

Corporate Governance Report of Thai Listed Companies

1. Introduction

The corporate governance survey of listed companies was initiated in 2001. It was called the **Baselining Corporate Governance Practices of Thai Listed Companies**, corresponding to the project's objectives to evaluate and baseline the corporate governance practices in Thailand as compared to the principles of good corporate governance by the international standards. In the first year, the Thai Institute of Directors Association (IOD) cooperated with **McKinsey & Company** to develop the assessment criteria with a financial support from the **World Bank**. The first publication of the corporate governance survey was named **Strengthening Corporate Governance Practices of Thai Listed Companies**.

The corporate governance survey has been implemented continuously as a means to monitor the development of the corporate governance practices by Thai listed companies. Since 2002, the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission have provided financial supports to fund the project. The publication was renamed to the **Corporate Governance Report of Thai Listed Companies (CGR)**. There have been a total of 13 reports from 2001 to 2015. The **National Corporate Governance Committee** stated that the CGR project has been a driving stimulus for Thai listed companies to incorporate good corporate governance practices and as such assigned IOD should to continuously carry on this project.

The board of directors at IOD appointed the project's Steering Committee composing of experts from the capital-market-related organizations to oversee the assessment criteria and methodology corresponding to the internationally-accepted standards and ensure that the assessment criteria are efficient indicators of the principles of good corporate governance. The Steering Committee's main duties are to recommend and review the assessment criteria and provide opinions and suggestion for the publication and presentation of the CGR findings. There have been periodic revisions of the assessment criteria and, in 2014, the Steering Committee overhauled the criteria to be corresponding to the ASEAN CG Scorecard. These newly updated criteria will be effective in 2016 and

the forthcoming assessment will be based upon the corporate information in the 2015 fiscal year. In the official presentation of the CGR findings, IOD organized a seminar to announce the lists of companies earning at least the good level of recognition to the public.

2. Objectives

The main objectives of the corporate governance survey of listed companies were to examine and evaluate the corporate governance practices of companies in the Stock Exchange of Thailand as compared to the international standards. The findings helped identify the strengths and areas for improvement of the current corporate governance practices. The information from the CGR projects allowed the related regulatory agencies to set up the policies and measurements to enhance the good corporate governance of Thai companies. The listed companies can also use the information to analyze and develop a better corporate governance system in the companies. The individual company report is also available for an in-depth analysis.

3. Surveyed Companies

During the first 2 years in 2001 and 2002, IOD examined only the top 100 and 200 companies, respectively, in term of their market capitalizations. Since 2003, IOD included all listed companies in the Stock Exchange of Thailand and Market for Alternative Investment as shown in the Table below.

The number of companies in the CGR assessment: 2001-2015*

Year	2001	2002	2003	2005	2006	2008	2009	2010	2011	2012	2013	2014	2015
No. Of Companies	133	234	337	371	402	448	290	480	497	513	526	550	588

* To pause for a review and revision of the criteria, there was no assessment in the 2004 and 2007. In 2009, there was a consideration for major criteria revision and thus only certain groups of companies were assessed.

4. Companies in the CGR Assessment.

4.1 Qualification of Companies in the CGR assessment

All listed companies in the Stock Exchange of Thailand and Market for Alternative Investment are eligible for the CGR assessment **EXCEPT**:

1. Companies under rehabilitation.
2. Companies that are subject to possible delisting.
3. Companies with no annual shareholders' meeting organized in the assessment year.
4. Companies that either themselves or their directors have been fined or filed complaints against by the Securities and Exchange Commission on the following grounds from January of the previous year to the announcement date of the assessment year. (The companies will be excluded from the CGR assessment for 2 consecutive years.)
 - (1) Acted or omitted to act, without good faith or with gross negligence, in executing any transaction for the company or its subsidiary, which caused damage to the company or shareholders or generated unjust enrichment for oneself or others;
 - (2) Disclosed or disseminated false information or statement regarding the company or its subsidiary which may cause misunderstanding or concealing material facts that should have been explicitly stated which may affect decision making of shareholders, investors or other parties involved; or
 - (3) Engaged in any unfair practice or taking advantage of investors in trading securities or derivatives.

Additional consideration regarding the 4th exception:

- When the SEC fined or filed complaint against director on case relevant to any specific listed company, **ONLY** that particular listed company will not be assessed.
- If the director, fined or filed complaint against by the SEC, resign from directorship of the particular listed company, the company will then be eligible for CGR assessment as usual.

4.2. Reasons for No Announcement of the Results for Listed Companies

1. Listed companies violate or fail to comply with regulations of SET, resulting in the SP sign being posted on their securities.
2. Listed companies, without reasonable explanation, are unable to submit their financial statements by the usual deadline, resulting in the SP sign being posted on their securities.
3. Listed companies are publicly reprimanded by SET.
4. Listed companies are publicly notified by SET, to alert shareholders and public investors that there is an important information which should be taken into consideration before making any voting or investing decision.

The above issues are considered for the period from January of the previous year to the announcement date of the assessment year

5. Survey Methodology

The CGR project surveys and assesses all qualified listed companies simultaneously in a limited timeframe. Thai IOD utilizes only publicly available corporate information and news/information of listed companies from the Stock Exchange of Thailand and Securities and Exchange Commission from January of the previous year to the announcement date of the assessment year. Henceforth, the outcomes from the assessment do not reflect what happens afterward. Even though the information collection, scoring and processing, and information analyses have been carefully performed, Thai IOD cannot guarantee the accuracy of such information and cannot be held responsible for the uses of such information in any circumstances. Thai IOD reserves the rights to alter the assessment criteria without prior notification.

