

Guideline on Board's Oversight Role in Corporate Governance



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Introduction

One key role of the Board, the top leader of the organization, is to govern toward sustainable corporate value creation. With changing business environment, economic factors, technological advancement, and expectations of stakeholders, the scope and complexity of the Board's oversight roles have been affected. Therefore, corporate governance efficiency has been recognized as a crucial factor that will dominate Board effectiveness as well as performance of the organization.

To ensure that substantial matters are properly considered in details, the Board may consider nominating committees to weigh specific issues, screen information, and propose direction before submitting to the Board for final approval. Regarding corporate governance, the Board may consider nominating Corporate Governance Committee to support its

operations and advise the Board in determining policies and guidelines about good corporate governance and code of conduct. The Corporate Governance Committee will also oversee compliance while supporting and continuously driving for effective implementation in accordance with international principles. In practices, more listed companies nowadays have set up Corporate Governance Committees.

In this regard, the IOD deems appropriate to prepare this guideline to help the Board understand its oversight roles in corporate governance. This document can also be used as a guideline in nominating and assigning responsibilities to the Corporate Governance Committee in alignment with changing corporate governance trend.

• Thai Institute of Directors •





Working Committee on ESG

Guidelines for Boards 2021

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Section 1



Key Principles

Key Principles

- 1 The Board has a role to govern the company toward sustainable value creation, robust long-term earnings, and ethical business operation while respecting rights and be accountable to shareholders and stakeholders as well as being able to adapt to changing factors. *(See Guideline 1)*
 - 2 The Board should determine and review appropriateness and adequacy of the company's corporate governance policy and guidelines to ensure they align with the laws as well as local and international practices. It should evaluate the effectiveness of corporate governance compliance annually. *(See Guideline 1.1)*
 - 3 The Board should determine and review appropriateness and adequacy of the Code of Conduct. It should support the creation and drive ethical corporate culture while leading by example in corporate governance. *(See Guideline 1.2)*
 - 4 In case the Board deems appropriate to nominate Corporate Governance Committee to support relevant operations. The Board should ensure that Corporate Governance Committee members have proper knowledge, competencies, and qualifications to perform their duties. *(See Guideline 2.1-2.3)*
 - 5 The majority of Corporate Governance Committee members should consist of Independent Directors to ensure the performance of the committee is well-balanced and truly independent. *(See Guideline 2.1)*
 - 6 The Board should assign roles, duties, and responsibilities to the Corporate Governance Committee through written Charter. The committee should have key duties in supporting the Board to maintain efficient corporate governance system. *(See Guideline 2.2)*
 - 7 The Board should stipulate that Corporate Governance Committee meets at least twice a year. The committee should determine initial meeting agenda items before proposing to the Board for consideration. *(See Guideline 2.4)*
 - 8 The Corporate Governance Committee should regularly report meeting result to the Board so that the Board aware of key governance issues and offer advice for necessary decisions. *(See Guideline 2.5)*
 - 9 The Corporate Governance Committee should be evaluated at least once a year and it should submit performance report to the Board annually. *(See Guideline 2.5)*
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Section 2



Guidelines

Guideline 1 | Roles, duties, and responsibilities in corporate governance

The Board has a role to govern the company toward sustainable value creation, robust long-term earnings, and being able to adapt to ever-changing factors. At the same time, the Board must also ensure that the organization's business is operated ethically and take into account utmost benefits of stakeholders. The scope of corporate governance nowadays has changed and expanded to cover various matters in accordance with business environment and context. Therefore, the Board should ensure the organization has corporate governance system and fundamental mechanism to accommodate any situation. It should cover the following issues:

1.1 Policy, mechanism, and guideline on corporate governance

1.1.1 Policy determination

1.1.1.1 The Board should stipulate "Corporate Governance Policy" in written to provide criteria and guideline for the Board, management, and personnel at all levels so that they clearly understand the roles, duties, responsibilities, and authorities assigned to them. The policy should at least consist of

- Board-Related Policy that covers issues such as
 - Recruitment and determination of compensation for the Board and management.
 - Board independence from the management.
 - Board evaluation.
 - Board development.
 - Governance of subsidiaries and associates.
 - Stakeholder-Related Policy that covers issues such as
 - Equitable treatment of shareholders.
 - Encourage shareholders to exercise their rights.
 - Prevent usage of insider information.
 - Prevention against conflict of interests.
 - Responsibilities toward stakeholders.
 - Compensation for violation of rights.
 - Anti-corruption and measures against those violating the policy and guideline.
 - ESG-Related Policy as well as sustainable development, promotion of innovation within the organization, promotion of cybersecurity etc.
-

- 1.1.1.2 The Board should regularly follow corporate governance rules and regulations, issues, and trend from guidelines provided by regulators and leading organizations (both in the national and international levels) to consider setting corporate governance “policy and guideline” that match with the organization. It should also monitor implementation to ensure they align with standards and requirements. The Board should keep in mind that any stipulated policy and guideline must support the implementation of the organization’s “strategic direction and purposes”.

