



ỦY BAN  
CHỨNG KHOÁN  
NHÀ NƯỚC



# HỘI NGHỊ QUẢN TRỊ CÔNG TY HƯỚNG TỚI HỘI NHẬP KHU VỰC CÁC NƯỚC ASEAN

TP.HCM, ngày 4 tháng 9 năm 2015

# IMPROVING CORPORATE GOVERNANCE PRACTICES IN ASEAN FORUM

HCMC, September 4<sup>th</sup> 2015

## IN PARTNERSHIP WITH

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Schweizerische Eidgenossenschaft  
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# **ASEAN CORPORATE GOVERNANCE SCORECARD**

## **GUIDANCE & BEST PRACTICES**

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**Dr. Nguyen Thu Hien and assessment team  
ASEAN Corporate Governance Scorecard 2015 Project**

Sep 2015

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# **Part E- Responsibilities of the Board**

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**Dr. Nguyen Thu Hien and assessment team  
ASEAN Corporate Governance Scorecard 2015 Project**

Sep 2015

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# Part E- Responsibilities of the Board

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**The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders.**

*Chapter VI*

*OECD Principles of Corporate Governance (2004)*

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# 1- Board Duties and Responsibilities

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Clearly defined board responsibilities and corporate governance policy

E.1.1	Does the company disclose its corporate governance policy / board charter?
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed ?
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated ?

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# 1- Board Duties and Responsibilities

## Question

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E.1.1

Does the company disclose its corporate governance policy / board charter?

**STARHUB LTD**

**<http://ir.starhub.com/Corporate-Governance/?page=Corporate-Governance>**

**ASTRO MALAYSIA HOLDINGS BHD**

**<http://www.astromalaysia.com.my/Governance/charters.aspx>**

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# Best Practice - STARHUB LTD

## Investor Relations

- › Home
- › Financial Highlights
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- › Webcasts & Presentations
- › Corporate Calendar
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- › Board of Directors
- › Key Executives
- › Corporate Structure
- › Investor Services



## Corporate Governance

**Transparency, accountability, integrity and sustainability are the guiding principles of corporate governance for StarHub.**

### Corporate Governance Statement

The Company is committed to upholding high standards of corporate governance to enhance shareholder value. Transparency, accountability, integrity and sustainability are the guiding principles of corporate governance for StarHub.

### Corporate Governance Report 2012

This Report sets out the Company's corporate governance framework, with reference to the principles of the revised Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 2 May 2012. The revised Code took effect for annual reports relating to financial years commencing from 1 November 2012. For the financial year ended 31 December 2012, the Company has substantially complied with the revised key principles and supporting guidelines set out in the revised Code, except where specifically identified and disclosed in this report.

In developing our corporate governance policies and practices, the Company adopts a balanced approach by observing the spirit, and not just the letter of the revised Code. We believe that when good governance becomes second nature and is well managed, the Board can focus on the Group's strategy and deliver a performance culture that drives long-term value creation.

Board

Remuneration

Accountability and Audit

Communication

Policies

## Board Matters

### The Board's Conduct of Affairs

The Company is led by an effective Board. The Board is collectively responsible and is accountable to shareholders for managing the Company's business and the long-term success of the Company. The Board works closely with Management to achieve this objective and Management is accountable to the Board.

### The Board's Role

The Board's key responsibilities include:

- providing leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives.

In each financial year, Management presents the proposed annual strategy to the Board for the following financial year.

- identifying the key stakeholder groups, such as customers, suppliers and business partners, and recognising that their perceptions affect the Company's reputation;
- setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;
- assessing and approving key operational and business initiatives, major funding and investments proposals;
- considering sustainability issues, such as environmental and social factors, as part of the Company's strategic formulation; and
- ensuring the Group's compliance with all relevant laws and regulations.

All Directors are required to objectively discharge their duties and responsibilities at all times, as fiduciaries in the best interests of the Company and all its shareholders at all times.

The Company has established authority and approval limits for capital and operating expenditure, acquisition and disposal of investments, procurement of goods and services, bank facilities and cheque signatories at the Board level. Authority and approval sub-limits for such transactions are delegated to various Management levels to optimise operational efficiency. Such internal operating and authorisation authority limits are set out in a policy which clearly defines the matters reserved for the Board's decision.

### **Board Committees**

To optimise effectiveness, the Board delegates the authority to make specific decisions to the Audit Committee (AC), Nominating Committee (NC), Executive Resource and Compensation Committee (ERCC) and Strategy Committee (SC). Additional committees may be formed when necessary to look into specific areas of oversight. With the increasing emphasis on risk governance and greater complexity in the business and economic environment, the Board has considered and will establish a new Risk Committee (RC) in 2013 to assist it in carrying out its responsibility of overseeing the Group's risk management framework and policies.

Each Board Committee operates and makes decisions on matters within its terms of reference and applicable limits of authority, and recommends the course of action for the Board's consideration and decision. The Chairmen of the various Committees will report to the Board the outcome of the Board Committees' meetings and such reports, together with the minutes of the Board Committees' meetings, are incorporated in the minutes of the Board meetings.

Further details of the Board Committees' composition and specific responsibilities are described in subsequent relevant sections of this report, except for SC, which details are set forth below:

The SC comprises the following non-executive Directors and co-opted members who are independent of Management:



# Best Practice - ASTRO

## Corporate Governance



Board of Directors

Key Management

Charters and Guidelines

## Charters

Astro's Board of Directors sets shareholder interests first, and sees that the management continuously creates value by keeping a long-term view as well as maintains high standards of responsibility and ethics.

The Board has adopted the following charters and guidelines, to form a corporate governance structure that protects the long-term interests of shareholders.

-  Board Charter
-  Audit Committee Charter
-  Nomination and Corporate Governance Committee Charter
-  Remuneration Committee Charter
-  Code of Business Ethics

# 1- Board Duties and Responsibilities

## Question

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E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated ?
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**ASTRO MALAYSIA HOLDINGS BHD**  
**2012 Annual Report – Page 49**

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# The Board is committed to applying and upholding high standards of corporate governance to safeguard and promote the interests of the shareholders and to enhance the long term value of the Group.

The Board is pleased to share hereunder the statement of how the Group has adopted the principles and recommendations articulated in the Code during the financial year ended 31 January 2013. The Board has approved this statement and is of the opinion that it has, in all material respects, complied with the principles and recommendations outlined in the Code save for the position of the Chairman of the NCGC.

## 1. ROLES AND RESPONSIBILITIES

### 1.1 Board Responsibilities

The Board has established clear roles and responsibilities to be effective stewards and guardians of the Company, which are comprehensively set out in the Board Charter. The principle responsibilities include strategic and oversight responsibilities, identification of risks, implementation of appropriate internal control systems, succession planning and effective communication with shareholders. The Board Charter is reviewed annually and available on the Company's website.

authority. Such matters include but are not limited to, transactions that fall within the ambit of the Board/shareholders pursuant to the Companies Act 1965, the Bursa Securities' Listing Requirements and the Company's Articles of Association. Under the Group's policy on limits of authority, all transactions with value in excess of RM30 million require the Board's prior approval.

### 1.2 Clear Roles and Responsibilities

#### *Separation of roles of the Board Chairman, Deputy Chairman and CEO*

In discharging its fiduciary and leadership functions, the Board has clearly defined the roles of the Board and Management led by the CEO to ensure accountability. The Board provides the leadership necessary to enable the Group's business objectives to be met within a framework of internal controls while ensuring that the interests of the shareholders are safeguarded. The Board is responsible for overseeing the Management and business affairs and makes all major policy decisions of the Company. Within the powers accorded by the Company's Articles of Association, the Board is charged with among others, the review and approval of the Group's 5-year strategic plan, annual budgets, acquisitions of substantial value, major investments and financial decisions and changes to management and control structures including enterprise risk management, treasury and delegated authority limits.

# 1- Board Duties and Responsibilities

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## Corporate Vision/Mission

E.1.4	Does the company have an approved vision and mission statement?
E.1.5	Has the board review the vision and mission/strategy in the last financial year?
E.1.6	Does the board of directors monitor/oversee the implementation of the corporate strategy?

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# 1- Board Duties and Responsibilities

## Question

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D.1.4

Does the company have an approved vision and mission statement?

**VINGROUP JSC (VIC)**  
**2012 Annual Report – Page 6**

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## **VISION**

True to its pioneering passion, Vingroup aims to become one of the leading private multi-sector business groups in Vietnam and the region, and establish itself as an international brand through its investment strategies and goals for sustainable development.

Vingroup also aspires to create a Vietnamese brand that represents the country's national pride in the international arena.

## **MISSIONS**

### **Towards Market**

To provide unique, creative, premium products and services that meet international standards and incorporate local culture, and to ensure all our products and services are of outstanding quality and meet our customers' expectations, while upholding Vietnamese cultural values.

### **Towards Shareholders and partners**

Vingroup highly appreciates the cooperative spirit of mutual development and aims to commit itself to becoming the "Number 1 Companion" of our partners and shareholders, always offering them attractive and sustainable investment value.

### **Towards Employees**

To build a professional, creative, dynamic, and humanistic working environment providing all employees equal opportunities for income growth and career development.