To be a more accurate reflection of the actual corporate governance practices and development by Thai companies, IOD encourages listed companies to disclose the corporate governance information on the company's communication channels or website as much as possible. A full information disclosure is beneficial to the companies not only for a better evaluation outcome but also for an increased confidence by the investors, analysts, and interested parties.

6. Assessment Criteria

The assessment criteria were fundamentally based on the OECD Principles of Corporate Governance and used to compare the corporate governance practices of Thai listed companies with the international standards. The criteria were also based on the Principles of Good Corporate Governance for listed companies by the Stock Exchange of Thailand. There are 5 categories:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Roles of Stakeholders
4. Disclosure and Transparency
5. Board Responsibilities

For each category, there are a number of relevant criteria to evaluate the corporate governance practices by focusing on the quantitative measurements and avoiding the criteria that were abstract and required emotional judgment. After the initial development by McKinsey & Company, the assessment criteria have been periodically revised. The numbers of assessment questions and weights for each category are shown in the Table below.

The numbers of assessment questions and category weights in 2015 – 2016

Category	Questions		Weight (%)	
	2015	2016	2015	2016
Rights of Shareholders	32	32	15	15
Equitable Treatment of Shareholders	19	19	10	10
Role of Stakeholders	28	29	20	20
Disclosure and Transparency	50	53	20	20
Board Responsibilities	106	108	35	35
Total	235	241	100	100

Details of the assessment criteria approved by the Steering Committee are discussed by category as follows.

Rights of Shareholders

The principles of good corporate governance in this category refer to the protection of shareholders' rights and facilitation for shareholders to exercise their rights effectively. The questions addressed in this category consider the company's practices pertaining to the shareholders' rights as follows.

Questions	Description
1. Does the company offer other ownership rights beyond voting?	Other rights include receipts of an equitable share of profits, dividends, and equal treatment on share-repurchases.
2. Is the decision on all forms of director remuneration approved by the shareholders annually?	Shareholders should be able to exercise their rights in approving all forms of directors remuneration including retainer fees, meeting allowance, bonuses, and other beneficial privileges every year at the AGM. If there are no such benefits offered to the directors, the company should present this item and indicate "No" in the notice to call AGM and minutes.
3. How is the remuneration of the board presented to the shareholders?	In presenting the board remuneration for shareholders' approval at the AGM, the company should (1) indicate the policy and basis for the directors remuneration including the pay per duty performed or position and (2) the corresponding amount of the remuneration.
4. Does the company allow shareholders to elect board members individually?	Shareholders should have an opportunity to consider and elect each board member individually.
5. Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	The company should appoint an independent party to validate the votes at the AGM with disclosure in the AGM minutes. Independent parties may include external auditors, external legal counsel, watchdog group, minority shareholders, security depository, etc.

Questions	Description
6. Are there any opportunity provided to shareholders to propose agenda items, or submit questions before the AGM?	The board of directors should allow minority shareholders to propose, in advance of the AGM, any corporate issues for consideration at the shareholders meetings.
7. Does the company publicly disclose a policy to encourage the company's shareholders to attend the AGM?	The company should state a policy to encourage and facilitate the shareholders, including the institution shareholders, to participate in the AGM.
Quality of the notice to call annual shareholders' meeting.	The notice to call AGM should include:
8. Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	Each AGM agenda should consider only one issue at a time. For example, The election of directors should be on a separate item from an approval of the directors remuneration.
9. Appointment of directors, providing their names and backgrounds.	Backgrounds refers to individual profile of new directors including : (1) name, (2) age, (3) education and work experience, (4) number of board positions – separating listed /non-listed companies, (5) nomination criteria and process, and (6) type of directors proposed for approval whether s/he is an executive, non-executive, or independent director. For returning directors, it must also include: (7) board meeting attendance performance and (8) the number of years/terms that a director has been with the company, i.e., DD/MM/YYYY of first appointment.
10. Appointment of auditors, providing (1) their name(s), (2) profile, (3) fees	Specific details are (1) name of the auditors and auditing firm, (2) relevant experience and independence status of the auditors, and (3) amount of the audit services.

Questions	Description
11. Dividend payment including the (1) policy and explanation and (2) dividend amount	Details are (1) the company's dividend policy, (2) dividend amount, and (3) explanation of the dividend payment. In case there is no dividend payment, the company should also present (1) the dividend policy and (2) reason for such no payment.
12. Objective and reason for each item on the shareholders' meeting agenda	For each agenda in the AGM notice, there must be the objective and reason.
13. Director's comments and opinion for each agenda item	For each agenda in the AGM notice, there must be the opinion and comment from the board of directors.
Assess the quality of the minutes of the annual shareholders' meeting	The AGM minutes should include :
14. Voting method and vote counting system	Voting method and vote counting system should be declared before the meeting begins and the use of a ballot should be stated.
15. Do the AGM minutes record that there was an opportunity for shareholders to ask questions/raise issues? Also, is there record of questions and answers?	The Chairman should provide opportunities for shareholders to ask questions at the AGM and the questions and answers should be recorded in the AGM minutes for references, especially by shareholders who did not attend the AGM.
16. Meeting resolution with voting results for each agenda item, including both "for" and "against" vote tallies	For each agenda requiring shareholders' approval, there should be a voting record of the resolution specifying the "for", "against", and "abstain" tallies.
17. Is a name list of board members attending the AGM disclosed in the AGM minutes?	As part of the fiduciary duties, all directors should attend the AGM. The company should provide a list of directors attending the AGM in the meeting minutes for record keeping and future references in the director nomination process.