Example Principles of Corporate Governance in accordance with Organization for Economic Co-operation and Development (OECD)

1	Ensuring the basis for an effective corporate governance framework.	The corporate governance framework should promote fair and transparent market as well as efficient resource allocation. It should be in alignment with principles of the law and support effective enforcement.
2	The rights and equitable treatment of shareholders and key ownership functions.	The corporate governance framework should protect and facilitate shareholders in exercising their rights and ensure that all shareholders, including minority and foreign shareholders are able to exercise their rights and get equitable treatment.
3	The role of stakeholders in corporate governance.	The corporate governance framework should recognize rights of stakeholders in accordance with the laws or mutual agreements and encourage cooperation between the company and stakeholders for wealth creation and corporate sustainability.

***Example* Principles of Corporate Governance in accordance with Organization for Economic Co-operation and Development (OECD)**

4	Disclosure and transparency.	The corporate governance framework should ensure key information is accurately disclosed in timely manner. It should cover disclosures of financial situation, earnings, shareholding, and governance etc.
5	Responsibilities of the Board.	The corporate governance framework should provide strategic recommendation on effective governance over the management as well as the Board's roles, duties, and responsibilities toward the company and shareholders.

- 1.1.1.3 The Board should stipulate corporate governance policy and guideline that demonstrate principles and procedures to ensure compliance at all levels of the organization. However, the Board should ensure that guidelines for personnel of all levels are in synch and in the same direction to prevent potential confusion.
- 1.1.1.4 The Board should ensure that corporate governance “risks” or “incidents” are taken into account in the determination of policy and guideline.
- 1.1.1.5 The Board may consider appointing a “task force” comprising persons with interests in particular policy and guideline. This will give the persons opportunities to contemplate the essence as well as analyze the appropriateness and practicality of the policy and guideline before they take effect. Doing so could prevent and avoid future problems while ensuring that the policy and guideline can practically be implemented within the organization.
- 1.1.1.6 The Board should review the appropriateness and adequacy of corporate governance policy and guideline to ensure they are in alignment with the laws, local and international guidelines, and suggestions by regulators. The review should also take into account corporate governance issues “proposed by shareholders” on an annual basis.

***Example* Topics that should be included in Corporate Governance Policy**

1. Rights of shareholders.

2. Equitable treatment of shareholders.

3. Roles of stakeholders.

- Prevent usage of insider information.
- Prevention against conflict of interests
- Responsibilities toward stakeholders.
- Compensation for violation of rights.
- Anti-corruption

4. Disclosure and transparency.

5. Responsibilities of the Board.

1) Determination of roles and responsibilities of relevant persons in corporate governance aspect.

- Structure, composition, and qualification of the Board.
- Duties, responsibilities, and authorities of the Board.
- Report to shareholders
- Nomination of committees
- Duties and responsibilities of the Chairman.
- Duties and responsibilities of the CEO.
- Duties and responsibilities of the Corporate Secretary.

2) Determination of Board Process.

- Board meeting.
- Board calendar and agenda setting.
- Meeting documents.
- Meeting minutes.

3) Determination of Board Function.

- Set business goals of the organization.
- Ensure short- and long-term strategies are in place.
- Ensure policies and operating procedures are in place.
- Oversee the management.
- Set implementation reporting process.
- Ensure compliance with laws, rules, and regulations.

Example Topics that should be included in Corporate Governance Policy

- Ensure risk management, internal controls, and internal audit processes are in place.
- Oversee subsidiaries and associates.
- Ensure succession plan is in place.
- Set performance evaluation term of the CEO.

