investigation by shareholders.

## **2. The Equitable Treatment of Shareholders**

All shareholders, including those with management positions, non-executive shareholders and foreign shareholders should be treated in an equal way. Minority shareholders whose rights have been violated should be redressed. The company plans to increase alternatives to shareholders who cannot attend the meeting. By appoint an independent director or other person to attend and vote on behalf of shareholders. Include the opportunity for shareholders to nominate directors to advance in a reasonable time.

The meeting will be conducted in accordance with the regulations of the company. The agenda of the meeting will be fully detailed in the agenda and show consideration explicitly. It will not add to the agenda without notice to shareholders. Particular, the important agenda which has to use much more information before making a decision.

Board of Director has imposed measurements to prevent insider trading from relevant parties including Board and Committee, executives, officers and staff members of the company (covering the spouse and minor of the aforesaid persons). The punishment for disclosure of company's confidential information or misuse of such information for personal interest has been imposed in accordance with the policy to prevent inside trading. It is made clear to Board of Director and executives that they must periodically report their holdings to SEC abided by Article 39 of Securities and Exchange Act, 1992. The announcement and regulation from SEC and SET will be disseminated to Board and Committee and executives regularly.

## **3. The Role of Stakeholders**

The company is aware of the rights of all stakeholders, neither internal stakeholders namely shareholders, executives and employees working for the company, nor external stakeholders which are business competitors, business partners and customers. The company realizes that cooperation, openness to comments and good relationship with all stakeholders are essential to operate business as well as to develop and further expand business. All stakeholders will be treated equally and fairly. Guidelines for dealing with all groups of stakeholders are as follows:

- Employees : The company recognizes that all employees are one of the most valuable resources to develop the organization to grow further. Thus the company always supports all staffs to enhance their potential and work as a team as well as to create pleasant and safe working environment for employees. All employees are treated equally and fairly accompanied by appropriate remuneration.

- Supplier : The Company has complied with all the partners and creditors Supplier Financial exploitation is fairly equal. Accordance with the terms of trade and terms of the contract made with strictly. To develop the business relationships that benefits both parties.

- Customer: The company is responsible for the care and product quality standards and meet customer needs completely. Confidentiality of clients is also important to determine the appropriate selling price for our customers equally with fair trade and honesty.



- Competitors : We are committed to fair competition under the business law avoid corruption and avoid destroy competitors.

- Society : we are concerned of the environment of the community in vicinity of the company. The company focus in awareness, social responsibility to the community and the company continuously. Including activities that cause the majority and not action illegal material.

#### **4. Disclosure and Transparency**

The company is obliged to make full disclosure of accurate and transparent information concerning business performance such as financial statement and other related documents in accordance with the regulations from SEC and SET. Other information that would affect company's stock values or may impact the decision of investor and stakeholders should also be disclosed. Full information is disclosed to public through a variety of media under the operation of SEC and SET or in company's website at <http://www.fpiautoparts.co.th>

Investor relations section of the Company has not established a specific event such as a few activities in the past. The company was assigned to the Managing Director in IR functions to contacts and serve information to shareholders, analysts and agencies involved. The information must be accurate and complete, real and thorough.

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

##### **1. Structure of Board of Director**

Board of Director consists of qualified members who gain expertise, skills and wide range of experiences on business and management. Board of Director is responsible to set overall business direction and strategic goal, supervise business performance quarterly, and monitor internal control and internal audit system to ensure the utmost benefits to the company and shareholders. As of December 31, 2012, there are 9 members of Board of Director consisting of 3 non-executive directors abided by the guideline that there should be at least 1 out of 3 independent directors from total members in Board of Director. This is to ensure balance of power to resolve on business and management issue as well as to monitor the performance of the executives. Board of Director appointed 2 subcommittees which are Audit Committee and Executive Board to direct business strategy and monitor business performance. The roles and responsibilities of Board of Director, Audit Committee and Executive Board have been clearly defined and each entity is independent to make decision and express their initiatives and vision.

In addition, the person holding the position of Chairman of Board of Director cannot hold the position of Managing Director in order to prevent unlimited power of each individual. Board of Director is authorized to screen and elect the candidate to fill in these positions. Secretary to Board of Director is responsible to inform and advice Board of Director on the rules and regulation to be abided, facilitate the work of Board of Director as well as follow up the progress on the issue assigned by Board of Director.

## **2. Role and Responsibilities of the Board**

FPI recognizes and respects the rights of shareholders, thereby introducing a structure to ensure that shareholders will be facilitated to fully exercise their basic rights in acceptable and reliable ways and standards. Directors have to implement Code of Best Practices of the Stock Exchange of Thailand by to understand and know their roles and responsibilities. Directors must act in accordance with the laws and regulations of the company and the resolution of the shareholders' meeting with honesty. The Board of Directors as policy maker, set the business goals, business plans and budgets of the company. And manage the implementation of policies, plans and budgets to meet specified efficiency and effectiveness for the benefit of the Company and its Shareholders.

### **Conflict of Interest**

The Audit Committee will submit the details on related transactions that may cause conflicts of interest to the Board of Directors to find out appropriate solution discreetly. Our business practice are strictly complied with the rules and regulations mandated by SET to treat the parties that may cause conflicts of interest comply with the disclosure requirements for related-party transactions and the acquisition or disposition of assets of the company. Including compliance with accounting standards and regulations set by the Institute of Certified Accountants.