Questions	Description
18. Does the company make publicly available by the next working day the results of the votes taken during the most recent AGM for all resolutions?	The company should disclose the AGM resolutions by the next working day using the submission to the Stock Exchange of Thailand or disclosure on the company's website.
19. Did the Chairman of the board attend the AGM?	The leader of the board of directors should attend all AGMs to interact and answer questions from the shareholders.
20. Did the CEO/President/Managing Director attend the AGM?	The number one management of the company should attend the AGM to answer the business/management questions from the shareholders.
Attendance of the Chairpersons of the Board Committees	Shareholders should have an opportunity to address the Chairperson of each Sub-Committee.
21. Did the Chairman of the Audit Committee attend the AGM?	Shareholders should have an opportunity to address the Chairman of the Audit Committee.
22. Did the Chairman of the Compensation / Remuneration Committee attend the AGM?	Shareholders should have an opportunity to address the Chairman of the Remuneration Committee.
23. Did the Chairman of the Nomination Committee attend the AGM?	Shareholders should have an opportunity to address the Chairman of the Nomination Committee.
24. Did the company organize the most recent AGM in an easy to reach location?	'Easy to reach location' means that the meeting location is easily accessible or where the majority of shareholders resides.

Questions	Description
Does the company have anti-takeover defenses?	<p>Common observed defenses include cross-shareholding, pyramid, and significant board members' holdings. The fewer defenses, the better.</p> <p>According to the principles of good corporate governance, efficient capital markets should facilitate transparent takeover activities. The company should not establish the takeover defense mechanisms to protect the incumbent management from being taken over, especially when they are incompetent.</p>
25. Is cross shareholding apparent?	
26. Is pyramid holding apparent?	
27. Do Board members hold more than 25% of the outstanding shares? (Bonus)	
28. What is the proportion of outstanding shares that are considered "free float"?	Free-floated shares should be more than 40 percent of the outstanding common shares. At least, it should be more than 15 percent to comply with the regulations.
29. Were there additional AGM/EGM agenda item(s) that were not included in the notice to call the meeting? (Penalty)	Shareholders should be fully notified in advance of the agenda being considered at the AGM. The company should avoid proposing and adding the extra meeting agenda, not including in the AGM notice, at the AGM. It is not fair for shareholders who did not attend the AGM.
30. Did the company fail or neglect to offer equal treatment for share repurchases to all shareholders? (Penalty)	

Questions	Description
31. Is there evidence of barriers that prevent shareholders from communicating or consulting with other shareholders? (Penalty)	
32. Did the company fail to disclose the existence of shareholders agreement? (Penalty)	

Equitable Treatment of Shareholders

The principles of good corporate governance in this category address the equitable treatment of all shareholders, especially the minority and foreign shareholders. The non-controlling shareholders should receive protection from the adverse actions, directly or indirectly, of the controlling shareholders. The criteria in this category focus on the prevention of the possible violations of the non-controlling shareholders' rights.

Questions	Description
1. Does the company offer one-share, one-vote?	There should be only one type of ownership share, with equal voting rights.
2. Where the company has more than one class of shares, does the company publicize the voting rights attached to each class of shares?	In case the company has more than one class of shares with the voting power, it should disclose the voting rights attached to each type of shares.
3. Does the company have any mechanism to allow minority shareholders to influence board composition?	The company should describe the mechanics in the annual report. Some examples are (1) explicitly allowing minority shareholders to influence the nomination of independent directors and (2) cumulative voting.
4. Has the company established a system to prevent the use of material inside information and inform all employees, management, and board members of this system?	The company should establish a policy regarding the use of material inside information and make sure that all parties concerned are aware of the policy.
5. Does the company provide a rationale / explanation for related-party transactions (RPTs) affecting the corporation BEFORE conducting related-party transactions that require shareholders' approval?	When the company is involved in related-party transactions (RPTs) that require shareholders' approval, it should provide (1) names and relationship of related parties, (2) pricing policy, (3) amount of transactions, and (4) opinions of the board of directors to the shareholders.

Questions	Description
6. Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	It must be clearly stated and RPT transactions are fair and at arms' length or with fair or normal business terms.
7. Assess the level of business interconnections which may lead to possible conflicts of interest (tunneling) through an economic grouping, that is under the influence of the controlling shareholders.	The degree of relatedness is measured by the size of related-party transactions with companies in the same economic group relative to either the company's revenue or expenses. That is, measured as percentage of RPTs to firm's total revenue or total expense. The proportion of RPTs should be less than 25 percent of the total revenue or expenses. Exceptions: The RPT measurements do not include normal business transactions with subsidiaries and associated companies and transactions that no individuals in the company hold shares of more than 10 percent in the related companies.
8. Does the company facilitate voting by proxy?	The company should include Proxy Form B in the notice to call AGM to allow shareholders to vote via proxy.
9. Does the notice to shareholders specify the documents required to give proxy?	The company should clearly specify the document required and suggestion in the proxy voting process to shareholders in the notice to call AGM. This practice allows shareholders to fully prepare to vote via proxy and avoid problems at the AGM.
10. Is there any requirement for a proxy appointment to be notarized?	There are no requirements according to the Public Company Act but any requirements make it harder for shareholders to vote.
11. How many days in advance did the company send out the notice of general shareholder meetings?	The company should send out the notice to call AGM at least 21 days in advance.