### **Towards Society**

To demonstrate the corporate social responsibility and national pride by harmonising the corporate benefits and contributing to the community.

# 1- Board Duties and Responsibilities

## Best Practice

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D.1.5

Has the board review the vision and mission/strategy in the last financial year?

**Lopez Holdings Corp.- Philippines**

**2014 Corporate Governance Report– Page 6**

**<http://lopez-holdings.ph/cg-reports-updates-2014>**

(c) How often does the Board **review** and approve the vision and mission?

The Manual of Corporate Governance requires that the Board review and approve the vision and mission **every year**. The Board last reviewed and approved the vision and mission **on May 28, 2014**.

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# 1- Board Duties and Responsibilities

## Best Practice

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D.1.6

Does the board of directors monitor/oversee the implementation of the corporate strategy?

**IRPC PUBLIC COMPANY LIMITED – Thailand  
2012 Annual Report – Page 47**

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The Board formulates strategies for corporate operations and monitors IRPC's operations to ensure goal achievement. The strategies are handed down to the management for implementation in an efficient and effective manner. To ensure efficient management, it has clearly separated the roles and duties of the Chairman and the President; the Chairman and the President are two distinct individuals. Although the Chairman of the Board is not an independent director, he has no conflict of interest with the Company. He can thus perform their duties in setting strategic business operation with independency. For any agenda in which Chairman or any director have direct or indirect stake, IRPC has practices on abstaining from voting or leaving the meeting room. This way, the Chairman can freely assume the leadership role and monitor the execution of the Board. The President is assigned management authority within the powers defined by the Board without the latter's interference and without influence over each other's performance. A summary of the Board's duties and responsibilities appears below.

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## 2- Board structure

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### Code of Ethics or Conduct

E.2.1	Are the details of the code of ethics or conduct disclosed?
E.2.2	Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?
E.2.3	Does the company disclose how it implements and monitors compliance with the code of ethics or conduct?

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## 2- Board structure

### Best Practice - Code of Ethics or Conduct

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E.2.1	Are the details of the code of ethics or conduct disclosed?
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**BANK NEGARA INDONESIA**

**[http://www.bni.co.id/en-](http://www.bni.co.id/en-us/investorrelations/corporategovernance/codeofconduct.aspx)**

**[us/investorrelations/corporategovernance/codeofconduct.aspx](http://www.bni.co.id/en-us/investorrelations/corporategovernance/codeofconduct.aspx)**

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## INVESTOR RELATIONS

### → Corporate Governance

[GCG Hand book](#)

[Code of Conduct](#)

[Patriot Acts Certification & AML](#)

### → Financial Performance

[Annual Report](#)

[Sustainability Report](#)

[Audited Financials Report](#)

[Quarterly Report](#)

[Corporate Presentations](#)

[Dividend Policy](#)

[Financial Highlights](#)

[Rating Report](#)



### CODE OF CONDUCT

 [Code of Ethics](#)

PT Bank Negara Indonesia strives to carry out Good Corporate Governance principles in business operation as desired by entire corporate stakeholders. In realizing it, BNI owns a Code of Conduct (CoC) which is called Code of Conduct of BNI. CoC is company's internal guidelines consists of ethics assessment system, business ethics, work ethics, commitment and company's regulations enforcement for BNI people either in performing business and other activities or in interacting with corporate stakeholders. Code of Conduct of BNI firstly was stipulated by Board of Directors Number DIR/285 on August 10<sup>th</sup>, 2011 and called of Code of Conduct of Bank BNI.

To accelerate the achievement of the vision, BNI revitalized by conducting a review of Bank BNI Code of Conduct. In the line with the call

## 2- Board structure

### Best Practice - Code of Ethics or Conduct

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E.2.2

Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?

**THE SIAM COMMERCIAL BANK - Thailand**

**<http://www.scb.co.th/en/about-scb/corporate-governance/business-operation-policy/corporate-governance-policy>**

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## 1.4 The Bank's Code of Conduct

The Bank's Board of Directors, executives and employees shall continuously strive to implement and uphold the following principles:

**a) Customers**

To provide optimal benefits and satisfaction to the Bank's customers through delivery of quality products and services, fair treatment, and safeguards on the confidentiality of information.

**b) Shareholders**

To deliver satisfactory returns to the Bank's shareholders through sustained, superior operating results as well as effective internal control, auditing systems and risk management.

**c) Employees**

To recruit and retain excellent and capable personnel, continually implement employee development programs, and provide job security and career advancement opportunities.

**d) Business partners and competitors**

To conduct business with the Bank's partners and competitors with fairness and confidentiality, in compliance with applicable laws and regulations, not using dishonest or unethical means to gain information about the Bank's partners and competitors.

**e) Creditors and suppliers**

To honor the agreements that the Bank makes with its creditors and suppliers in accordance with the agreed terms and relevant laws and regulations.

**f) Social responsibility**

To conduct the Bank's business with responsibility toward society and with sensitivity regarding issues relevant to the public interest; and to regularly support and participate in activities that are beneficial to communities and society.

**g) Environment**

To abide by environmental laws and regulations; implement effective safety- and environmental-management measures to prevent negative impacts on local communities; and promote employees' awareness of and concern for the environment.

**h) Conflict of interest**

# 2- Board structure

## Questions

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### Board Structure & Composition

E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?
E.2.5	Are the independent directors/commissioners independent of management and major/ substantial shareholders?

# Best Practice – E.2.4

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## ▶ CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2012

### Board Composition and Guidance

**Principle 2:** *There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The F&N Board comprises nine non-executive Directors, with a majority of seven being independent directors. F&N conducts an annual review of the size and composition of the Board to ensure that both aspects continue to meet the needs of the Group. The Nominating Committee is of the view that its current size and composition is appropriate for the scope and nature of the F&N Group's operations, and for facilitating effective discussion and decision-making. In line with the changes under Code 2012, the Committee is also of the view that its current size is not so large as to be unwieldy, or as would interfere with efficient decision-

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## Best Practice – E.2.5

The Nominating Committee determines the independence of each Director annually based on the definitions and guidelines of independence set out in Code 2005. In respect of the financial year ended 30 September 2012, the Nominating Committee performed a review of the independence of the Directors and has determined that the following non-executive Directors are non-independent:

- *Mr Lee Hsien Yang*: Non-independent. Mr Lee is non-independent by virtue of his chairmanship of the Company's Management Committee and Executive Committee of FCL, a wholly owned subsidiary of the Company.
- *Mr Hirotake Kobayashi*: Non-independent. Mr Kobayashi is a nominee of, and holds the position of Managing Director at Kirin Holdings Company, Limited ("**Kirin**"), a substantial shareholder<sup>(1)</sup> of the Company. He is also a director of certain Kirin subsidiaries.

### Note:

- (1) A substantial shareholder is one which has, or is deemed to have, five percent (5%) or more interest in the voting shares of the Company.

## 2- Board structure

### Question

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E.2.6 Does the company have a term limit of nine years or less for its independent directors/commissioners?

**Astro Malaysia Holdings Bhd  
2012 Annual Report – Page 51**

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## Best Practice – E.2.6

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The Board takes cognisance of the Code's recommendation that the tenure of an independent director should not exceed a cumulative term of nine years. The majority of the Directors have been in service for over two years since the formation of the Company in 2011 pursuant to a group reorganisation. Dato' Mohamed Khadar Bin Merican has served as an Independent Director of the group since 2003 prior to the formation of the Company. Within the spirit of the recommendation, the Board will seek shareholders' approval at the forthcoming AGM to re-elect Dato' Mohamed Khadar as an Independent Director on the basis that he continues to exercise independent judgement and to act in the best

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# 2- Board structure

## Question

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E.2.7	Has the company set a limit of five board seats in publicly-listed companies that an individual director/commissioner may hold simultaneously?
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**There is no best practice**

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## 2- Board structure

### Questions

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#### Nominating Committee

E.2.9	Does the company have a Nominating Committee (NC)?
E.2.10	Does the Nominating Committee comprise of a majority of independent directors/commissioners?
E.2.11	Is the chairman of the Nominating Committee an independent director/commissioner?
E.2.12	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?

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### Board Membership

**Principle 4:** *There should be a formal and transparent process for the appointment of new directors to the Board.*

### Nominating Committee

The Nominating Committee comprises the following Directors:

Mr Ho Tian Yee	Chairman
Mr Timothy Chia Chee Ming	Member
Mr Nicky Tan Ng Kuang	Member

All members of this committee are independent non-executive Directors. The Chairman is neither a substantial shareholder nor directly associated<sup>(1)</sup> to any substantial shareholder.

#### Note:

<sup>(1)</sup> A Director will be considered "directly associated" to a substantial shareholder when he is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of such substantial shareholder.

The Nominating Committee is guided by written Terms of Reference approved by the Board and which set out the duties and responsibilities of this Committee. It reviews the structure, size and composition of the Board, identifies the balance of skills, knowledge and experience required for the Board to discharge its responsibilities effectively and nominates candidates to meet the needs and requirements of the Group.

