

- For the case in court, BMTA may exercise the right to countersuit and claim for the loss according to the contract. BMTA had issued claim letter to the partners for 107 million Baht, which BMTA had to prove for any loss that occurred. The partners could defend the case in Central Administrative Court and Supreme Administrative Court (which the process would take at least 4-8 years). If the court gave judgement in favor of BMTA in the Supreme Administrative Court, the partners would be liable for payment of the claim, and the payment might be adjusted lower depending on the court's consideration. On the other hand, if the case were dismissed by the Supreme Administrative Court, the case would be terminated immediately.
 - All expenses relating to the case proceedings has been recorded as the cost of the company.
 - The partners have devices that have not been installed. These devices have been evaluated and certified the quality, and depreciation has not yet occurred. The value of the devices are 346 million Baht. The devices are prepared to be installed for BMTA as stated in the conciliation negotiation in a timely manner. If the negotiation were not successful, the associates would still be able to use the devices with other government and private mass transportation projects. And it is anticipated to gain economic benefits in the future.
- (2) In the case of the final judgement given in favor of the partners
- The case in court will be immediately terminated.
 - The partners may receive legal remedy for the loss with interest, and payment of compensation for the opportunity cost with the amount of 1,556 million Baht, and reimbursement of contract security deposit of 166 million Baht. However, the legal remedy for damages depends on the court's decision.



Corporate Governance

6. Corporate Governance Policy

The Company's Board of Directors concern to the significant of The Principle of Good Corporate Governance for the transparency, able to be audited, and building the investors' confidence. The Company shall regularly disclose the information to the public and to the shareholders. In addition, the Company lends the significant to the controlling system and internal auditing. The Company attempts to control and to manage the risks closely, and concerns to the ethics the business operation.

The company is also monitoring the operation of Good Corporate Governance policy and company's code of conduct, by communication disclosed on the company's website for the acknowledgement of Committee, Executive Committee, all level employees and general parties.

It is for Good Corporate Governance. There is an internal auditor department and audit committee to constantly monitor the operation. As of December 31, 2020, it had no issue which does not comply with the policy above.

The Company has Closely Control and manage risks. And taking into account ethics in business operation by maintaining the fairness to the partners, the shareholders, and the stakeholders, with the details to be classified into 5 sections as follows

Section 1 : Rights of Shareholders

The Company's Board of Directors concern to the significant of the shareholders' rights as equitable, by not doing any action to violate or to deprive the shareholders' rights. The Company also accommodates

the shareholders in using the rights, and determines the directions in building the shareholders' confident for the protection of fundamental rights as follows:

- 1) The Company will inform as regular to the shareholders directly or through the SET systems, about the progress of business operation.
- 2) The arrangement of shareholders' meeting to be held at the place convenience in travelling, and at the proper date and time.
- 3) The Company will send in advanced of not less than 7 or 14 days the invitation letter to attend the meeting to the shareholders, in compliance with the company's regulations and/or designated law. The Company will send together with the invitation letter the supplement information according to the agenda of meeting as sufficient for the consideration. The letter and other documents will prepare in Thai version and English version. The Company also prepares for the opinions of the BOD for the consideration of the shareholders' resolution to each meeting agenda, and the opinions of the audit committee for the significant agenda or as designated by law.
- 4) The Company will announce to the shareholders before starting the meeting, the matters concerning: the rights according to the company's regulation, the handling of the meeting the method in voting and the right in express the opinion including the raise of question. The chairman of the meeting, the board of directors and the director with position related to the special concern has attend the meeting in providing the information and answering the questions. The chairman of BOD or chairman of the meeting will allocate the time as proper by arranging for the shareholders in having the opportunity for asking the questions or express the opinions and the suggestions.
- 5) After the shareholders' meeting has been finished the Company will inform to the SET

immediately prior to the next opening of stock the resolutions of the shareholders' meeting. The Company will prepare the record of every shareholder' meeting with the accuracy and complete content including the detail of the director attending the meeting the detail of the counting of the votes in each agenda, and the questions or major opinions, enable to the examination of the shareholders. The Company will send the documents to the SET within 14 days after the date of shareholders' meeting

Section 2 : Equitable Treatment of Shareholders

The Company lends the significant for equitable treatment of shareholders under the following directions:

- 1) The Company will send the proxy document by proposing at least of 1 audit committee for the shareholders in selecting as proxy to attend the shareholders' meeting and to resolve on behalf of the shareholders in each agenda, in case that the shareholders cannot attend the meeting. This is the treatment in supporting to the shareholders able to define their own resolve directions.
- 2) In case of the shareholders request for the adding of the agenda not less than 3 days prior to the meeting date, and the company considers that such agenda benefited to the Company and the shareholders. The Company has the policy in presenting such agenda to the meeting, and the Company shall inform to the shareholders through the SET about the additional agenda.
- 3) In case that the shareholders request to the Company, three months in advanced prior to the shareholders meeting date, for the proposing of person(s) to hold the position of the Company's director(s), and have sent the supported information about the qualification with letter of agreement from the proposed person(s). The Company has the policy in considering proposing such person(s) qualifying according to

the related laws to hold the position of director(s) in replacement of the director(s) whose term has been expired, and shall be presented in the Annual General Shareholders' Meeting for the consideration of the resolution.