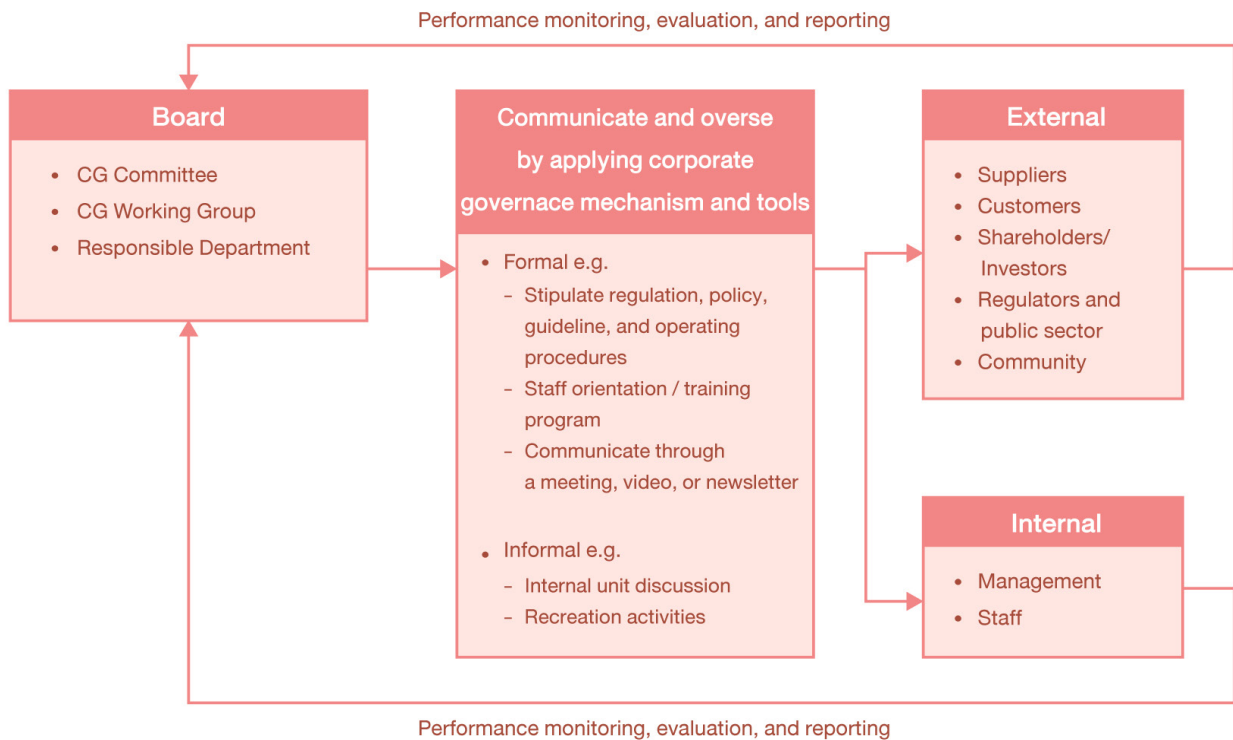
4) Determination of criteria to enhance Board Effectiveness

- Evaluate performance of the Board and Committees.
- Evaluate meetings of the Board and Committees
- Consider compensation of the Board and Committees
- Consider compensation of the CEO.
- Directors & Officers Liabilities Insurance.
- Board recruitment.
- Board orientation.
- Continuous support of the Board's knowledge development.

6. Compliance promotion and monitoring.

1.1.2 Governance mechanism and practices

- 1.1.2.1 The Board should see that the company has “mechanism or process” to ensure that performances of the Board, management, and staffs align with stipulated corporate governance policy and guideline. The Board should monitor and accommodate the company in communicating CG culture with personals at all levels so that they understand and comply.



1.1.2.2 The Board should evaluate corporate governance compliance effectiveness annually. It should audit to ensure that the company maintain its standard, has a process to continuously develop good corporate governance, and provide direction and suggestions needed for the development.

1.1.2.3 Such audit can be conducted internally through “corporate governance indicators”, used to track the effectiveness of existing mechanism and process such as

- Frequency and results of policy and guideline communication.
- Number of personnel attending events to communicate policy and guideline.
- Number of personnel attended corporate governance training.
- Number of incidents that violated corporate governance principles.
- Number of complaints against undesirable behaviors.
- Turnover rate concerning corporate governance.

In addition, the Board may consider an auditing process by “external agency” to enhance transparency of the organization and confidence of stakeholders.