## Board Membership (cont'd)

Besides evaluating annually the independence of each Director, the Nominating Committee also appraises the performance of the Board as a whole, and the contribution of each Director to the effectiveness of the Board. Furthermore, it is also required to determine whether Directors who hold multiple board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately. The Nominating Committee notes the requirement under Code 2012 for companies to fix the maximum number of listed company board representations that their directors may hold and to disclose this in their annual report. Details of such directorships and other principal commitments of our Directors may be found on pages 12 to 17. As time requirements are subjective, the Nominating Committee recognises that its assessment of each Director's ability to discharge his or her duties adequately cannot be confined to the criterion of the number of his or her board representations. It thus also takes into account contributions by Directors to and during meetings of the Board and relevant Board Committees and their attendance at such meetings, in addition to the principal commitments of each of them.

The Nominating Committee reviews and makes recommendations to the Board on all nominations for appointments and re-appointments to the Board and the Board Committees. This is in order to ensure an appropriate mix of core competencies to fulfill the Board's roles and responsibilities.

The Committee also leads the process for the search, identification, evaluation and selection of suitable candidates for new directorships. In its search and selection process, the Nominating Committee considers factors such as the ability of the prospective candidate to contribute to discussions, deliberations and activities of the Board and Board Committees. It also reviews the composition of the Board – including the mix of expertise, skills and attributes of existing Directors – so as to identify needed and/or desired competencies to supplement the Board's existing attributes. In doing so, where necessary or appropriate, the Nominating Committee may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting candidates.

## 2- Board structure

### Questions

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#### Nominating Committee

E.2.13	Did the Nominating Committee meet at least twice during the year?
E.2.14	Is the attendance of members at Nominating Committee meetings disclosed?

**ADVANCED INFO SERVICE – Thailand  
Annual Report – Page 97**

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## Best Practice – E.2.13 & E.2.14

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In 2012, the Nomination and Corporate Governance Committee held a total of 4 meetings to consider the appointment of the Company's Directors and determine their authoritative power to replace the three (3) Directors who completed their terms according to the Company's Articles of Association and those resigned during the year; review corporate governance policy, and code of business ethics. The results were reported to the Board of Directors. The summary of attendance of the member is as follows:

Name - Surname	No. of Attendance/ No. of Meeting
Dr. Paiboon Limpaphayom	4/4
Mr. Somprasong Boonyachai	4/4
Mr. Surasak Vajasit	4/4

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# 2- Board structure

## Questions

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### Remuneration Committee/Compensation Committee

E.2.15	Does the company have a Remuneration Committee?
E.2.16	Does the Remuneration Committee comprise of a majority of independent directors/commissioners?
E.2.17	Is the chairman of the Remuneration Committee an independent director/commissioner?
E.2.18	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?
E.2.19	Did the Remuneration Committee meet at least twice during the year?
E.2.20	Is the attendance of members at Remuneration Committee meetings disclosed?

# 2- Board structure

## Questions

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### Audit Committee

E.2.21 Does the company have an Audit Committee?

E.2.22 Does the Audit Committee comprise entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?

E.2.23 Is the chairman of the Audit Committee an independent director/commissioner?

E.2.24 Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?

# 2- Board structure

## Questions

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### Audit Committee

E.2.25	Does the Annual Report disclose the profile or qualifications of the Audit Committee members?
E.2.26	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?

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# Best Practice – E.2.25

## PRECIOUS SHIPPING PUBLIC 2012 Annual Report–Page 100 & 108

### MR. SUPHAT SIVASRIAUMPHAI

<b>POSITION</b>	Chairman of the Audit and Corporate Governance Committee* / <b>Independent Director</b> / Nomination Committee Member
<b>AGE</b>	66 years
<b>EDUCATION</b>	Assumption Commercial College.
<b>TRAINING</b>	Working/training & Experience with many joint venture companies including large Japanese, American and Indian companies.  • 2006 Completed "Director Accreditation Program" (DAP), Class 57/2006 of Thai Institute of Directors (IOD).
<b>EXPERIENCE TO REVIEW CREDITIBILITY OF THE FINANCIAL STATEMENTS</b>	
• March 2011 - Present	<b>Chairman of the Audit</b> and Corporate Governance Committee, Precious Shipping Public Company Limited.
• 1998 - 2011	Audit Committee Member, Precious Shipping Public Company Limited.
<b>OTHER EXPERIENCE</b>	
• 1989 - Present	Director, Precious Shipping Public Company Limited.
• 2007 - 2011	President, India - Thai Chamber of Commerce (2 terms).
<b>OCCUPATION</b>	Managing family owned companies.
<b>DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS</b>	
• LISTED COMPANIES	Nil
• NON - LISTED COMPANIES	3 Companies : 1. Managing Director, Thai Filament Textiles Company Limited. 2. Managing Director, Thai Ambica Chemicals Company Limited. 3. Managing Director, Rembrandt Hotel Corporation Limited.
• CONNECTED COMPANIES	Nil
• OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil
• OTHER ORGANISATIONS	Nil
<b>NO. OF SHARES HELD AS OF YEAR END 2012</b>	800,000 shares (0.08% of total paid-up shares)



Chin Kwai Yoong



Bernard Anthony Cragg



Dato' Mohamed Khadar Bin Merican

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**The Audit Committee reviews the adequacy and effectiveness of the risk management and internal control processes to ensure that the Group's key risks are adequately managed.**

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### 1. AUDIT COMMITTEE COMPOSITION

The AC comprises three Board members and the Chairman of the AC is Chin Kwai Yoong who was appointed on 15 August 2012. The details of the AC membership are as follows:

Name of Committee Member	Designation
Chin Kwai Yoong	Senior Independent Non-Executive Director
Dato' Mohamed Khadar Bin Merican	Independent Non-Executive Director
Bernard Anthony Cragg	Non-Independent Non-Executive Director

The composition of the AC complies with the Listing Requirements as follows:

- The AC consists of three Board members;
- All members of the AC are non-executive directors, a majority of whom are independent directors; and
- All members are chartered accountants

# 2- Board structure

## Questions

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### Audit Committee

- |        |   |
|--------|---|
| E.2.27 | Did the Audit Committee meet at least four times during the year?   |
| E.2.28 | Is the attendance of members at Audit Committee meetings disclosed? |

## 2- Board structure

### Questions

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#### Audit Committee

E.2.29

Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?

**Lopez Holdings Corporation – Philippines  
Audit Committee Charter– Page 3**

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# Best Practice – E2.29

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## External Audit

- Review the external auditor's proposed audit scope and approach, including coordination of audit efforts with internal audit;
- Review the performance of external auditor and recommend to the Board the appointment, re-appointment or removal of the auditors;
- Review and confirm the independence of the external auditor by obtaining statements from the auditor on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditor;
- Review and consider the rotation of the external auditor every five (5) years or earlier.

# 3- Board Processes

## Questions

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### Board meetings and attendance

- |       |   |
|-------|---|
| E.3.1 | Are the board of directors meeting scheduled before the start of financial year?                              |
| E.3.2 | Does the board of directors/commissioners meet at least six times during the year?                            |
| E.3.3 | Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year? |

# Best Practice

## E.3.1

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**IRPC PUBLIC  
COMPANY LTD**

**2012 Annual  
Report  
Page 52 & 146**

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### 8. Board Meetings

Board meetings are set in advance every year to allow time for the directors to attend, by scheduling the meetings at least once a month or more often in case of necessity, emergency, or special cases for the efficiency and timeliness of IRPC's business, with the Company Secretary responsible for preparing documents and venues and coordinating each meeting and inviting Board members. Each director must receive 5 working days in advance prior to the date the information, agenda, and information of the meeting to allow time for adequate study. The meetings shall also be called in case of necessity, emergency or special matters for efficient and timely business operations.

# Best Practice – E.3.2 & E.3.3

## Meeting Attendance of the Board of Directors and Sub-committees in 2012

	Name	Board of Directors (17 directors) Number of meetings throughout the year : 13	Executive Committee (5 directors) Number of meetings throughout the year : 12	Audit Committee (3 directors) Number of meetings throughout the year : 13
1	Mr. Prasert Bunsumpun	13/13	12/12	-
2	Mr. Cherdpong Siriwit	12/13	-	13/13
3	Mr. Chulayuth Hirunyavasit	13/13	-	-
4	Mr. Pailin Chuchottaworn	11/13	11/12	-
5	Gen. Udomdej Sitabutr	11/13	-	-
6	Mr. Woothisarn Tanchai	12/13	11/12	4/4
7	Mr. Watcharakiti Watcharothai	11/13	-	-
8	Ms. Sopawadee Lertmanaschai	11/13	-	-
9	Mr. Wichai Pornkeratiwat	10/13	11/12	-
10	Mr. Sirisak Wittayaudom	13/13	-	-
11	Mr. Kritsda Udyanin	13/13	-	-

# 3- Board Processes

## Questions

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### Board meetings and attendance

E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?

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## Best Practice – E.3.5

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- The Board's policy is to ask the non-executive directors to convene without the attendance of the management at least once a year together with a meeting among the independent directors at least once a year. This year, a meeting of the non-executive directors was held in July 2012, and a meeting of the independent directors was held in September 2012. There were two meetings, taken place at the plant site aiming for speculating the fieldwork, learning about problems that might emerge and tightening relationship between the directors and the management.
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# 3- Board Processes

## Questions

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### Access to information

E.3.6	Are board papers for board of directors/commissioners meetings provided to the board <b>at least five business days</b> in advance of the board meeting?
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices?