Questions	Description
12. Did the company post the notice to call the shareholders' meeting at least 30 days in advance on its website?	The company should post the notice to call AGM on its website at least 30 days in advance of the AGM date.
13. Does the company use cumulative voting in the election of board members? (Bonus)	A cumulative voting scheme allows minority shareholders to allocate all their votes to a particular (independent) director or cast a proportion of their votes to any directors. It thus enhances the minority shareholders' participation and power in the director election and is considered a good practice.
14. Did the company also send out the English translation of the notice to all shareholders meetings to foreign shareholders? (Bonus)	To facilitate the AGM participation by foreign shareholders, the English document should be available and mailed out to the shareholders.
15. Were there any related-party transactions that can be classified as financial assistance to non-subsidiary companies? (Penalty)	The company should avoid the RPTs considered as a financial assistance including loans and loan guarantee to the non-subsidiaries. An exception is the loans and loan guarantee according to the shareholding proportion in the joint-venture business.
16. Have there been any cases of insider trading involving company directors and/or management in the past year? (Penalty)	Directors and management should act in the best interest of all shareholders and thus should not be involved with any cases of insider trading.
17. Has there been any non-compliance case regarding related-party transaction in the past year? (Penalty)	The company should avoid having a non-compliance related-party transaction according to the SET and SEC regulatory frameworks.
18. Has there been any non-compliance case regarding the buy and sale of company's asset? (Penalty)	The company should avoid having a non-compliance transaction from the buy and sale of the company's assets according to the SET and SEC regulatory frameworks.

Questions	Description
19. Does the company have a policy requiring directors and key officers to notify the board or its delegate at least one day before they deal in the company shares? (Bonus)	

Role of Stakeholders

The principles of good corporate governance in this category give emphasis on the stakeholders' rights both by laws and by mutual agreements with the company. Good relationship and cooperation between the company and its stakeholders will enable the company to achieve sustainable growth. The assessment criteria are as follows.

Questions	Description
1. Does the company have a separate corporate responsibility report/ section or a sustainability report/section?	The company should prepare a corporate social responsibility report. It could be a section in the annual report. However, it is recommended that the company prepare a report according to the Global Reporting Initiative (GRI) standards, either as a separate report or a section in the annual report.
2. Does the company have a policy pertaining to the workplace safety and sanitation?	The company should have a clear and concrete policy on the workplace safety and sanitation together with a disclosure of the rates of accidental injury, lost days/absenteeism, or occupational illness.
3. Does the company have a policy for the employee's compensation and welfare benefits?	The company should have a clear and concrete policy on the employees' compensation and welfare benefits with a disclosure of actual practices (e.g., benefits offered to the employees).
4. Does the company provide a provident fund for its employees?	A provident fund is part of a good governance practice the looks after the employees in the long term.
5. Does the company have a policy and guidelines for the employee development program to enhance their knowledge and potential?	The company should have a clear policy for the employee development programs with a disclosure of the policy implementation and (average or total) training hours for the employees.
6. Does the company have a policy preventing human rights violations?	The company should have a policy addressing the human rights with a disclosure of the actual practices.

Questions	Description
7. Does the company have a policy for the treatment of the customers?	The company should formulate a policy to recognize the important roles of the customers with a comprehensive disclosure of practical treatments.
8. Does the company have a policy for the treatment of the business competitors?	The company should formulate a policy to recognize the important roles of the business competitors with a comprehensive disclosure of practical treatments.
9. Does the company have a policy for the treatment of the business partners /trading partners?	The company should formulate a policy to recognize the important roles of the business partners with a comprehensive disclosure of practical treatments, particularly a supplier selection procedure.
10. Does the company have a policy for the treatment of the creditors?	The company should formulate a policy on safeguarding creditors' rights including a discussion of (a) policy on collaterals of the company's assets, guarantees, and subordinated debt, (b) policy on debt covenants, (c) protection in the case of default/distress, and (d) disclosing information that enables external parties to evaluate the entity's objectives, policies, and processes for managing capital.
11. Does the company have a policy preventing violations of the software copyright and intellectual property?	The company should disclose a policy and practices attending to the violations of software copyrights and intellectual property.
12. Does the company have a policy against corruption and a preventive measure for commercial bribery?	The company should disclose a policy and practices attending to the prevention of corruption and commercial bribery.
13. Does the company have a corruption risk assessment procedure in place to determine the extent of the risk of corruption to the business?	

Questions	Description
14. Does the company put in place an internal compliance and control program to prevent and monitor a corruption risk?	
15. Does the company have the procedures to monitor and enforce the anti-corruption policy?	
16. Have the company been educating its employees on the anti-corruption policy and procedures?	
17. Does the company have a policy for the community services?	
18. Does the company organize social activities or take part in the community development program?	The company should provide supports for the social activities or community services together with a full disclosure of the policy and actual practices.
19. Does the company have a business operations policy conforming to environmental standards?	The company should disclose a policy and practices attending to the environment such as having the ISO14000/14001 certification or the company's measures/procedures to exhibit environmental responsibilities.
20. Does the company encourage the utilization of its resources efficiently?	The company should encourage the efficient utilization of the company's resources with a full disclosure of the policy and actual practices.
21. Does the company have a training program to educate its employees about the environmental issues?	The company should provide support for an environmental educational program and training for the employees with a full disclosure of the policy and actual practices.