- 4) The Company has its direction in protecting of using the inside information, by defining in the employee's operation manual under part of ethics which has been published to all the employees.
- 5) The Company has its policy and method in protecting the directors and the managements from using of benefits incurred from significant information which affect to the investment. The Company will inform to the SET immediately before the next trading date of stocks about the meeting resolutions. So, the directors and the managements have no opportunities in using inside information for their own benefits. The directors and the managements must also report the holding of shares in each time of buying and selling to the SET within 3 working days.
- 6) Stipulated the duties of directors and the management in the good corporate governance statement, in refraining from trading of Company shares at least a month before the disclosure of financial statements and three days after the disclosure, as well as in reporting to the Board on their shares held every month.
- 7) Define the duties of committees and report to Board of Directors at least 1 day before the deal.

Section 3 : Roles of Stakeholders

The Company respects to the stakeholders' rights, and defines as the treatment in the Company's code of conduct, to ensure that the rights pertaining to any lawful related to the stakeholders in all parties such as: the shareholders the employees the managements the clients the vendors including the socials will be take care by the Company. Furthermore, the Company also builds the

coordination with the stakeholders for the business can be well operated and to return the advantages as fairness to all parties concerned. In order to build the long term accomplishment the Company has its directions to be treated as follows:

- 1) The equitable treatment to the employees, and with the appropriated remunerations.
- 2) The procurement of products and services from the vendors must be complied to the conditions, also with the treatment to the vendors as per the agreement.
- 3) To pay attention and to take responsible to the clients for the quality of products and services.
- 4) The treatment as per the borrowing conditions agreed with the lender of the company.
- 5) The treatment as per the rule of good competition, to avoid the untruthful method in order to destroy the competitors.
- 6) To take responsible to the environment of social and community, and also to support for the activities in community at the proper time and opportunity.

Section 4 : Disclosure of Information and Transparency

Beside to the disclosure as strictly, completely, and on time of financial reports or other information to the public through many channels, the Company shall disclose the following information for the transparency in business operation:

- 1) To disclose the information about the performance of the Company's Board of Directors and the audit committee such as: number of meeting and number of attending the meeting of each director in the past year.
- 2) To disclose the method in the appraisal, and the performance appraisal of the Company's directors.
- 3) To disclose the policy of the remunerations to the Company's directors and the executive managements, including the form

or characteristic of remunerations.

- 4) To report the policy of corporate governance, and performance results as per policy.

The Company discloses this information to the public through the SEC, the SET, and the company's website.

Section 5 : Board Responsibilities

The Company's Board of Directors comprising of those who are professional with the knowledge, the competency, and the experiences from various professions benefited to the Board of Directors, and to the independence in making decision for the ultimate advantages to the Company and the shareholders. The Board of Directors takes part in defining and/or agreeing on the company's vision, missions, strategies, business plans, and budget. The Board of Directors also governs the managements in performing as to the business plans and budget with the efficiency and the effectiveness to the corporation, and the ultimate wealth to the shareholders. The Board of Directors also governs for the evaluation to the suitable of internal controlling, internal auditing, risk management, financial reporting, and the monitor of the performance regularly.

There are 7 directors in the Company's Board of Directors, which comprising of 2 directors from the Company's executive Management and 5 directors which are not from the executive managements. 3 directors are the independent directors, which are over than 1/3 of total directors. In addition, the company has appointed 3 independent directors as the audit committee with the term of 3 years. The Company has determined precisely the scope and authority of the audit committee in the charter of the audit committee.

Remunerations of Directors

The Company has its policy in determining, with the precision and the transparency, the monetary remunerations of the directors, and brought to the annual general shareholders' meeting for the approval. The measures in determining the company directors' remunerations are as follows:

- 1) To be appropriate and corresponded to the scope of responsibility of each director.
- 2) The remunerations are in the level of attractive, capable of maintaining the directors with competency and quality in performing the duties with the company.
- 3) The factors of the remunerations are clear, transparent, and simplified.
- 4) The remunerations are at the rate in equivalent to the directors in the same industry.