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# Best Practice – E.3.6

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## 8. Board Meetings

Board meetings are set in advance every year to allow time for the directors to attend, by scheduling the meetings at least once a month or more often in case of necessity, emergency, or special cases for the efficiency and timeliness of IRPC's business, with the Company Secretary responsible for preparing documents and venues and coordinating each meeting and inviting Board members. Each director must receive 5 working days in advance prior to the date the information, agenda, and information of the meeting to allow time for adequate study. The meetings shall also be called in case of necessity, emergency or special matters for efficient and timely business operations.

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COMPANY LTD**

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# 3- Board Processes

## Best Practice

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E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?
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**Aneka Tambang (Persero) Tbk – Indonesia  
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## Description Duties of Secretary to Board of Commissioners

Secretary to the Board of Commissioners (Sekdekom) is appointed by and accountable to the Board of Commissioners. Sekdekom has the responsibility of managing the administration and the implementation of Good Corporate Governance in supporting the Board of Commissioners conducting an effective supervision. The responsibility includes preparing for meetings, providing material and information for the Board of Commissioners meeting as well as report, preparing for minutes of meeting, providing the necessary information required by the Board of Commissioners in decision making process and regular requirement of information, formulating the annual work plan and budget of the Board of Commissioners, preparing the reports of the Board of Commissioners, archiving the documentation of the Board of Commissioners activity and ensuring the proper recording of the document in consideration of good administration and implementation of good corporate governance, ensuring the Board of Commissioners is following the prevailing laws and regulation as well implementing the GCG principles, coordinating with related parties inside and outside of the Company to ensure the smoothness of the Board of Commissioners

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# 3- Board Processes

## Best Practice

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E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices?
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**SIME DARBY BERHAD– Malaysia  
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52, Malaysian **Group Secretary**

Puan Norzilah Megawati was the Head, Group Legal & Compliance of Kumpulan Guthrie Berhad (KGB) prior to her present appointment on 29 September 2007. She joined KGB in 1994 as Manager, Group Chief Executive's Office and was subsequently promoted to Controller, Corporate Business Development and Monitoring, and thereafter appointed as Director of Corporate Business Development and Human Resource. She has also served as an Executive in many areas, amongst them investment analysis, money market trading, corporate secretarial and legal as well as a Manager in the Group Chief Executive's Office in Permodalan Nasional Berhad.

**Puan Norzilah holds a degree in Law** from the University of Malaya, Kuala Lumpur and is a licensed Company Secretary.



# 3- Board Processes

## Questions

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### Board Appointments and Re-Election

- |        |   |
|--------|---|
| E.3.9  | Does the company disclose the criteria used in selecting new directors/commissioners?       |
| E.3.10 | Does the company disclose the process followed in appointing new directors/commissioners?   |
| E.3.11 | Are all the directors/commissioners subject to re-election at least once every three years? |

# 3- Board Processes

## Best Practice

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E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?
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E.3.10	Does the company disclose the process followed in appointing new directors/commissioners?
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**KEPPEL LAND– Singapore  
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## PROCESS AND CRITERIA USED FOR APPOINTMENT OF NEW DIRECTORS

To increase the reliability of the process, the NC has a formal policy in identifying and evaluating nominees for appointment as Directors.

The NC will first evaluate the mix of expertise, knowledge and experience on the Board and, in consultation with Management, determine the role and the desirable competencies for a particular appointment.

Recommendations from Directors and Management are the usual source for potential candidates. However, external search consultants are also considered.

Next, the NC will conduct formal interviews with the short-listed candidates to assess their suitability and to verify that the candidates are

aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment(s) to the Board for approval.

The following criteria are used to assess all new appointments:

- (a) Integrity;
- (b) Independent mindset;
- (c) Possession of expert knowledge that meets the needs of the Company and complements the skills and competencies of the existing Directors on the Board;
- (d) Ability to commit time and effort to carry out duties and responsibilities effectively;
- (e) Past achievements and value-add to the organisations;
- (f) Experience in high-performing organisations; and
- (g) Good business acumen and financial literacy.

The NC is also responsible for the re-nomination of Directors. For this purpose, the NC reviews each Director's contribution and results of

the assessment of the performance of the Director by his peers for the relevant year.

All Directors, including the Chairman of the Board and CEO, submit themselves for re-election at regular intervals of about once every three years. One-third of the Directors will retire at the Company's Annual General Meeting ("AGM") each year.

In addition, any newly appointed Director will also have to submit himself or herself for re-election at the first AGM following his or her appointment.

Annually, the NC is required to determine the "independence" status of the Directors. Please refer to pages 98 and 99 for the NC's basis of determining whether or not a Director should be deemed independent.

The NC also determines on an annual basis whether or not a Director with other listed company board representations and/or other principal commitments has been adequately

carrying out his or her duties as a Director of the Company.

Taking into account the results of the assessment of the effectiveness of the individual Director, and the respective Director's actual conduct on the Board, the NC is satisfied that all the Directors have adequately carried out their duties as Directors notwithstanding their other listed company board representations and/or principal commitments.

The internal guideline adopted by the Company to address the issue of multiple board representations is that Directors should not have more than six listed company board representations and other principal commitments.

The Board recognises that proper succession planning plays an important role in ensuring continuous and effective stewardship of the Company. As such, the NC reviews the Company's succession plans annually to ensure the progressive renewal of the Board, including the Chairman and the CEO.



# 3- Board Processes

## Best Practice

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E.3.11 Are all the directors/commissioners subject to re-election at least once every three years?

**ABM Investama Tbk– Indonesia  
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## Term of Office

The members of Board of Commissioners are appointed and terminated by GMS. Each Board of Commissioners member shall serve for a period commencing at the appointed date in the GMS and shall be terminated at the closing of the **third Annual GMS** following such appointment and may be **re-elected** for the **next period of service**. GMS reserves all rights to terminate any Board of Commissioners member prior to the end of his/her term of office.

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# 3- Board Processes

## Questions

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### Remuneration Matters

E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?
E.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?

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# **3- Board Processes**

## **Best Practices – E3.12 & E.3.13**

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**SIME DARBY BERHAD– Malaysia  
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i. **Fees**  
The fees payable to each of the non-executive Director are determined by the Board as authorised by the shareholders of the Company at the AGM.

ii. **Benefits-in-Kind and Emoluments**  
Non-executive Directors are given a per diem allowance whilst representing the Group within Malaysia or overseas. They also receive other benefits such as a company car and mobile phone.

The Executive Director is not entitled to fees nor entitled to receive any meeting allowances for the Board and Board Committee meetings that he attends. The Executive Director's remuneration package comprises the following:

i. **Basic Salary**  
The basic salary for the Executive Director was recommended by the NRC, taking into account the performance of the individual, the consumer price index and information from independent sources on the rates of salary for similar positions in other comparable companies.

ii. **Bonus Scheme**  
The Group operates a bonus scheme for employees, including the Executive Director. The criteria for the scheme are dependent on various performance measures of the Group, together with an assessment of individual performance during the period. Bonus payable to the Executive Director is based on the recommendation of the NRC.

iii. **Benefits-in-Kind**  
Other customary benefits (such as private medical care, car, etc.) were made available as appropriate.

iv. **Retirement Arrangements**  
The Company contributed sixteen (16) percent of the Executive Director's monthly salary to the Employees Provident Fund.

Details of non-executive Directors' fees and remuneration of the Board and Board Committees are as follows:

Board/ Committee	Chairman (RM/year)	Deputy Chairman (RM/year)	Member (RM/year)
Board	400,000	250,000	180,000 <sup>1</sup> 360,000 <sup>2</sup>
Nomination & Remuneration Committee	40,000	-	30,000
Governance & Audit Committee	40,000	-	30,000
Risk Management Committee	40,000	-	30,000
Tender Committee	40,000	-	30,000
Litigation Committee	40,000	-	30,000

<sup>1</sup> Fee for Resident Director

Details of Directors' Remuneration (including Benefits-in-Kind) of Board members for the financial year ended 30 June 2012 are as follows:

	Salary & Other Remuneration* (RM'000)	Directors' Fees & Other Remuneration (RM'000)		Benefits-In-Kind (RM'000)	Total (RM'000)
		By SDB	By the Group		
<b>Executive Director</b>					
Dato' Mohd Bakke Salleh	5,197	-	-	41	5,238
<b>Non-Executive Directors</b>					
Tun Musa Hitam	-	496	787	35	822
Tan Sri Dato' Sri Hamad Kama Piah Che Othman	-	280 <sup>+</sup>	430 <sup>+</sup>	28	458
Tan Sri Samsudin Osman	-	220	370	28	398
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	-	246	496	28	524
Tan Sri Datuk Amar (Dr) Tommy Bugo @ Hamid Bugo	-	310	476	28	504
Tan Sri Datuk Dr Yusof Basiran	-	240	496	28	524
Dato Sri Lim Haw Kuang	-	390	690	60	750
Dato' Henry Sackville Barlow	-	280	542	27	569
Dato' Azmi Mohd Ali	-	240	440	28	468
Dato' Sreesanthan Eliathamby	-	250	450	28	478
Puan Zaiton Mohd Hassan	-	240	440	28	468
Tan Sri Sheng Len Tao <sup>^</sup>	-	-	-	4	4

\* Paid by the SDB Group

+ Payable to PNB

<sup>^</sup> Resigned on 29 September 2011

# 3- Board Processes

## Question

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### Remuneration Matters

E.3.14 Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?