Questions	Description
22. Does the company provide channel for stakeholders to communicate any concerns to the board?	The company should have clear procedures regarding the communication of any concerns from stakeholders to the board. One channel is via independent directors or the Audit Committee who should arrange an investigation and report to the board.
23. Does the company have procedures for complaints by employees concerning illegal (including corruption) and unethical behavior?	The company should set up a procedure for handling complaints by employees concerning illegal and unethical behavior with a detailed disclosure of the procedure.
24. Does the company have a policy or procedures to protect an employee/ person who reveals illegal/unethical behavior from retaliation?	The company should disclose a policy and procedure to protect a person who reveals illegal or unethical behavior from retaliation.
25. Does the company provide contact details via the company's website or annual report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	The company should set up a channel for stakeholders to freely communicate their concerns about illegal or unethical practices to the board of directors directly with a disclosure of contact information.
26. Does the company have a reward/ compensation policy that accounts for the performance of the company beyond short-term financial measures?	The company should have an employee compensation policy that accounts for the performance of the company both in the short-term (e.g., based on annual firm performance) and long-term (e.g. ESOP and EJIP).
27. Have there been any violations of any laws pertaining to labor/employment/ consumer/insolvency/commercial/ competition or environmental issues? (Penalty)	

Questions	Description
28. Has the company faced any sanctions by the regulators for failure to make an announcement within the requisite time period for material events? (Penalty)	
29. Does the company prepare an integrated report? (Bonus)	The company should prepare an Integrated Report according to the International Integrated Reporting Council (IIRC) standards.

Disclosure and Transparency

The principles of good corporate governance in this category focus on the accuracy, completeness, and timeliness disclosure of corporate information including the financial positions, operating performance, shareholding structure, and corporate governance. The questions addressed in the assessment are as follows.

Questions	Description
Does the company have a transparent ownership structure?	There should be adequate public information on the company's ownership structure, including (1) – (4):
1. Breakdown of the shareholding structure	The company should disclose the shareholdings owned by the major and minority shareholders (e.g., top 10 shareholdings).
2. Is it easy to identify beneficial ownership?	The disclosure of shareholding structure should make it easy to identify the beneficial shareowner. In the case of the holding companies, the owners must be identifiable according to the SEC rule. The nominee holdings should be no more than 5% of the total shares outstanding.
3. Does the company disclose the direct and indirect (deemed) shareholdings of directors?	The company should disclose the direct and indirect (deemed interest by spouse and children) shareholdings of the directors in the annual report.
4. Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	The company should disclose the direct and indirect (deemed interest by spouse and children) shareholdings of the senior management in the annual report.

Questions	Description
Please assess the quality of the annual report, in particular, the following (5) – (21):	The reports on each topic should be clear, comprehensive, and informative.
5. Does the annual report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?	The annual report should contain a statement confirming the company's full compliance with the code of good corporate governance and where there is non-compliance, identify and explain reasons for such issues.
6. Corporate objectives	The company should disclose the corporate objectives or long-term goals (with more than 3 years projection) in the annual report.
7. Financial performance	The company should provide an analysis of the company's financial position and operating performance (e.g., MD&A with reasons and causes of the changes).
8. Non-financial performance indicators	Examples include the customer satisfaction index and market shares with numerical figures.
9. Business operations and competitive position	The company should describe its business operations and analyze its competitive position and potential in the industry.
10. Corporate group structure (N/A for a company that does not belong to a corporate grouping)	The company should disclose its corporate group structure (if any) with the shareholding percentages identified.
11. Key risks	The company should provide a discussion of the major risk factors on the company's business operations including the causes, effects, and preventive measures.

Questions	Description
12. Dividend policy	
13. Details of whistle-blowing policy	
14. Board member background	Full description includes (1) names, (2) age, (3) position, (4) educational background, (5) work experience, (6) shareholdings, (7) numbers of board positions in listed and non-listed companies – showing them separately, and (8) the date (day/month/year) that a director was first appointed.
15. Identification of independent directors	In the directors' profile or name list, it should indicate who the independent directors are.
16. Basis of the board remuneration	The board compensation basis can be by type (e.g., retainer fee & meeting allowance), by position (e.g., Chairman & members), and by duty (e.g., board of directors and the Audit, Nomination, and Remuneration Committees).
17. Basis of the key executives remuneration	The company should disclose the policy, forms, and (aggregate) amount of the compensation offered to the top executives.
18. Disclosure of individual directors' remuneration	The company should disclose the amount and types of remuneration given to each director.
19. Number of board of directors meetings held during the year	
20. Board meeting attendance of individual directors	The company should make available the information of the meeting attendance for each director at the board of directors or Board Committee meetings.
21. Training and continuing education programs attended by each director in the last year.	The company should encourage each director to attend the development and training programs to enhance the directorial performance and disclose the attendance information in the annual report.