- 1.1.2.4 The Board should ensure regular (overall) evaluation concerning corporate governance, the Board's performance, and corporate governance knowledge development of the Board etc. (at least once a year)

Remark More elaborated details about Board evaluation can be found in the Thai Institute of Directors' "Guideline on Board Evaluation and Development".

Example Corporate governance red flags in Board level

1	The Board does not monitor regulations, criteria, or standards concerning corporate governance.
2	The Board meeting agenda has no item for consideration regarding corporate governance issue.
3	No clear indication of the roles and responsibilities of the Board.
4	The company's annual report does not reflect information disclosed in accordance with corporate governance principle.
5	Lack of director with knowledge and comprehension about corporate governance standard or guideline.

Source: *The Singapore Directors' Toolkit, Singapore Institute of Directors (SID), 2016*

- 1.1.2.5 With changing business environment due to factors such as economic crisis, pandemic, industry shift etc., the Board should consider the need to "adjust" corporate governance system in alignment with such changes and situation to maintain corporate governance system efficiency.

Example Questions to evaluate corporate governance system efficiency in the Board level (in case of crisis)			
No.	Questions	Yes	No
1	Have the Chairman's roles during crisis been clearly stipulated?		
2	Does the Board get a chance to consider the efficiency of its performance and adjust work process to match with the situation?		
3	Have succession plans for the Board, CEO, and senior management been reviewed?		
4	Have performance evaluation plans for the Board, CEO, and senior management been reviewed to match with their roles, duties and responsibilities in accordance with changing situations?		
5	Have strategic plan and operation targets been reviewed annually?		
6	Have comments of each director been equally considered?		
7	Does the Board has adequate expertise and experience to comprehend with the current business environment...Has the company considered hiring additional experts as necessary?		
8	Does the Board Composition has sufficient diversity to comprehend with real problem?		
9	Has the Board arranged informal meeting to enhance work collaboration?		
10	Does the Board clearly understand its oversight roles and have appropriate direction in working with the management under the situation?		
11	Has the Board prepared Business Continuity Plan, including outbreak or natural disaster? If so, has the plan been constantly tested?		
12	Has the Board been continuously developed to equip with up-to-date trends and new technologies?		
13	Have the Board reviewed corporate governance system for annual performance evaluation? (such as nomination of Ad Hoc committee, an increase in meeting frequency etc.)		

Source: *Adaptive Governance During COVID-19: A Practical Guide*, National Association of Corporate Directors (NACD), 2020

1.2 Policy, mechanism, and guideline on Code of Conduct

- 1.2.1 The Board should stipulate policy or guideline on “Code of Conduct” to help personnel in all levels of the organization understand and comply, which will promote good corporate governance system and upgrade internal transparency.
- 1.2.2 “Code of Conduct” should indicate best practices in the Board, management, and employee levels that reflect consciousness, responsibility and ethical performance while forging desirable “corporate culture”. It should connect and conform to the organization’s vision, objectives, goals, or strategies while it should also have clear process to help personnel at all levels to concretely implement.
- 1.2.3 The Board should accommodate and drive “Ethical Culture” by being a Role Model in corporate governance, complying with the Code of Conduct, and resolving any potential “Conflict of Interest”.
- 1.2.4 The Board should regularly review appropriateness and adequacy of the essence in the “Code of Conduct” to ensure it aligns with changing business model and environment as well as laws, regulations, guideline, and comments from stakeholders. The Board may also take into account information from internal and external case study.

Example Code of Conduct

Section1	Introductory Letter by Chairman
Section2	Vision, Mission, Core Values
Section3	Code of Conduct can be divided into three types 1. Set by topics such as conflict of interest management, giving and receiving gifts, buy/sell the company’s securities etc. 2. Set by stakeholders such as shareholders, employees, customers, suppliers, lenders, community etc. 3. Mixed between type 1 and 2.
Section4	Implementation and Enforcement

Source: *Codes of Conduct Guidelines for Listed Companies*, Stock Exchange of Thailand (SET), 2006

Guideline 2 | Corporate Governance Committee Nomination

In case the Board deems appropriate to appoint "Corporate Governance Committee" to support relevant operations, it should ensure the Committee has proper composition. Roles, duties, and responsibilities of the Corporate Governance Committee should be assigned directly by the Board through written "Charter". (See Annex 1)

2.1 Corporate Governance Committee composition and qualifications

2.1.1 Key objective in appointing Corporate Governance Committee is to support the Board in the establishment of effective corporate governance system compatible with standards set by leading organizations as well as domestic and international guidelines.