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# 3- Board Processes

## Best Practice – 3.15

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### *5.11.2 Remuneration of Executives*

The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration for senior executives to the Board of Directors so that the Board will consider and approve an appropriate amount of remuneration according to the Bank's policy. Remuneration must reflect performance of the Bank and individual performance determined under transparent criteria, scope of responsibilities, and competitiveness when compared to leading financial institutions and companies in Thailand.

In accordance with the definition provided by the Office of Securities and Exchange Commission, the word "executives" means "the executives at the senior executive vice president level and up including the executive of the finance and accounting department." In 2012, according to that definition, the remuneration of the 11 relevant executives was Baht 337.87 million. In accordance with the definition provided by the Bank of Thailand, the word "executives" means "the executives at the executive vice president level and up." In 2012, according to that definition, the remuneration for the relevant 74 executives was Baht 966.58 million.



# 3- Board Processes

## Question / Best Practice

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### Remuneration Matters

E.3.15 Do independent non-executive directors/commissioners receive options, performance shares or bonuses?

#### **ASTRO MALAYSIA – 2012 Annual Report (p.109)**

Other than as disclosed above and under Share Capital, according to the Register of Directors' shareholdings, **none of the Directors in office at the end of the financial year held any interest in shares, grants and options over shares** in the Company or in its related corporations during the financial year.

# 3- Board Processes

## Questions

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### Internal Audit

E.3.16	Does the company have a separate internal audit function?
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?

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# 3- Board Processes

## Best Practice 3.16-3.17

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**BANK OF AYUDHYA –  
Thailand  
2012 Annual Report –  
Page 100**

### Internal control and internal audit system

The Bank has set up a clear internal audit system in line with the international practice, i.e. Three Lines of Defense, comprising the business unit, supervisory unit and internal audit unit. These three units cooperate via working procedures designated for each level.

The Bank has established an independent unit responsible for assessing the adequacy and appropriateness of the internal control system, overseeing compliance with the system, and reporting to the Audit Committee and the Board of Directors. In this regard, the Bank has appointed **Ms. Puntipa Hannoraseth** as the Head of Audit to be responsible for auditing work.

# 3- Board Processes

## Best Practice

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E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?
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**BANK OF AYUDHYA – Thailand**  
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## The Audit Committee

The Audit Committee of the Company has the **scope of duties and responsibilities**, and shall report to the Board of Directors, to:

1. Oversee the reporting process of the financial information that it should be correct and sufficient.
2. Oversee to ensure that the Company has a suitable and effective internal control and internal audit systems, to ensure the independence of the internal audit department. The audit committee shall approve any selection, rotation or termination of the department heads of the internal audit department or any other departments responsible for the internal audit system of the Company.
3. Ensure that the Company follows all the SEC's and SET's laws and regulations and other laws and regulations relevant to the Company's business.
4. Consider, select, and recommend the Company's auditor and its remuneration. Have a meeting with the external auditor once a year, without the management team being present.
5. Ensure that the firm complies all related rules when there is a connected transaction or transaction that may lead with conflict of interests.
6. Ensure full coverage of the audit committee's monitoring activities. The report must be signed by the Chairman of Audit Committee and disclosed in the annual report. The report should include the following:
  - Comment on accurateness, completeness and credibility of the Company's financial report

# 3- Board Processes

## Questions

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### Risk Oversight

E.3.19	Does the company disclose the internal control procedures/risk management systems it has in place?
E.3.20	Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?
E.3.21	Does the company disclose how key risks are managed?
E.3.22	Does the Annual Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?

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# 3- Board Processes

## Best Practice

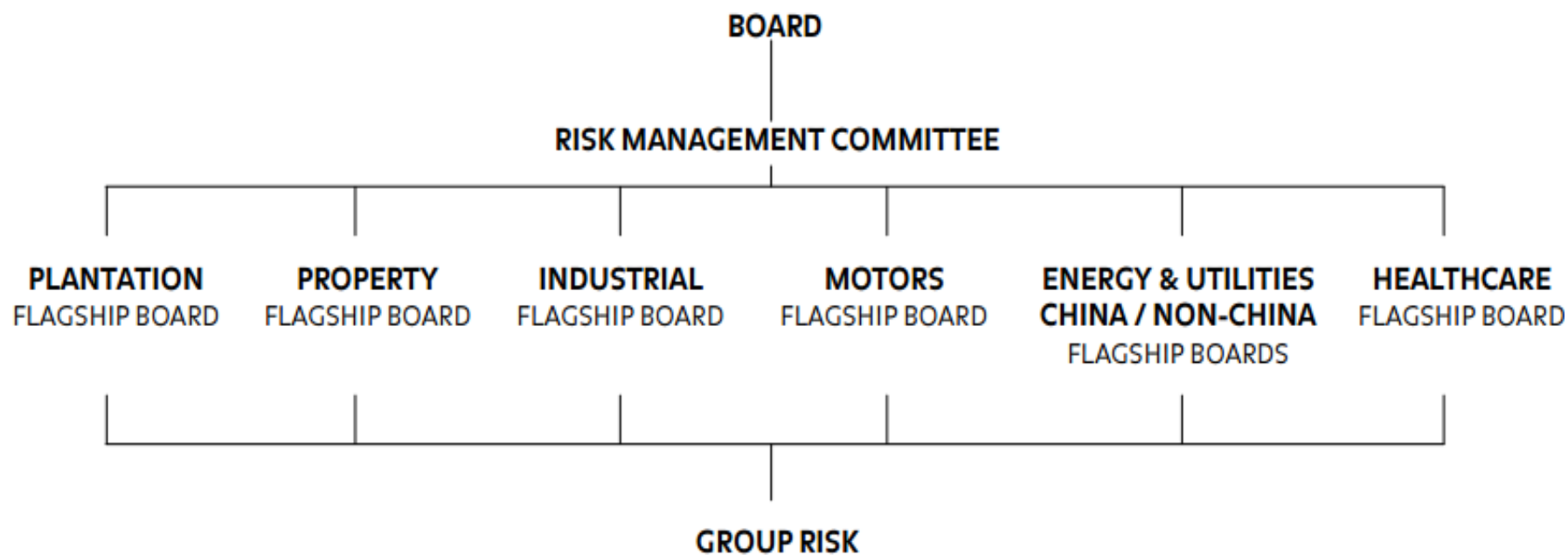
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E.3.19	Does the company disclose the internal control procedures/risk management systems it has in place?
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An overview of the Group's overall risk management framework is provided in the diagram below.



Responsible for risk reports, providing risk support to operations, maintaining appropriate risk policy and standard and providing co-ordination of Group-wide risk management activity

RISK OWNERS			FUNCTIONAL BUSINESS SUPPORT			MONITORING	
Accountability and responsibility for effective risk identification and management			Provide risk support, functional expertise and risk specific standards			Provide risk insight and monitoring to key business decisions	
Plantation	Property	Industrial	Finance	Human Resource	Legal	Communication	Procurement
Motors	Energy & Utilities	Healthcare	Information Technology	Health, Safety & Environment	Strategy & Business Development	Risk Management	Compliance



### **Risk reporting**

The Group's risk management framework provides for regular review and reporting. The reports include an assessment of risk, an evaluation of the effectiveness of the controls in place and the requirements for further controls. The key elements of the process are:

- Presentation of a summary of significant risks to the Board of Directors through the RMC on a quarterly basis.
- Review and discussion of key risks for each significant investment by the RMC and the Group Investment Committee.
- Reporting of significant risks by Divisions on a quarterly basis.
- Reporting of significant risks by subsidiaries in their annual budget plan.
- Review and discussion of key risks at least on a quarterly basis during the management meetings of the business units.

### **Organisation Structure and Core Values**

#### **Operating structure with clearly defined lines of responsibility and delegated authority**

The operating structure includes defined delegation of responsibilities to the Committees of the Board, management of Group Head Office, Divisions' FSB and operating units.

#### **Written policies and procedures on the limits of delegated authority**

The limits of delegated authority are clearly defined and set out in the GPA and the divisional/operating unit Standard Operating Procedures. These policies and procedures are reviewed regularly and updated when necessary.

#### **Corporate culture and Group's Core Values**

The guiding principles of the Group's corporate culture are embedded in the Group's Core Values as set out in the GPA, which are Integrity, Respect & Responsibility, Excellence and Enterprise.

# 3- Board Processes

## Best Practice

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E.3.20

Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?

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# Report of the Audit Committee

## To the Shareholders

Performing its duties and providing free views under its scope of responsibility assigned by the Board of Directors, the Audit Committee ensures that IRPC's internal controls, risk management, and business operations follow policies, conform to legislation, and are transparent as well as free of conflicts of interest. This year, the committee held 13 meetings, with perfect attendance. It also held a meeting with the external auditor in the absence of IRPC management to acknowledge the auditor's major remarks and recommendations while freely exchanging views. Below are the essences of the committee's performance this year.

