

# Good Corporate Governance

CAT Telecom Public Company Limited introduced the 7 principles of Good Corporate Governance (CG), internationally accepted as standards, to be used in the management of business in order to achieve sustainable growth based on transparency, accountability, and fairness to all parties. CG performance can be summarized as follows:

## 1. Good Corporate Governance Policy

The Board of Directors has appointed CAT Good Corporate Governance Committee comprising Professor Thosaporn Sirisumphand as Chairman; Mr.Montri Sontangkur as Vice Chairman; Colonel Assistant Professor Dr. Sanpachai Huvanandana, Mr.Taweessin Hirunwatsiri, and Mr.Kittisak Sriprasert as members. CAT Good Corporate Governance Committee set up another committee, CAT Good Corporate Governance Working Committee, which comprises the President working as chairman, all Senior Executive Vice Presidents, and Vice President of concerned departments as members, to promote CG policy through internal communication and various activities. In 2013, CAT Board of Directors, executives and staffs participated in CG activities under 4 strategies as follows :

**Strategy 1 :** To promote awareness of CG and foster CG values in government offices and public administration

**Strategy 2 :** To encourage all units to prevent and fight against corruption by establishing “networks” to exchange information and news.

**Strategy 3 :** To strengthen anti-corruption measures such as improving check and balance system, enhancing Internal Audit performance, campaigning on regulations awareness and complaints handling.

**Strategy 4 :** To develop employee capability for preventing and combating corruption.

Activities can be summarized as follows:

1. Reviewed and updated the Company's CG ethical standard and code of conduct in accordance with the CG principles of State Enterprise Policy Office (GLO) and the Stock Exchange of Thailand (SET).
2. Reviewed and updated CAT Good Corporate Governance Committee Charter in accordance with universal CG practices.
3. Developed CG Master Plan year 2014-2017
4. Developed CG Action Plans year 2014
5. Three new members of the Board of Directors signed CG principles documents as a gesture of adherence to the principles.
6. Set out CG roadmap
7. Internal Communication: organized PR activities such as providing information on CG via internal public announcement system every Monday morning, publishing articles in CAT Club magazine, holding CG slogan contest, and providing communication channels for feedback/comments on CG from both within and outside the Company.
8. Provided continuous training in CG principles, held special lectures by highly qualified experts and scholars, as well as visited internal and external organizations as follows:

### 8.1 Special Lectures

- Titled, “How to Reform Corporate Transparency” by Mrs.Kobkan Suriyasat Wattavarangkul, Deputy Chairman of the Thai Chamber of Commerce and Board of Trade of Thailand
- Titled, “The Role of the Board and Executives to Drive Good Corporate Governance” by Dr.Worapat Totanakasarn, member of Subcommittee on Corporate Governance Development Center for SET Listed Companies.

### 8.2 Study Visits

#### Internal Units

- CAT Customer Service-Southern Region Department (Phatthalung -Hat Yai)
- CAT Sirindhorn Satellite Station and CAT Customer Service Ubon Ratchathani.

#### External Units

- Metropolitan Electricity Authority
- Thailand Oil Company Limited (Thailand)

9. Arranged CG exhibition in CAT Day 2013. The event is organized for the purpose of presenting the Company's products, services, knowledge and the performance of various departments. Apart from CG exhibition, a stage play about the importance of CG was written and performed by employees.

## 2. Rights of Shareholders

CAT recognizes that shareholders are the owners and have the rights to appoint a committee to act on their behalf. Therefore, the Board must protect the rights and interests of shareholders in accordance with the provisions of laws and the Company's regulations, for example, the right to attend shareholders' meetings; and the right to obtain complete, sufficient, and timely information for effective decision making.

## 3. Rights of Stakeholders

CAT places great importance on looking after all groups of stakeholders such as shareholders, clients and the general public, business partners, competitors, creditors, employees, and the society and environment. This is clearly specified in writing as a guideline for Board members, executives, employees to follow in response to the specific needs of each group of stakeholders.

## 4. Shareholders' Meetings

CAT is a public limited company wholly owned by the Ministry of Finance. According to Section 23 of the Corporatization of State Enterprise Act, B.E. 2542 (1999) specified, “while the Ministry of Finance has yet to transfer shares to other entities, the Ministry's opinion in relation to the said corporation shall be regarded as a resolution of shareholder general meetings”. Therefore, CAT notifies the Ministry of Finance about shareholder meetings to seek the Ministry's opinion as a resolution at such meetings.

## 5. The Board's Self-Evaluations

The Board must conduct 2 types of self-evaluations twice every year including each member's self-evaluation and the Board's effectiveness evaluation, based on the Ministry of Finance's state enterprise CG criteria. Following the Board's self-evaluation, a formal discussion is held to consider the evaluation results and determine operation guidelines to enhance the Board's performance.

## 6. Business Ethics

CAT Board of Directors set ethical standard and code of business conduct for Board members, executives, and employees to adhere to. The guidelines recommend that all must perform their duties with integrity, transparency, accountability and morality to obtain the greatest benefit of the Company and fairness to all groups of stakeholders. To create positive impression and increase customer satisfaction, all must avoid any conflict of interest arising from their positions, and regularly assess and improve performance.

## 7. Non-Executive Board Members' Counterbalance

CAT Board of Directors comprises 11 members. Ten of them are not executives of the Company and only one is an executive position. For this reason, stakeholders can be confident that CAT Board of Directors can function independently.

## 8. Separate of Combined Position

The chairman of the Board is a different person from the president. There is a clear separation among policy determination, supervision, and administration.

## 9. Internal Control and Audit System

### Internal Control

CAT Board of Directors realizes that the internal control is aimed to promote positive control environment, effective communication and information management, and efficient monitoring and evaluation system for both executive and operation levels to improve the Company's performance including overall risk management. The Risk Management and Internal Control Committee plays an important role in assessing risks and managing organization risks at an acceptable level. The committee is also tasked to develop effective risk management; educate and stimulate employees to realize the importance of risk management; and be responsible for arranging an internal control system covering all aspects including finance, performance, and operations conforming to related laws and regulations.

### Internal audit

CAT Board of Directors assigns the Audit Committee to closely supervise the internal audit by providing the Internal Audit Bureau with an independent audit mechanism, which is an important mechanism for Good Corporate Governance. The Internal Audit Bureau assesses the efficiency and adequacy of internal control system and risk management process in accordance with annual audit plan. The Bureau quarterly reports its findings to the Audit Committee, the executives, and related persons to ensure effective operation and optimal resource management; correct and reliable financial and operational statements; and compliance with policies, laws and regulations of the company and related parties. There are quarterly follow-up of agreed actions brought up by the committee to ensure that its recommendations are fully implemented. Furthermore, CAT Board of Directors also gives suggestions to executives for the improvement of the internal control and auditing.

The Internal Audit Bureau regularly carries out evaluation of its own audit performance by audited units and takes all recommendations to further improve its auditing.

## 10. Investors Relations

CAT fully discloses both financial and non-financial information in accordance with the Official Information Act, B.E. 2540 (1997) in the annual report and also on CAT website ([www.cattelcom.com](http://www.cattelcom.com)) in Thai and English. There are also printed materials for both internal and external distribution, and official information centers to disseminate essential information.