In case the Board deems appropriate to appoint "Corporate Governance Committee", the Board should ensure the Committee comprises of persons with appropriate qualifications to perform duties, understand business model, and possess knowledge as well as expertise in corporate governance.

2.1.2 The Corporate Governance Committee should have at least three members, more than half of which should be Independent Directors.

2.1.3 Chairman of the Board should not assume the role of "Chairman" or "Member" of the Corporate Governance Committee. This will ensure the performance of Corporate Governance Committee is properly weighed and truly independent. It will also avoid adding unnecessary burden on the Chairman and allow the Chairman to fully perform the role as "leader of the Board".

2.1.4 Corporate Governance Committee Chair should be independent director who has no conflict of interest with the company and also has no interest in the company. This particular position is crucial in enhancing long-term performance of the company as well as retaining relationship and harmonizing interests of shareholders and other stakeholders. Therefore, the independence of Corporate Governance Committee Chair is crucial in creating confidence and trust among stakeholders that they will be treated fairly and equally.

2.1.5 Members of the Corporate Governance Committee should have overlapping terms so that their terms will not end at the same time. It would be good if some members have experiences in the Corporate Governance Committee so that they can pass on principles, knowledge, and useful advices to other committee members.

- 2.1.6 The Corporate Governance Committee may appoint a person to act as “Secretary of the Corporate Governance Committee”, which could be any executive in the corporate governance field or anyone deems appropriate by the Corporate Governance Committee, to assist in relevant operations.

2.2 Roles, duties, and responsibilities of Corporate Governance Committee

- 2.2.1 The Corporate Governance Committee is tasked to support and relieve burden of the Board in sustaining effective corporate governance mechanism. (as mentioned in Guideline 1)

- 2.2.2 Given expansive context of corporate governance nowadays, Boards of certain businesses also assigned other duties and responsibilities to the Corporate Governance Committee such as

- 2.2.2.1 Oversees effective anti-corruption measures/operations that fit with the organization’s context to ensure the management and personnel of all levels recognize, emphasize, and strictly comply with the measures.

Remark See further details in Thai Institute of Directors’ “Guideline for Board’s Oversight Role in Anti-Corruption”

- 2.2.2.2 Monitors “Compliance” practices to ensure that compliance policy and guideline as well as whistleblowing channels and measures to respond to complaints are effective. Any significant compliance issue should be reported to the Corporate Governance Committee.

- 2.2.2.3 Oversees and provides recommendations about “sustainability management” in accordance with international standards as well as reviews operational direction to ensure it aligns with changing situation and environment.

- 2.2.2.4 Oversees operations concerning corporate social responsibility and stakeholders in accordance with good governance principles by providing recommendations and continuously monitoring performances while ensuring that communication channels are in place to create confidence among shareholders and establish appropriate stakeholder engagement.

2.3 Terms of office

- 2.3.1 The Board should clearly stipulate the terms of Corporate Governance Committee in alignment with terms of the Board.
- 2.3.2 In case committee member resigns, terminates membership, or has any reason to leave the membership and consequently make the number of Corporate Governance Committee less than three, the Board should consider nominating other qualified director who has no prohibited characteristics to fill in the position and allow the Corporate Governance Committee to perform its duties continuously. However, the newly appointed committee member will stay on the position for as long as the remaining term of the outgoing member.

2.4 Meetings of the Corporate Governance Committee

- 2.4.1 The company should stipulate that the Corporate Governance Committee meets at least twice a year. The Corporate Governance Committee Chair may call additional meetings as deem appropriate. However, the Corporate Governance Committee should set meeting dates in advance in the Annual Board Calendar.
- 2.4.2 The Corporate Governance Committee should work with Secretary of the Corporate Governance Committee to set (initial) meeting agenda before proposing to the Committee to consider. The Corporate Governance Committee meeting agenda should cover the following topics:

Example of meeting agenda		Period	
		Jan - June	July - Dec
1	Corporate governance direction, trend, and challenges	x	
2	Review corporate governance policy and guidelines as well as the Code of Conduct.	x	
3	Review Corporate Governance Committee Charter.	x	
4	Direction and process of Board Orientation and Board Development.	x	
5	Performance evaluation of the Corporate Governance Committee and evaluation of the corporate governance system.		x