**1. Review of financial statements:** The committee reviewed the quarterly and annual financial statements to ensure that IRPC's financial reports were properly prepared in essential details under generally accepted accounting principles, together with complete, adequate, and timely disclosure of essential information. It also monitored and reviewed accounting practices and proper preparation of financial reports under new standards, and reviewed preparedness for conformance to future accounting standards.

**2. Review of connected transactions:** The committee reviewed IRPC's connected transactions with related parties to prevent conflicts of interest with due regard for arms' length conditions, sensibility, and the best interests of IRPC. It also ensured disclosure of information required by the Stock Exchange of Thailand (SET) and related legislation.

**3. Review of risk management:** The committee reviewed IRPC's plans for and approach to risk management, including the identification of key risks. The Risk Management Committee duly manages these risks and monitored, developed, and improved risk management plans, and provided recommendations on development and drills under the business continuity plans.

**4. Review of compliance:** The committee regularly reviewed IRPC's compliance with legislation on securities and SET, requirements of SET and the Securities and Exchange Commission, and other legislation related to its businesses.

**5. Review and oversight of internal controls:** To bring about adequate and proper internal controls, the committee reviewed IRPC's annual audit plans and their implementation, reviewed audit findings, made recommendations on, and monitored major corrective actions. Along with the management, it staged a contest for outstanding units for internal control to promote proper attitudes and inspire employees and executives on the significance of internal controls and internal audits.

**6. Selection and appointment of the external auditor for 2012:** Examining qualifications and defining a suitable compensation, the committee has proposed the appointment of PricewaterhouseCoopers ABAS

# 3- Board Processes

## Best Practice

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E.3.21

Does the company disclose how key risks are managed?

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## 1. Feedstock and product price volatility risks

Crude oil is the main feedstock for IRPC's processes. Its 2012 prices remained volatile primarily because of the slowdown in the world economy, mainly in the US, Europe, and China, and the lingering unrest in Middle Eastern countries, the major oil producers and exporters. Also contributing to this volatility were accidents and natural catastrophes affecting refinery operations. The volatile oil prices led to volatile petroleum and petrochemical prices, significantly affecting IRPC's financial status and bottom line.

**Mitigation:** Like last year, IRPC continued to take many risk management measures, particularly by coordinating with other members of PTT Group to trim costs and enjoy a higher bargaining power; managing inventories by implementing a supply chain management system to define suitable inventory stocks; and applying linear programming and schedule programming to raise the efficiency of purchase planning of feedstock and raw materials, together with product sales. Financial derivatives were secured when prices, volumes, and timing targets appropriately align with business plans under the supervision of the Hedging Committee. In addition, IRPC took additional risk management measures by securing supply of new grades of crude oil with high incremental profits for its processes and focusing on selling products with high incremental profits, including specialty products.

## 2. Foreign-exchange risks

Nearly all IRPC business trades, including revenue from products sales and feedstock costs, are in US dollars, referenced to world market prices. Exchanges between USD and the Baht are made at the rate specified in respective trade agreements. The exchanged gross revenue from USD to the Baht is therefore the most prominent financial risk.

**Mitigation:** To cushion the impact of the reimbursement of expenses and debts in the Baht currency, IRPC's proportionately manages loans in USD in line with its revenue structure and its natural hedge policy or makes a forward exchange in the USD currency to pay in Baht.

## 3. Operation risks

Operation risks, mainly those of disruption, can be either internal or external, including malfunctioning of equipment and machinery, human errors, power blackouts, and climate change. Causing risks to IRPC's production and delivery planning, these could significantly affect IRPC's performance. Below are key operation risks.

### 3.1 Less preparedness of plants to produce or process machinery disruption

Most of IRPC's plants, machinery, and equipment are over 20 years old, with impaired conditions. Naturally these aged machinery and equipment could break down or malfunction, so risk management plans are needed to effectively cut these losses.

**Mitigation:** IRPC continued to executed risk management measures as done last year, since most projects were long-term improvement and development to raise the efficiency of process machinery and equipment, including the project on corrosion control & monitoring, 3Ps (Preventive, Predictive, and Precision Maintenance), and minimization of production suspension through planning and management of contractors and backup equipment for efficiency.

### 3.2 Risks to employees' and contractors' lives

**Mitigation:** By and large, accidents in IRPC's processes happen to outsourced employees. Therefore, besides running safety-related projects for employees, IRPC extends these projects to outsourced contractors, regarded as IRPC's own

is given to them, and the defining of a business policy that supervisors should closely monitor these contractors as they do employees. In addition, IRPC is continually running the BBS (Behavior-Based Safety) Project to foster safety behavior among employees and executives, while focusing on strengthening the safety culture.

### 3.3 Risks of power failures in IRPC's industrial estate

**Mitigation:** IRPC is running a variety of projects, including the Power Management System, to strengthen the process power system to strike a balance between power supply and demand, thus giving higher efficiency to process power management system and significantly lower losses due to blackouts.

### 3.4 Risks from drought affecting processes and operations

**Mitigation:** IRPC regularly monitors water levels in reservoirs in Rayong and simulates various situations and water levels to plan water management in ponds inside the industrial estate. In addition, it has secured backup water resources by reserving water in ponds inside its industrial estate.

## 4. Capital project risks

To fulfill its vision, IRPC boasts many key capital investment projects. Most are long-term projects from 2010 to 2014, designed to add competitiveness and maintain sustainable growth, including the Propylene Booster Project, designed to lower raw-material imports, and the project to develop the quality of diesel and gasoline to meet the Euro IV standards.

**Mitigation:** IRPC has consistently taken risk management measures for capital projects, as done last year. All key projects are included in its list of corporate risks for close monitoring and tracking, and for confidence that these projects can fulfill IRPC's goals in every aspect, namely time, budget, and

Implement behavioral safety (BBS: Behavior Based Safety) intensified the company's employees. And outside contractors.



project returns. As for matters requiring compliance, like EIAs and HIAs, IRPC commands detailed plans for compliance, with regular communication and coordination with government agencies and communities so that its actions may abide by all laws and be timely.

#### 5. Environmental and community risks

Because its plants lie near communities, IRPC values its environmental management system. Without an effective control system, plant operations could harm the environment and endanger people's lives, not to mention communities' cooperation and rapport.

**Mitigation:** IRPC focuses on running its businesses strictly by the law and regulations concerning safety and the environment, TIS/OHSAS 18001, and ISO 14001, together with its measurement of VOCs around its facilities. While to date, VOC values derived from its processes have never exceeded standard values, IRPC has done this in good faith so as to safeguard and step in to solve problems at once if the values prove abnormally high. IRPC also keeps a wealth of data on VOCs around its facilities for use in long-term environmental management.

**Mitigation:** Regularly and continually, IRPC has conducted its CSR (Corporate Social Responsibility) Project to foster an understanding and cordial relations with communities and stakeholders through public utility construction and repair, scholarship awarding, the Open House Project to enable communities to understand more about IRPC's business, the field coordination center operation to coordinate and participate in assorted community activities, and participation in emergency drills together with communities and government agencies.

#### 6. Risks from catastrophes or mishaps that could affect business operations

Because today's uncertainty gives rise to a variety of threats around us that potentially disrupt businesses, IRPC needs to stay prepared and have measures to accommodate potential incidents to lower losses, while protecting its reputation and key business activities.

Energy Dispatching Centre (EDC) monitoring and management within the electricity and steam for IRPC performance.





# 3- Board Processes

## Best Practice

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E.3.22

Does the Annual Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems

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# Internal Controls

Appreciating a good internal control system, the Board of Directors of IRPC Plc has appointed an Audit Committee to review the system's efficiency and effectiveness, and to provide reasonable confidence in business compatibility with strategic plans, efficiency, the accuracy and credibility of its financial reports, and compliance with legislation.

The Board concurred with the Audit Committee's views about internal controls for the business conducted in 2012, as summarized below:

## 1. Control environment

Valuing corporate governance, IRPC set a corporate KPI (corporate good governance score, five-star level) for the survey outcome on corporate governance

## 4. Information and communication

IRPC implemented the ERP system for its subsidiaries for efficient linkups of accounting systems with that of IRPC. A management business intelligence system is now poised for implementation. In addition, IRPC revamped the accounting system for compatibility with the new standard; this revamped system was rolled out by the date required by law, with all due preparation to accommodate the impacts of the accounting system change. As a result, IRPC successfully developed accurate financial reports within the required period.

## 5. Monitoring

Besides implementing a performance assessment system incorporating KPIs for individual units and all

criteria of the Office of the Securities and Exchange Commission (SEC) and the Thai Institute of Directors Association (IOD). It also valued compliance by structuring the Office of Corporate Legal into litigation and corporate legal services for monitoring efficiency and the ability to serve internal units.

## 2. Risk management

Regularly, IRPC managed and monitored its risks. It initiated a corporate business continuity plan to ensure uninterrupted operations under all circumstances (normal and risked).

## 3. Management activities

IRPC clearly defined the scopes of authority and approval authority of all management levels by developing manuals for all units, with segregation of duties for checks and balances and regular updating of company regulations.

employees; IRPC included behavior assessment for proper measurement and compensation decision. Monitoring was in place for project management and sensibility of budgeted expenditure against achieved goals, as was performance tracking to ensure legal and regulation compliance.