Board of Directors Self-Assessment

In order for the increased of the Board of Directors' effectiveness, the Company lets the Board of Directors do the performance self-assessment, by having the directors appraise the performance of the Board of Directors as a whole, and having the directors join in the consideration of performance and problems. The Board of Directors shall analyze and find the conclusion, from the assessment result, in determining the measure in improving the performance effectiveness.

6.1 Corporate Governance of the subsidiary company and the affiliated company



The Company has appointed the person(s) to be the director(s) of the subsidiary company. The Company has determined the regulation in such proposing and voting, and must be approved from the Company's Board of Directors. The person(s) being appointed as director(s) in the subsidiary company perform the duties for the ultimate benefits of the subsidiary company. The transaction concerning the related transaction, the acquisition and the disposal of assets, or other significant transaction, will be under the measure pertaining to the disclosure and the transaction doing as same as the company's measure, including the governance of collecting the information and recording of the subsidiary company accounting in the form as same as of the Company, enable the Company in examining and preparing of consolidated financial

statements on time.

6.2 Governance about the Adoption of Inside Information



As for the governance about the adoption of inside information for the benefits of the managements, the Company has the strict policy in disclosing of the information about the company's action plan, including finance and accounting information. The Company persists strictly to the rules, regulations under the supervision of stock exchange market. The company's human resources are unable to bring inside information disclosed to the outside persons, except for the writing permission.

The finance and accounting information are collected in computerized system. The access of the information shall be for the authorized person(s) only. The Company set the personal password, and not allow for the disclosure of such password. The summary of total information, and audited financial and accounting information, under the responsible of chief officer-finance, will be disclosed, after being examined and agreed by audit committee, to the Board of Directors at the same time or after the Company has informed and disclosed such information to the SET. All of the Company's executive management respect, persist, and perform as per rules, regulations of the SET. It has been found that there was no inside information being used for the benefits of the directors or managements.

The Company has informed to director and managements about the obligation in reporting the owning of securities of their own company, spouse, and child not reaching the legal age, including the disclosure of securities owned to the SEC as per provision 59 and 275 of the securities and stock exchange market act B.E. 2535.

If the Company's directors, managements, or employees violate to the rules and regulations

of the Company, the company will have the punishment as defined in the manual for employees of the Company.

Change in the company's securities holdings of those directors and executive report

The company's directors and Company's Management shall reveal the report of their company's shares holding including their Spouses and immature child holdings of the company's securities. If the person changed the stake of the holdings, he or her shall report to the Securities and Exchange Commission of Thailand (SEC) due to the 59 form within 3 working days since the transaction day, and within 30 days since the person had been elected for the committee or board positions. The company will inform the person 7 days ahead via Electronics sources regard to the company's policy that the person shall not buy or sell the company's stock under 1 month before the declaration of the company's financial statement.



6.3 Code of Business Conduct

CHO has set up the principles of ethics and code of business in 2013 and improved for revised edition in 2016 in order to conduct CHO's business abiding on good codes of conducts, transparency, fairness, accountability, also fairly treats to labor. Internal Audit department conduct auditing on risk in each party according to rules and regulations by the Audit committees' approval and the results will be reported quarterly to the Board of Directors. Moreover, in order to be as a guideline and Good Corporate Governance, CHO determined the policies related to the code of business conduct in the Company Code of Business Conduct manual, for more details please go to the Company's website as follows :



<https://investor.cho.co.th/storage/content/corporate-governance-principle/cho-code-of-conduct-en.pdf>

Receipt of Complaint

CHO has a receipt of complaint policy for all groups of stakeholders by providing a receipt of complaint channel for both internal and external organization's stakeholders. The report of complaints will be investigated and recorded then passed through an internal auditor in order to report to CHO's independent audit committees to consider procedures to be undertaken by protecting and maintaining confidentiality of complainant and keeping confidential the name of complainant also prohibiting from disclosing such information

in order to protect the complainant. Accordingly, the audit committees will make a report to the Board of Directors then CHO will consider investigating information relating to the complaint. In case of breach the code of business conduct by stakeholders, trading partners or customers, CHO will take corrective action without any compromise.

The Good Corporate Governance, for more details please go to the Company's website at



https://investor.cho.co.th/storage/content/corporate-governance-principle/20170822-cho-anti-corruption_policy-en.pdf

Channel of Complaint for all stakeholders

Receipt of Complaint Box	For the convenience, CHO puts this box outstandingly
Letter	Manager of Internal Audit Cho Thavee Public Company Limited 265 Moo 4, Klangmuang Road, Muangkhao, Mueangkhonkaen, KhonKaen 40000
E-mail	auditcom@cho.co.th
Website	www.cho.co.th
Telephone	043-043880-90 Extension 1235

The company had monitored and reported to all complaints and opinions. In 2020, there was no any complaint.