Example of meeting agenda		Period	
		Jan - June	July - Dec
6	Report performance evaluation result of the Corporate Governance Committee and evaluation result of the corporate governance system.		X
7	Complaints and comments of stakeholders concerning corporate governance.		X
8	Operating plan of the Corporate Governance Committee in the next year.		X

- 2.4.3 The meeting invitation letter should clearly state meeting date, time, venue, agenda, and attached with meeting documents. They should be delivered to the Corporate Governance Committee members and relevant persons at least seven days ahead of the meeting date. Should additional agenda item arises, more meeting can be arranged as deem appropriate.
- 2.4.4 Each member of the Corporate Governance Committee should attend meetings at least 75% of total meetings held each year. The meeting “quorum” should consist of at least half of the Committee who should be independent directors.
- 2.4.5 “Meeting resolution” will base on majority vote of attending committee members. Each member has one equal vote and in case of tie vote, Chairman of the meeting will cast an additional vote to break tie.
- 2.4.6 Committee member with conflict of interest should abstain from voting or leave the meeting when the Committee considers agenda item that the particular member has conflict of interests.
- 2.4.7 In case the Chairman of the Corporate Governance Committee is unable to attend the meeting, committee members may nominate one of the independent directors to act as “Temporary Chairman” of the meeting.
- 2.4.8 The Corporate Governance Committee may invite the management as well as other relevant persons to join the meeting in certain agenda items in order to seek information as necessary. In case the company set up a “task force” to support the Corporate Governance Committee, the task force should also attend the meeting.
- 2.4.9 “Secretary of the Corporate Governance Committee” must attend all meetings to record and prepare meeting minutes. In case the Secretary of the Corporate Governance Committee is unable to attend the meeting, the Corporate Governance Committee may assign other person to assume such roles instead as deem appropriate.

2.5 Report to the Board

- 2.5.1 The Corporate Governance Committee should regularly report meeting results to the Board to keep the Board informed about its performance and key governance issues as well as useful comments for the Board's decision.
- 2.5.2 The Corporate Governance Committee should prepare "Annual performance report of the Corporate Governance Committee" and submit to the Board annually. The report should be signed by the Corporate Governance Chair and be disclosed in the annual report along with details in other aspects such as
- 2.5.2.1 Roles of the Corporate Governance Committee.
 - 2.5.2.2 List of the Corporate Governance Committee members.
 - 2.5.2.3 Number of Corporate Governance Committee meetings in the past year.
 - 2.5.2.4 Meeting attendance statistics of each Corporate Governance Committee member.
 - 2.5.2.5 Performance evaluation result of the Corporate Governance Committee.
 - 2.5.2.6 Continuous knowledge development of the Corporate Governance Committee.
- 2.5.3 Performance of the Corporate Governance Committee should be evaluated annually to review past direction and indicate any problem or challenge. It should then be reported to the Board to seek ways for improvement and enhance efficiency. *(See Annex 3 for examples of issues to be used in self-evaluation of Corporate Governance Committee)*
- 2.5.4 The Corporate Governance Committee should encourage the company to disclose "Directions in reviewing, monitoring, and ensuring compliance with laws, rules, regulations, and guidelines as well as ways to promote personnel at all levels to comply with corporate governance policy and Code of Conduct" in the annual report.

Checklist: Performance of Corporate Governance Committee

No.	Topics	Yes	No
1	Has the Corporate Governance Committee drafted "Charter" that indicated objectives, goals, and responsibilities?		
2	Are members of Corporate Governance Committee qualified "independent directors" as per specified in the criteria?		

Checklist: Performance of Corporate Governance Committee			
No.	Topics	Yes	No
3	Has the Corporate Governance Committee drafted corporate governance "policy and guidelines" and presented to the Board for approval?		
4	Has the Corporate Governance Committee prepared "meeting minutes" of the committee and report its performance as well as suggestions to the Board on a regular basis?		
5	Has the Corporate Governance Committee conducted self-evaluation of its performance and report to the Board annually?		
6	Has the Corporate Governance Committee "monitored" compliance of corporate governance policy and Code of Conduct?		

Source: *The Onboarding Book*, National Association of Corporate Directors (NACD), 2012

Annex

Annex 1 Example of Corporate Governance Committee Charter

Objectives

The Corporate Governance Committee supports the Board in determination of corporate governance policy and guidelines in accordance with international corporate governance principles. It also supports personnel at all levels to adhere and comply with corporate governance principles as well as Code of Conduct for the company to grow sustainably with effective, transparent, and accountable management while being responsible for the society and environment so as to enhance confidence of all stakeholders.