Having reviewed IRPC's internal control system, the Audit Committee considered the internal control system adequate and detected no material shortcoming.

# Part E- Responsibilities of the Board

## 4- People on the Board

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### Board Chairman

E.4.1	Do different persons assume the roles of chairman and CEO?
E.4.2	Is the chairman an independent director/commissioner?
E.4.3	Is any of the directors a former CEO of the company in the past 2 years?
E.4.4	Are the role and responsibilities of the chairman disclosed?

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# 4- People on the Board

## Best Practices

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### Board Chairman

E.4.1	Do different persons assume the roles of chairman and CEO?
E.4.4	Are the role and responsibilities of the chairman disclosed?

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**Sime Darby Behard - Malaysia  
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## Chairman and Chief Executive Officer

**Principle 3:** *There should be a clear division of responsibilities at the top of the company, the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

The Chairman and the CEOs of each of the Group's three business divisions are separate persons to ensure an appropriate balance and separation of power and authority, and clear division of responsibilities and accountability. The Chairman's Office, with the support of F&N's corporate services, co-ordinates the reporting lines of each of the CEOs to the Board. The Chairman, who is non-executive, is not related to any of the CEOs of the three business divisions. There is no business relationship between him and any of these CEOs. Likewise, none of the CEOs are related to each other, and neither is there any other business relationship between or among them.

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The Chairman leads the Board and ensures its effectiveness by, among other things, steering effective, productive and comprehensive discussions amongst Board members and the Management team on strategic, business and other key issues pertinent to the business and operations of the Group. His responsibilities also include making sure that Directors are provided with clear, complete and timely information in order to make sound, informed decisions.

The Chairman encourages active and effective engagement, participation by and contribution from all Directors, and facilitates constructive relations among and between them and Management. With the full support of the Board, Company Secretary and Management, the Chairman spearheads the Company's drive to promote, attain and maintain high standards of corporate governance and transparency. He also ensures overall effective communications to and with Shareholders on the performance of the Group. In turn, the CEOs of the Group's three business divisions are responsible respectively for executing the Group's strategies and policies, and accountable to the Board for the conduct and performance of the respective business operations under their respective charge.

There is a distinct and clear division of responsibility between the Chairman and the PGCE to ensure that there is a balance of power and authority. The roles of the Chairman and the PGCE are separate and clearly defined. The Chairman is responsible for ensuring Board effectiveness and conduct. **The four key roles of the Chairman of SDB are:**

- i. Building a high performance Board by:
  - a. Taking a leading role in creating an effective corporate governance system;
  - b. Arranging evaluation of the Board's performance; and
  - c. Ensuring that succession planning is considered on an on-going basis.
- ii. Managing Board meetings to ensure robust decision making by:
  - a. Ensuring the provision of accurate, timely and clear information to all Directors; and
  - b. Managing Boardroom dynamics, moderating discussions and personality clashes.
- iii. Managing the Board - Management interface by:
  - a. Acting as the conduit between Management and the Board;
  - b. Developing a positive relationship with the PGCE, acting as a confidant and advisor; and

# 4- People on the Board

## Best Practice

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E.4.2

Is the chairman an independent director/commissioner?

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# Tun Dato' Seri Zaki Bin Tun Azmi

*Independent Non-Executive Chairman*

Malaysian, age 67, joined the Board as an Independent Non-Executive Chairman in August 2012. He is the Chairman of our Nomination and Corporate Governance Committee.

Tun Zaki obtained his Barrister-at-Law qualification from the Lincoln's Inn in 1969. He joined the Malaysian Judicial and Legal Services as a Magistrate in 1970 and later transferred to the Attorney General's Chambers where he held several positions for 15 years before going into private legal practice in 1985.

He left legal practice in 2007 when he was appointed as a Judge of the Federal Court of Malaysia and shortly thereafter, appointed as the President of Court of Appeal of Malaysia, the second highest judicial office. On 18 October 2008, he was appointed as the 12th Chief Justice of Malaysia and became the first chairman of the Judicial Appointment Commission on 16 February 2009 until his retirement as Chief Justice in September 2011.

He is also the chairman of SP Setia Berhad as well as the chancellor of MAHSA University College and the Multimedia University.

# Dato' Rohana Binti Tan Sri Datuk Haji Rozhan

*Executive Director/Chief Executive Officer*

Malaysian, age 50, joined the Board as a Director in March 2011. Dato' Rohana, a pioneer member of the Astro Group, was appointed as the Chief Executive Officer of the Company on 1 April 2011.

Dato' Rohana graduated with a Bachelor of Arts (Honours) degree in Accounting and Economics from University of Kent, Canterbury, UK in 1985. She completed her Chartered Institute of Management Accountants, UK in 1986 and is currently a fellow member. She has been a member of the Malaysian Institute of Accountants since May 1997. She completed the Advanced Management Programme at Harvard Business School, US in 2006.

In addition to being the Chief Executive Officer of the Company, she is also the Chief Executive Officer of MEASAT Broadcast Network Systems Sdn Bhd, our wholly-owned subsidiary, a position she held since 2006. Prior to that, she was the group chief financial officer of Astro All Asia Networks Limited (previously listed on the Bursa Securities), where she was instrumental for its listing on the then Main Board of the Kuala Lumpur Stock Exchange in 2003.

Before joining Astro in 1995, she was with the Unilever group of companies, both in the United Kingdom and Malaysia, where she gained substantial experience in financial, marketing and business management in a multinational consumer goods business.

# 4- People on the Board

## Questions

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### Skills and Competencies

E.4.5	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?
E.4.6	Does the company disclose a board of directors/commissioners diversity policy?

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# 4- People on the Board

## Best Practices

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E.4.6

Does the company disclose a board of directors/commissioners diversity policy?

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Institute of Directors which provided a spectrum of views on how directors have to contend with increasing rules and regulations, balancing that with the need to let management drive the company to higher levels of performance amid the increasing perception-based scrutiny of how corporations act and operate.

## **BOARD COMPOSITION AND GUIDANCE**

### **Principle 2:**

*Strong and Independent Element on the Board*

The Board, through the Nominating Committee (“NC”), examines and manages its size and composition on an ongoing basis to ensure its

The Board is of the view that its current size and composition are appropriate, and as a group, the

Directors provide relevant core competencies in areas such as accounting or finance, legal, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. Details

of the Directors’ responsibilities, qualifications, principal commitments and shareholdings in related corporations are set out on pages 234 to 237, 242 and 130 to 132.

The Board’s decision-making process is not dominated by any individual or small group of individuals.

# 5- Board Performance

## Questions

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### Directors Development

E.5.1	Does the company have orientation programmes for new directors/commissioners?
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?

# Best Practices – E.5.1 & E.5.2

## 11. Development of the Board and the Management

The Board ensures that its directors understand their duties, responsibilities, and IRPC's business by providing knowledge to the directors, both newly appointed and present ones, as well as regularly providing them with regulations received from SET and SEC to the directors and the management as follows:

**Newly appointed directors:** IRPC organizes orientation sessions for newly appointed directors by introducing the nature and policy of IRPC's business, general operation, and performance so that they may get a clear picture, as well as providing key information necessary to their work, such as the capital structure, shareholders, performance results, regulations, CG principles, Form 56-1, and the annual report, so that the new directors may comply. This year, IRPC took in nine new directors.

**Current directors:** IRPC encourages current directors to undergo additional training to increase their knowledge, understand CG principles, rules,

regulations, as well as roles and duties of directors in efficient and proper management by taking training courses organized by IOD. As of year-end 2012, eleven directors had taken part in training courses relating to their roles and duties.

- Role of Chairman Program (RCP): in which two directors attended. In 2012, the Chairman attended this course.
- Director Certification Program (DCP): in which nine directors attended.
- Director Accreditation Program (DAP): in which four directors attended.
- Finance for Non-Finance Directors (FND): in which three directors attended.
- Audit Committee Program (ACP): in which two directors attended.
- Role of the Compensation Committee (RCC): in which one director attended.
- Successful Formulation on and Execution of

# 5- Board Performance

## Questions

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### CEO/Executive Management Appointments and Performance

E.5.3	Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?

# 5- Board Performance

## Best Practice

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E.5.3

Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?

**BANK OF AYUDHYA – Thailand  
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## Succession and management development plans

The Nomination and Remuneration Committee is responsible for

preparing a succession plan for the key positions of President and CEO. It also approves succession plans for Group Heads/Chief Officers

to ensure continuity of the Bank's operations.

The Bank makes succession plans and specific training & development plans for individually by considering officers at the executive level and their subordinates in cascading tiers of the Bank and its affiliates who produce outstanding performance with potential to be developed as higher-level executives of each department.

The succession plan is divided into two levels according to the readiness of the successors:

1) those who are ready to move up to a new position within 1-2 years (successor); and 2) those who are ready to succeed within 3-5 years (future successor). The Bank also designates emergency candidates in case of any immediate change of an executive while awaiting the readiness of the successors.