Questions	Description
22. Does the company fully disclose details of the related-party transactions in the public communication?	When there are related-party transactions, the company should disclose the (1) names of the related parties, (2) relationship and types of transactions, (3) pricing policy and condition, and (4) values of the transactions.
23. Does the company have a specific policy requiring directors to report their shareholding and transactions of company shares to the board of directors?	The company should disclose a policy requiring directors to report their shareholdings and transactions of company shares to the board of directors.
24. Does the company disclose trading in the company's shares by insiders?	The company should disclose the trading information, if any, of the company's shares by insiders by showing the holding levels at the beginning and at the end of the year together with the aggregate changes during the year in the annual report.
25. Does the company have a policy requiring directors to report possible conflicts of interest?	
26. Does the company disclose its policy covering the review and approval of material/significant RPTs by the board of directors or Audit Committee?	
27. Does the company perform an annual audit using independent and reputable auditors?	The company should appoint an auditing firm that is independent and with acceptable qualified auditors approved by the SEC.
28. Are audit fees disclosed in the annual report?	
29. Are the non-audit fees disclosed in the annual report?	

Questions	Description
30. Are there any accounting qualifications in the audited financial statements apart from the qualification on uncertainty of economic situation?	The company's audited financial statements should receive a clean (unqualified) opinion from the auditors. Otherwise, a question on the transparency may arise.
31. Is the annual report released within 120 days from the financial year end?	
Does the company offer multiple channels of access to information? Multiple channels include (32) – (36):	The company should establish effective channels to communicate with shareholders / investors to ensure that material information is disclosed to interested parties symmetrically.
32. Annual report	
33. Quarterly reports	
34. Company website	
35. Analyst briefing(s) /Opportunity Day	
36. Press conference(s) / press briefing(s)	
37. Was the financial report disclosed in a timely manner during the past year?	
Does the company have a website disclosing up-to-date information? Information on (38) – (50):	The Internet is considered one of the most effective and economical ways to communicate the corporate information.
38. Business operations	
39. Financial statements	
40. Press releases	
41. Shareholding structure	
42. Organization structure	

Questions	Description
43. Corporate group structure (N/A for a company that does not belong to a corporate grouping)	The company should disclose its corporate group structure (if any) with the shareholding percentages identified on the website.
44. Information on the board of directors and management	
45. Information on the investor relations	
46. Company's constitution (company's by-laws, memorandum and articles of association)	
47. Downloadable annual report	
48. Notice to call shareholders' meeting	
49. Minutes of the annual general shareholders' meeting	
50. Be provided in both Thai and English	
51. Does the company provide contact details for a specific Investor Relations person or unit that is easily accessible to outside investors?	The company should establish an Investor Relations function to communicate with the shareholders and potential investors. Information of a contact person should be available in the annual report and on the website.
52. Was there any record of sanctions by the SEC requiring the company to revise its financial statements during the past year? (Penalty)	
53. Does the company disclose the details of the CEO compensation? (Bonus)	

Board Responsibilities

This category concentrates on the role and duties of the board of directors in guiding the company's operating direction, monitoring the management, and showing accountability to the company and its shareholders. The assessment criteria are as follows.

Questions	Description
1. Does the board of directors have the company's own written corporate governance rules that clearly describe its value system and board responsibilities?	The corporate governance rules should reflect a value-oriented management of the company which takes the interests of the shareholders into account. The corporate governance rules should also reflect the vision and responsibilities of the board.
2. Does the board of directors provide a code of ethics or code of conduct and disclosed all details?	The company should set up a policy or code of ethics and encourage the directors, management, and employees to adhere to it.
3. Does the company disclose that all directors, senior management and employees are required to comply with the code?	
4. Does the company disclose how it implements and monitors compliance with the code of ethics or conduct?	
5. Does the board of directors have a corporate vision / mission?	The board of directors should determine the vision and mission for the company and this information should be available in the public communication.
6. Has the board of directors reviewed the vision, mission, and strategy in the last financial year?	The board of directors should review the company's vision, mission and strategies every year.

Questions	Description
7.Does the board of directors monitor the implementation of the corporate strategy?	The board of directors should ensure that the formulated corporate strategy has been implemented and that this information should be disclosed in the annual report.
8.Does the board of directors state a policy that limits five board seats in publicly-listed companies that a director can hold?	By taking too many director positions, a director's efficiency may be compromised. The board of directors should limit the number of director positions in the listed companies of no more than 5 board seats without any exception. Note that a limit of 3 board seats is even more preferred.
9.Does the board of directors state a policy that limits three board seats in publicly-listed companies that a director can hold? (Bonus)	
10.Does the board of directors state a policy that addresses the board positions in other firms held by the company's CEO/President/ Managing Director?	
11.Does the board of directors have a term limit of nine years or less for independent directors?	The board of directors should specify the term of services for the independent directors. It is suggested that a term limit of no more than 9 years is a good practice. Note that a term limit of no more than 6 years is even more preferred.
12.Does the board of directors have a term limit of six years or less for independent directors? (Bonus)	
13.Does the company have any independent directors who have served for more than nine years? (Penalty)	
14.Did the company fail to disclose the identity of the independent directors? (Penalty)	

Questions	Description
15. Is any of the directors or senior management a former employee or partner of the current external auditor (in the past 2 years)? (Penalty)	
16. Does the company have any <i>independent directors</i> who serve on more than five boards of publicly-listed companies?	
17. Does the company have any executive directors who serve on more than two boards of publicly-listed companies <i>outside of the business group</i> ?	
18. Does at least one non-executive director have prior working experience in the major industry the company is operating in?	
19. Does the SET/SEC have any evidence of non-compliance with SET/SEC rules and regulations during the past year?	Examples of non-compliance may include delay in publishing financial reports, retroactive approval by shareholders, non-compliance with rules regarding related-party transactions, and directors owning shares without reporting.
20. Does the company have a compliance unit? (Bonus)	
21. Does the board of directors have an internal audit (I/A) operation established as a separate unit in the company?	The board of directors should institute an internal audit (I/A) function as a separate unit in the company. If the I/A function is outsourced, the name of the responsible person in the company must be provided.