Composition, nomination, and qualifications

1. Composition and nomination

- Comprise of at least three members, more than half of which should be independent directors. Those not being independent directors should be non-executive directors.
- Comprise of at least three non-executive directors, at least half of which must be independent directors.
- The Board will consider and appoint members of Corporate Governance Committee.
- The Corporate Governance Committee will select one of its members who is independent director to chair the committee.
- Management responsible for corporate governance or assigned management will serve as Secretary of the Corporate Governance Committee.

2. Qualifications

- Corporate Governance Committee member can contribute adequate time and able to use appropriate knowledge and experience to consider freely in performing roles of committee member.
- Corporate Governance Committee member is generally trusted and accepted.

Terms and Retirement

1. Terms of office

- The Corporate Governance Committee has similar term as the Board.
 - When Corporate Governance Committee completes the term or should there be any incident that makes any committee member unable to complete the term, the Board may nominate new committee member to fulfill the position within three months since the vacant date of committee member to ensure continuity of the committee's operations.
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2. Retirement

- Corporate Governance Committee shall vacate office immediately upon
 - death
 - resignation
 - vacate from directorship
 - lacking of qualification to be member of Corporate Governance Committee
 - resolution by the Board to vacate office
- Resignation of Corporate Governance Committee member must be tendered in advance to the Chairman of the Board.

Duties and responsibilities

1. Determine corporate governance policy, guideline, Code of Conduct in accordance with relevant laws, regulations, criteria, as well as domestic and international standards and guidelines.
2. Oversee and monitor to ensure the company's operations are in alignment with stipulated policy and guideline.
3. Ensure that good governance culture and Code of Conduct have been communicated with personnel at all levels to comprehend and comply.
4. Review corporate governance guideline and Code of Conduct by comparing with international standards and propose suggestions to the Board for continuous improvement of the company's corporate governance standard.
5. Review and approve performance evaluation form of the Board and approve evaluation result for further submission to the Board.
6. Consider ways to conduct Board training and Board development.
7. Oversee effective anti-corruption procedures that match with the company's business.
8. Oversees compliance.
9. Regularly review Corporate Governance Committee Charter.
10. Performs other tasks assigned by the Board.

In performing duties, Corporate Governance Committee may seek comments from independent professional advisor or appoint working committee as deem necessary and appropriate. It may also arrange for committee members to get training and enhance knowledge related to committee performance at expenses of the company.

Meetings

1. Meeting frequency

- The Corporate Governance Committee must meet at least quarterly and may arrange additional meeting as deem appropriate by the Corporate Governance Committee Chair.
- The Corporate Governance Committee Chair may call extraordinary committee meeting when asked by committee member or the Chairman of the Board to consider agenda item that needs to be jointly discussed.

2. Meeting attendance

- At least half of the Corporate Governance Committee members must be present to meet the quorum and the Corporate Governance Committee Chair will chair the meeting.
- In case the Corporate Governance Committee Chair is not present or unable to perform duties, attending committee members may select one committee member to chair the meeting.
- Secretary of Corporate Governance Committee must attend all meetings. In case the Secretary is unable to attend the meeting, the company may assign other person to attend the meeting on behalf of the secretary.
- Member of Corporate Governance Committee that has conflict of interest in agenda item being considered must inform the meeting, abstain from voting, and leave the meeting room.
- The Corporate Governance Committee has authority to invite the management, responsible department, or any other related persons to attend the meeting or ask them to clarify relevant matters.

3. Voting

- The meeting resolution will base on majority vote of attending committee members. Each member has one equal vote and in case of tie, Chairman of the meeting will cast an additional vote to break tie.

4. Meeting Minutes

- The Secretary of Corporate Governance Committee or other assigned person will take meeting minutes.

Corporate Governance Committee Report

1. The Corporate Governance Committee must report meeting result (or any other issues that the Board should aware) to the Board on a regular basis.
2. The Corporate Governance Committee must disclose information about the company's good corporate governance and report performance of the committee in the annual report.

Performance evaluation

The Corporate Governance Committee conducts performance evaluation at least once a year and should submit performance report to the Board on an annual basis.

Committee Remuneration

The Corporate Governance Committee will receive remuneration that matches with duties and responsibilities as approved at the annual general shareholders' meeting.