The Bank makes a career plan for the successors based on necessity analysis, and at the same time designates a development plan to promote employees' self-development. Relating to the Competency Based Management concept, in the previous year the plan emphasized developing leadership capability, of which around 75% of potential successors have been continuously developed. In this regard, the Bank carries on its employee development plan, monitors and assesses the outcomes, then expresses its recognition via promotions of these persons to the next levels of their careers.

# 5- Board Performance

## Best Practice

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E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?
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**EASTERN WATER RESOURCES DEVELOPMENT  
AND MANAGEMENT PCL – Thailand  
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## 5.6 Performance Appraisal of President and Top Executives

All the non-executive directors will appraise the President performance against the corporate and individual achievement. Indicators include the following:

- Qualitative indicators being leadership, relationship with the Board, risk management and internal control, human resources management, good corporate governance and Code of Conduct
- Corporate achievements based on the committed Key Performance Indicators.
- Capabilities to enhance business development.

# 5- Board Performance

## Questions

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### Board Appraisal

E.5.5	Is an annual performance assessment conducted of the board of directors /commissioners?
E.5.6	Does the company disclose the process followed in conducting the board assessment?
E.5.7	Does the company disclose the criteria used in the board assessment?

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# Best Practices

## E.5.6

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### **EASTERN WATER RESOURCES – Thailand**

### **2012 Sustainable Development Report – Page 121**

### Performance Evaluation is categorized as follows:

(1) The evaluation of the performance of the Board of Directors (BOD) and the Sub-Committees is performed once a year at year end. The CG agency will prepare the evaluation form which is disseminated to the each member of the BOD. Each member will perform the self-evaluation versus the overall performance of the BOD. The Sub-Committee will do the same by evaluating their own assigned duties. The measures of the self-evaluation are in compliance with the plan of the development of the Good Corporate Governance in Thailand of the Securities and Exchange Commission (SEC) and the information shall be disclosed to the SEC for acknowledgement and further disclosing to the shareholders and the public.

(2) The evaluation of CEO and the Executives team will be performed through the establishment of a special committee to evaluate CEO as stipulated in the contract. CEO will evaluate the Executives in orders following the supervision line through the process of KPIs and Competency which is performed with the annual evaluation of every staff of the Company. The Human Resources Department will take the results and consult with the Executives and cooperately plan for individual training.

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# Best Practices

## E.5.5 & E.5.7

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**IRPC PUBLIC  
COMPANY LIMITED –  
Thailand**

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### **10. Assessment of the Board Performance**

IRPC's CG principles stipulate that the Board must conduct self evaluation at least once a year to allow it to review its own performance, problems, and obstacles each year. IRPC submitted the assessment forms to all directors in December each year. It then consolidated the scores and reported to the Corporate Governance Committee and to the Board of Directors, respectively. The Board was acknowledged on its performance and thus made further improvements for maximum efficiency. In 2012, assessment was conducted in four forms, namely, 1. Assessment form for the Board's performance 2. Self-assessment form 3. Assessment form for cross-assessment of other directors and 4. Assessment of all sub-committees.

The assessment in 2012 was under the following criteria:

Over 85%	= "excellent"
Over 75%	= "very good"
Over 65%	= "good"
Over 50%	= "average"
Below 50%	= "need improvement"

The summary of the general assessment by the Board is as follows:

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- **Assessment of the Board** consisting of four assessment dimensions:

1. Board Policy 2. Board Composition 3. Board Practices and 4. Board Meeting. The assessment of the Board's performance showed that they were in the "excellent" range, with an average score of 96.74%.

- **Self-assessment** consisting of seven assessment dimensions:

1. Qualifications of the Board 2. Accountability of one's own decision and justification 3. Responsibility toward one's own work with due competence and sufficient efficiency 4. Equitable, fair, and justifiable treatment of stakeholders 5. Transparency in one's own work, with accountability and information disclosure 6. Vision to create long-term value to IRPC, and 7. Business ethics. The results of the self-assessment showed that they were in the "excellent" range, with an average score of 96.47%.

- **Cross-assessment of other directors** consisting of the same seven assessment dimensions as the

dimensions, namely, 1. Structure and composition of the Audit Committee 2. Roles and Responsibilities 3. Relations with internal auditors and external auditors. 4. Relations with management 5. Reports and 6. Quality control. The assessment result showed that the performance of the entire committee was in the "excellent" range, with an average score of 98.26%. On the other hand, the individual assessment was conducted in six dimensions, namely, 1. Business knowledge 2. Due expertise 3. Authorities and duties assigned 4. Independency 5. Understanding of role and responsibility and 6. Performance and meeting. The assessment result showed that the individual performance was in the "excellent" range, with an average score of 98.15%.

In additions, the Charter stipulated that the assessment be conducted by the Company's Chairman or external assessor. In 2012, the Chairman conducted the assessment on the Audit Committee's Report and its performance, showing that the performance was in the "excellent range".

# Part 5- Board Performance

## Questions

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### Director Appraisal

E.5.8	Is an annual performance assessment conducted of individual director/commissioner?
E.5.9	Does the company disclose the process followed in conducting the director/commissioner assessment?
E.5.10	Does the company disclose the criteria used in the director/commissioner assessment?

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# 5- Board Performance

## Best Practices - E.5.8 & E.5.9

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E.5.8	Is an annual performance assessment conducted of individual director/commissioner?
E.5.9	Does the company disclose the process followed in conducting the director/commissioner assessment?

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## BOARD PERFORMANCE

### Principle 5:

*Formal Assessment of the Effectiveness of the Board as a Whole and the Contribution by Each Director*

## EVALUATION PROCESSES

The NC has implemented a process for evaluating the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board.

The NC sets objective performance criteria for evaluation which allow comparison with industry peers and the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers.

The annual process of evaluating the performance of the Board, individual Directors and Chairman is as follows:

(a) The questionnaire for the annual evaluation of the Board is completed by all Board members.

(b) The evaluation of individual Directors' performance is done once a year also by Directors, on a self and peer evaluation basis. The evaluation of individual Directors is differentiated for executive Directors and NEDs. In the case of the assessment of the individual executive Director, each NED is required to complete the executive Director's assessment form. The executive Director is not required to perform a self, nor a peer assessment. As for the assessment of the performance of the NEDs, each Director (both non-executive and executive) is required to complete the NED's assessment form. Each NED is also required to perform a self-assessment in addition to a peer assessment; and

(c) The Chairman's performance is evaluated annually by NEDs

The whole evaluation process is managed by an independent co-ordinator, who does not have any connection with the Company or any of its Directors. The independent co-ordinator will consolidate the evaluation returns and present a report to the NC and the Chairman of the Board for discussion.

Thereafter, the independent co-ordinator will discuss the final consolidated report with the NC Chairman and the Chairman of the Board so that they may provide the Board with the necessary feedback with a view to improving Board performance.

## PERFORMANCE BENCHMARKS

The benchmarks for Board evaluation include Board size and composition, Board independence, Board processes, Board information and accountability, Board performance in relation to discharging its principal functions, Board Committees'

# 5- Board Performance

## Best Practice

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E.5.10	Does the company disclose the criteria used in the director/commissioner assessment?
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- **Self-assessment** consisting of seven assessment dimensions:

1. Qualifications of the Board
2. Accountability of one's own decision and justification
3. Responsibility toward one's own work with due competence and sufficient efficiency
4. Equitable, fair, and justifiable treatment of stakeholders
5. Transparency in one's own work, with accountability and information disclosure
6. Vision to create long-term value to IRPC, and
7. Business ethics.

The results of the self-assessment showed that they were in the "excellent" range, with an average score of 96.47%.

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# 5- Board Performance

## Question

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### Committee Appraisal

E.5.11	Is an annual performance assessment conducted of the board of directors/commissioners committees?
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# 5- Board Performance

## Best Practice – E.5.11

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### **10. Assessment of the Board Performance**

IRPC's CG principles stipulate that the Board must conduct self evaluation at least once a year to allow it to review its own performance, problems, and obstacles each year. IRPC submitted the assessment forms to all directors in December each year. It then consolidated the scores and reported to the Corporate Governance Committee and to the Board of Directors, respectively. The Board was acknowledged on its performance and thus made further improvements for maximum efficiency. In 2012, assessment was conducted in four forms, namely, 1. Assessment form for the Board's performance 2. Self-assessment form 3. Assessment form for cross-assessment of other directors and 4. Assessment of all sub-committees.

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- **Assessment of all sub-committees**

1. Executive Committee 2. Nomination and Remuneration Committee 3. Corporate Governance Committee and 4. Audit Committee. For the first three committees, the assessment were conducted in four dimensions, namely, 1. Board policy 2. Board composition 3. Board practices and 4. Board meeting. The assessment result showed that the performance was in the “excellent” range, with an average score of 99.57% for the Executive Committee, 92.46% for the Nomination and Remuneration Committee and 99.76% for the Corporate Governance Committee.

- For Audit Committee, the performance assessment were conducted on the entire committee, and also on each individual director, as stipulated by the Charter of the Audit Committee implemented on 1 January 2010. The assessment on performance of the entire committee was conducted in six

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# THANK YOU

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**Dr. Nguyen Thu Hien and assessment team  
ASEAN Corporate Governance Scorecard 2015 Project**

**May 2015**

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