Questions	Description
22. Identify to whom the internal audit function reports to.	A good governance practice suggests that the internal audit operation should have a reporting line to the Audit Committee.
23. Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	
Assess the quality of the Audit Committee Report in the annual report.	The Audit Committee report should include information on (24) – (30):
24. Meeting	
25. Internal control	
26. Related party transactions	
27. Proposed auditors appointment	
28. Financial report review	
29. Legal compliance	
30. Overall concluding opinion	
31. Does the company disclose the board of directors diversity policy?	
32. Does the company disclose the criteria used in selecting new directors?	
33. Does the company disclose the process followed in appointing new directors?	

Questions	Description
34.Does the Nomination Committee undertake the process of identifying the quality of directors that aligned with the company's strategic directions? (Bonus)	The company should compile a director profile by considering if the candidate qualification is in accordance to the company's business strategies. A use of a skill matrix to identify the missing skills that the company needs is one example.
35.Does the company use professional search firms or other external sources of candidates when searching for candidates to the board of directors? (Bonus)	
36.Does the company provide an orientation to new directors?	A briefing on company's business and operations should be provided to a newly appointed director.
37.Does the company have a policy that encourages directors to attend on-going or continuous professional education programs?	
38.Have board members participated in the professional/accredited directors' training?	The company should encourage its directors to participate in the professional or accredited director's training programs. A participation rate of more than 75 percent of the total board members is recommended and should be disclosed in the annual report.
39.Does the board of directors encourage at least one director to regularly attend the continuing development programs or seminar for the directors in the last year?	The company should present a policy and evidence that at least one director attended the continuing development program or seminar for the directors last year in the annual report.
40.How many board meetings were held in the past year?	To ensure that the board of directors strictly monitors the firm operations, a board meeting of more than 6 times a year is recommended.

Questions	Description
41. What is the attendance performance of the board members during the past 12 months?	The company should encourage a participation of the board members in the board meetings. An average participation rate of more than 80 percent of the total attendance is recommended.
42. Does the company require a minimum quorum of at least 2/3 for board decisions?	
43. Are the board of directors meetings scheduled before or at the beginning of the year?	
44. Has each of the directors attended at least 75% of all the board meetings held during the year?	Each director should attend at least 75 percent of all board meetings held during the year.
45. Are board papers for the board of directors meetings provided to the board at least five business days in advance of the board meeting?	
46. Are there any meeting of non-executive directors in the absence of the management?	The company should organize a meeting of non-executive directors in absence of the management during the past year and disclose this information in the annual report.
47. Does the board of directors provide a risk management policy?	The board of directors has a duty to ensure that a risk management policy and risk management systems are in place.
48. Does the company disclose the internal control procedures and risk management systems it has in place?	

Questions	Description
49.Does the annual report disclose that the board of directors has conducted a review of the company's material controls and risk management systems?	
50.Does the annual report contain a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls and risk management systems? (Bonus)	
51.Does the company disclose how key risks are managed?	
52.Does the board of directors state a policy on conflicts of interest?	
53.Does the board of directors clearly distinguish the roles and responsibilities of the board and those of the management?	The roles and responsibilities of the board of directors and those of the top management (i.e., CEO) should both be disclosed in the annual report.
54.Are the types of decisions requiring board of directors' approval disclosed?	
55.Does the board of directors conduct an annual self-assessment?	
56.Does the company disclose the process followed in conducting the board assessment?	
57.Does the company disclose the criteria used in the board assessment?	
58.Is an annual performance assessment conducted of individual director?	



Questions	Description
59.Does the company disclose the process followed in conducting the individual director assessment?	
60.Does the company disclose the criteria used in the individual director assessment?	
61.Is an annual performance assessment conducted of all Board Committees?	
62.Does the board of directors conduct an annual performance assessment of the No. 1 Management (CEO/President /Managing Director)?	The board of directors should conduct an annual performance evaluation of the CEO and disclose the outcome in the annual report. It can be used as part of a determination of the CEO compensation.
63.Does the board of directors have a CEO succession plan in place?	The board of directors should request the CEO to present them the succession plan on a regular basis. The CEO and other top executives should align successors in case they cannot perform their duties.
64.Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy (i.e., the use of short-term and long-term incentives and performance measures) for its executive directors and CEO?	
65.Is there disclosure of the fee structure for non-executive directors?	
66.Do the shareholders (or the board of directors) approve the remuneration of the executive director (or the senior executives)?	