Source: The Governance Committee: Driving Board Performance Best Practices and Key Resources, National Association of Corporate Directors (NACD), 2007



Annex 2 Example of questions concerning corporate governance

No.	Questions
1	Does the Board composition has appropriate diversity for efficient operations?
2	Does annual Board performance link with key responsibilities listed in Board Charter?
3	Has the Board regularly reviewed Board Charter to make it align with changing business environment?
4	Which unit is tasked to ensure the company's operations comply with good governance principles?
5	Does the company has a process to respond to more stringent governance standard?
6	Does the Board recognize corporate culture required to accommodate the company's long-term goals and achievements.
7	What are current expectations of shareholders about corporate governance?
8	Has the management recognized expectations of institutional investor in corporate governance aspect?
9	In case the company operates in many countries, has the management recognized the differences of corporate governance standards in each region?
10	Has the Board received report from the management about significant changes in laws, rules, regulations, or corporate governance standards?
11	Have business ethics, code of conduct, and compliance with rules and regulations been reviewed continuously to align with changing business environment, laws, and regulations?
12	Has process to oversee business ethics, code of conduct, and compliance with rules and regulations been audited by external advisor or expert?
13	Does the company has process to train or educate Board properly and continuously?
14	How does the Board demonstrate Ethical Leadership?
15	How does the Board communicate "appropriate business guideline" with employees?
16	Does the company provide sufficient training and education for its employees to aware and comprehend with business ethics and code of conduct?
17	Does the management has process/procedure in communicating "values" and "expected behaviors" to make employees throughout the organization understand them clearly?
18	Has the Board conducted self-audit/evaluation regularly?
19	Does the company has a mechanism to deal with incident concerning violation of rules, regulations, business ethics, or code of conduct?

Source: *Guidance on Board Effectiveness*, Financial Reporting Council (FRC), 2018 และ *The Singapore Directors' Toolkit*, Singapore Institute of Directors (SID), 2016

Annex 3 Example of issues for self-evaluation of the Corporate Governance Committee

Issues	
1	<p>Overall</p> <ul style="list-style-type: none"> The Corporate Governance Committee is committed to perform with accountability to shareholders and stakeholders. The Corporate Governance Committee prudently performs oversight role in corporate governance.
2	<p>The Right Structure</p> <ul style="list-style-type: none"> The Corporate Governance Committee reviews its Charter and propose to the Board for approval annually. The Corporate Governance Committee comprises mainly of independent directors. Composition of the Corporate Governance Committee consists of directors with qualifications that match the roles and responsibilities. The Corporate Governance Committee conducts self-evaluation and reports the evaluation result to the Board annually.
3	<p>The Right Culture</p> <ul style="list-style-type: none"> The Corporate Governance Committee has work culture that opens for straight forward comments and decision making.
4	<p>The Right Issues</p> <ul style="list-style-type: none"> The Corporate Governance Committee develops corporate governance policy and guideline then propose to the Board for approval. The policy and guideline are being reviewed annually or as deem appropriate. The Corporate Governance Committee regularly reviews policy and guideline concerning Code of Conduct.
5	<p>The Right Information</p> <ul style="list-style-type: none"> The Corporate Governance Committee receives complete and timely information from members and uses them to consider issues properly. The Corporate Governance Committee studies and comprehends fully with relevant information and make decision effectively. The Corporate Governance Committee ensures the management present relevant information properly and in timely manner. Members of the Corporate Governance Committee uses information effectively. The Corporate Governance Committee ensures that each committee member receives continuous training and development in issues concerning corporate governance.

Issues	
6	The Right Process
	<ul style="list-style-type: none">• The Corporate Governance Committee reports its performance and suggestions to the Board after each meeting.• The Corporate Governance Committee receives adequate and appropriate information (such as meeting agenda, minutes of previous meeting etc.) well ahead of the meeting.• The Corporate Governance Committee requires that minutes are recorded in each meeting.• The Corporate Governance Committee takes part in the development and provides suggestions to the Board about the performance evaluation of the Board/Committees.
7	The Right Follow-Through
	<ul style="list-style-type: none">• The Corporate Governance Committee ensures a work plan has been in place to track progress and compliance of its suggestions.• The Corporate Governance Committee performs duties beyond meeting.

Source: *The Onboarding Book*, National Association of Corporate Directors (NACD), 2012

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