### **Internal Control and Internal Audit**

Internal control is an essential tool to monitor business practices both in management level and operation level. To enhance efficiency on business operation, the scope of responsibilities and operating authority of management and operation staffs are clearly defined in written statement. The utilization of company's asset will be monitor to ensure the use for utmost benefits of the company. Divide responsibilities in the approval to record information and storage assets apart. To achieve a balance between operating and internal audit properly. There are also controls on the financial by providing a system of financial reporting to Managing Director in charge, even if the company does not have internal audit of the company, but the company has hired an internal auditor independence, external validation of internal control systems of the company. They report directly to the audit committee.

## **3. Boards of Director Meeting**

Meeting of the Boards of Director are held regularly at least by every quarter. Addition meetings may be called depending in advance. For every meeting, Secretary to the Board of Director is assigned to prepare meeting agenda and send a notice letter to the Board of Director at least 7 days prior to the meeting to provide adequate time to review the documents. The secretary also assigned to prepare Minute of meeting endorsed by Board of Director and file properly and can be retrieved for further reference required by Board of Director and other related parties.

## **4. Remuneration of Board and Committee**

The company control the remuneration of directors and committee as appropriate and sufficient for the directors and committee to maintain quality without paying excessive compensation. And at a level that is comparable companies in the same industry. Factors to be

considered include experience, duties and responsibilities. The remuneration of directors must be approved by the shareholders. The remuneration of the executive committee is based on the principles policies set by the Board, which will be based on the duties and responsibilities, performance of each executive and the results of company's operations.

## **5. Directors and Executives Committee Development**

Board of Directors has policy to promote and facilitate the training and educating to people who involved in the governance of the company, including Board of Director, Board of Auditor, Executive Committee and the Company secretary. To improve performance continuously follows the courses of Thai Institute of Directors Association: IOD.

## **6. The Anti-Corruption Policy**

The Company has Operating Guidelines in accordance with the Anti-Corruption Policy as the following :

1. The directors, management and employees of the Company and its business lines are prohibited from performing, accepting or supporting corruption in any form, whether directly or indirectly. This shall be applicable to all companies in the consumer products business line, including all related contractors and sub-contractors. Regular reviews on compliance with the anti-corruption policy shall be made, as well as reviews on implementation to ensure compliance with the policy, practices, regulations, rules, notifications, laws and business changes.
2. The anti-corruption standard is part of business operation and it is the duty and responsibility of the Company's board of directors, management, supervisors, employees at all levels and suppliers or sub-contractors to express their opinion regarding the practice on the implementation of the anti-corruption actions to ensure achievement of compliance with the policy set.
3. The Company formulated its anti-corruption measures in accordance with related laws, including the principles of moral. Risk assessment was conducted on activities that are related or at risk for corruption and the results were used in preparing the operating guidelines for all related parties.
4. The Company does not offer or support bribery in any form in all activities under its supervision, including supervision of charitable contributions, political contributions, and the offer of gifts in business transactions, and supports various activities with transparency and without the intention of convincing officials of the government or private sector to undertake inappropriate actions.
5. The Company has appropriate internal control with regular reviews in order to prevent improper practices by employees, especially in sales, marketing and procurement.
6. The Company provides knowledge on anti-corruption to its directors, management and employees to promote integrity, honesty and sense of responsibility in fulfilling their duties, and to show the Company's commitment.
7. The Company has in place mechanisms for transparent and accurate financial reporting.
8. The Company has provided a variety of communication channels for employees and stakeholders to raise concerns and report suspicious circumstances with confidence of being protected from punishment, unfair transfer or harassment in any way, as well as appoint person(s) to investigate and monitor the complaints.

## **7. Succession Plan**

The Company has prepared a systematic succession plan to replace retirees of key positions or to fill new vacancies resulting from business expansion or the remodeling of the Company's structure. A succession plan is also in place for top management positions to ensure management continuity and facilitate the appointment of personnel whose potential and readiness are suitable for such important roles. The procedures will allow those newly appointed to grow with the organization and enable FPI to achieve its future strategic goals in a smooth and effective manner.

## **8. Orientation for New Directors**

The Company is well aware of the importance of duty performing of new directors, it has, therefore, defined guideline regarding preparation for duty performing of directors to enable new directors to know the Company's expectations of their roles, duties, responsibilities, policies, businesses and corporate governance practice. These include to enable them understand about the Company's business and operation, as well as to visit its business units for being prepared to perform the duty of director promptly. The Company Secretary will be the coordinator in various areas as follows:

1) Coordinate in providing of the Company's data in legal area and others such as articles of association, Company's objectives, organizational structure, Code of Conduct of the Board of Directors, etc.

2) Arrange meetings with the Chairman, Board of Directors, committees and executives to make them informed of the Company's business operation for using as their principles in performing duty. The presentation is made as a whole picture and in details under the following topics:

- The Company's vision and goals
- Management structure
- Operating data and Company's activities
- Roles, duties and responsibilities of directors
- Good corporate governance policy
- Summary profiles of other directors and executives
- Qualifications and remuneration of directors

## **9. Risk Assessment**

The Board appointed the Risk Management Committee to determine the policy for enterprise-wide risk management, to provide a risk management system and/or process to minimize impact on the Company's business and/or reduce the possibility of actual risks occurring. The Committee is tasked to make suggestions on the risk management framework and guidelines that support the Company in achieving its business goals both in the short and long term.