Questions	Description
67.Does the board of directors appoint a company secretary?	The function of the company secretary should be in place to serve the board of directors in areas of providing legal advice, taking care of the board's activities, and monitoring compliance to the board's resolutions.
68.Is the company secretary educated or trained in legal, accountancy or company secretarial practices?	
69.Is the Chairman of the board an independent director?	
70.Is the Chairman of the board also the CEO/President/Managing Director?	The Chairman of the board should not be the CEO/President/Managing Director (no CEO duality). There should be a separation between management and control to avoid conflicts of interest.
71.Are the role and responsibilities of the Chairman of the board disclosed?	
Does the board of directors appoint the Audit committee with independent members to carry out various critical responsibilities?	Duties, responsibilities, and policies relating to the Committee should be clearly stated.
72.Audit Committee exists? If yes, are the following items disclosed (73) – (77)?	
73.Charter/Role and responsibilities	
74.Profile/Qualifications	
75.Independence	

Questions	Description
76. Did the Audit Committee meet at least four times during the year?	
77. Is the attendance of members at the Audit Committee meetings disclosed?	
78. Does at least one of the independent directors of the Audit Committee have accounting expertise (accounting qualification or experience)?	
79. Does the Audit Committee have a primary responsibility for recommendation on the appointment and removal of the <i>external auditor</i> ?	
80. Does the appointment and removal of the <i>internal auditor</i> require the approval of the Audit Committee?	
Does the board of directors appoint the Remuneration Committee to carry out various critical responsibilities?	Duties, responsibilities, and policies relating to the Committee should be clearly stated.
81. Remuneration Committee exists? If yes, are the following items disclosed (82) – (86)?	
82. Charter/Role and responsibilities	
83. Is the Committee composed of a majority of independent directors?	
84. Is the Chairman of the Committee an independent director?	
85. Did the Remuneration Committee meet at least twice during the year?	

Questions	Description
86. Is the attendance of members at Remuneration Committee meetings disclosed?	
Does the board of directors appoint the Nomination Committee to carry out various critical responsibilities?	Duties, responsibilities, and policies relating to the Committee should be clearly stated.
87. Nomination committee exists? If yes, are the following items disclosed (88) – (93)?	
88. Charter/Role and responsibilities	
89. Does the Nomination Committee comprise entirely of independent directors? (Bonus)	
90. Is the Committee composed of a majority of independent directors?	
91. Is the Chairman of the Committee an independent director?	
92. Did the Nomination Committee meet at least twice during the year?	
93. Is the attendance of members at the Nomination Committee meetings disclosed?	
94. Does the board of directors appoint the Corporate Governance Committee or other Board Committee overseeing the corporate governance functions?	



Questions	Description
95.Does the board of directors appoint the Risk Management Committee (either at the Board or management level)?	
96.Does the board of directors comprise of at least five members and no more than 12 members?	
97.Does the company have at least one female independent director? (Bonus)	
98.How many board members are non-executive directors?	The board of directors should be consisted of at least 2/3 of non-executive directors.
99.Among the board of directors, how many are independent directors?	The company should appoint a high percentage of independent directors (more than 50 percent) on the board of directors.
100.Does the board of directors provide the definition of 'independence' for identifying independent directors in public communications?	The board of directors should term a definition for assessing independent directors more stringent than that is defined by the regulations with full description in the annual report. Additional qualifications can be characterized to suit the company's business operations.
101.Are the independent directors independent of the management and major shareholders?	
102.Does the company have a separate board of director's report describing their responsibilities in reviewing the firm's financial statements?	The board of directors should report their responsibilities in reviewing the company's financial statements. It should be reported together with the Auditor's report and the Audit Committee report.

Questions	Description
<p>103.Does the company provide an employee stock options scheme with (1) the exercise period over 3 years, (2) the strike price above the market price at the time of the award and (3) no concentration such that no particular individual received more than 5% of the award? (Bonus/Penalty)</p>	
<p>104.Did the company sign the declaration of the Private Sector Collective Action Coalition Against Corruption? (Bonus)</p>	
<p>105.Did the company publish the Board Committee Report for each Board Committee (only at the Board level) in the company's annual report? (Bonus)</p>	
<p>106.Has the company had any non-compliance cases regarding fraud/ethics in the past year? (Penalty)</p>	
<p>107.Have there been any instances where non-executive directors have resigned and raised any issues of governance-related concerns? (Penalty)</p>	
<p>108.Have there been major corporate scandals that point to weak oversight by the board of directors? (Penalty)</p>	

7. Information Sources for Assessment

This corporate governance assessment project is conducted from the perspectives of the outsiders who receive only the publicly available corporate information from the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and the published media. Thus, the information sources for assessment are:

1. The company's annual report
2. Annual information filing (Form 56-1)
3. Notice and minutes of companies' shareholders meeting
4. Information on the database by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission
5. Other publicly available information such the company's website

It is strongly recommended that the company prepares the corporate documents in both Thai and English and displays all on the company's website.

Note : IOD would like to ask for your cooperation to forward the above corporate documents for the CGR assessment in both Thai and English to the following address.

Research and Policy Department
Thai Institute of Directors Association
CMA. Building2, 2/9 Moo 4 Northpark Project,
Vibhavadi-Rangsit Road, Thung SongHong, Laksi,
Bangkok 10210, Thailand
Tel. : 66 2955 1155 Fax : 66 2955 1156-7
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Also, IOD would like to also for your collaboration in preparing the self-assessment report using the CGR criteria (CGR Checklist). Please feel free to contact the Research and Policy department for more information and guidelines.