6.4 Changes and key development



Good Governance Assessment

The company has a result of a very good level for Corporate Governance Report of Thai Listed Companies (CGR) 2020. The report published by Thai Institute of Directors (IOD) which the details of reports 2018-2020 shown as following.

	Level
2020	Excellent
2019	Excellent
2018	Excellent

Remarks ▶ In year 2020, Mr. Suradech Taweesaengsakulthai Director, who has issues regarding corporate governance in matter of the connected transaction, due to the director loan from Cho Thavee Thermoset Co., Ltd. (a subsidiary company) and the independent Director of the company assigned Mr. Suradech to perform the correct operation which Mr. Suradech has been done already. Furthermore, the investigation and Good governance development subcommittee has been appointed by the independent Director to revise the guidelines relevant to the issue.

AGM Assessment

The company has been improving AGM continually with the assessment point of 94 for the AGM Checklist 2020 project held by the Thai Investors Association. The results of 2018-2020 are as follows.

Year	Result (Total 100 points)	
	Point of CHO	Level
2020	94	Excellence
2019	98	Excellence
2018	96	Excellence

Un-accomplishment performances in good corporate governance

In 2020, the company's had followed the principle of good corporate governance except:

Un accomplishment Tasks	Reason
1. The Directors held more than 25% of the company's share.	The company's needs of experienced Management to lead the business succeed
2. The company had not determined the 'Cumulative Voting' for the Director election method.	According to the Company Act, It had selected the '1 Share : 1 Vote' method that to the company's policy compliance.
3. The company had not revealed the compensation of the CEO specifically as it had been included with the board of director report.	The company is a small-sized business and the Information has no impact on the management.
4. The committee chairman did not originate from the independent committee.	The committee chairman must be knowledgeable, has experienced in the company's products and also can give comments to the Board of Directors and Executive Administrators as well.
5. Having an Independent director on the Boards, who have been a director for more than 9 years (Penalty)	The Board considered that the director has performed his/her duties to comply with the article 89/7 of the Securities and Exchange Act. (B.E.1992), having all the qualifications of independent directors. Since becoming a director, there is no conflict of interests. Decision making was on agenda items in the best interests of the Company and its shareholders. To keep the knowledgeable independent directors with the company, caused the company benefits and saves on the cost of recruiting new independent directors who will suit the company.
6. Thai company is not involved in the anti-corruption actions of Thai private sectors.	The company used to announce its intention for being anti-corruption alliance in 2017 which is expired. The company plans to re-apply for the program.

Preparation of Sustainability Report, 2020

The company has conducted Sustainable Report 2020 in order to report the company's performance between 1 January – 31 December 2020 by focusing on providing related information that drives business for sustainability according to One Report structure. The report describes the sustainability management policy and goals, stakeholder's management in business value chain, sustainability management in terms of environment, and sustainability management in terms of social.

Implementation of the Principle of Good Governance for Listed Company in 2020

The Governance Committee, Risk Management Committee, Nomination and Compensation Committee had proposed the principle of Good Governance to the Company Board of Directors' meeting quarterly for their reviewing of CG Code implementation to suite with the business. In 2020, the committee had reviewed the following topics:

- In Quarter 1/2020, the Company's Board of Directors meeting no. 7/2020, reviewing on 2 subjects:
 1. Reviewing on good governance for Law and legal issues
 2. Reviewing on risk management operation in the quarter 1/2020
- In the Quarter 2/2020, the Company's Board of Directors meeting no. 8/2020, reviewing on 2 subjects:
 1. Reviewing on Good Government for the quarter 2/2020
 2. Reviewing on Risk management for the quarter 2/2019

- In Quarter 3/2020, the Company's Board of Directors meeting no. 12/2020, reviewing on 2 subjects:
 1. Reviewing on Good Government for the quarter 3/2020
 2. Reviewing on Good Government for the quarter 3/2019
- In Quarter 4/2020, the Company's Board of Directors meeting no. 2/2021, reviewing on business operation for the year 2020, policies for the improvement, risk management, and charters.
 1. Reviewing on the self-assessment form of Chief Executive Officer, the company's Committee, Audit Committee for the assessment of 2020 performance.
 2. Reviewing on determining remunerations of Chief Executive Officer, the company's Committee, Sub-committee and Executive Committee for the year 2021.

7. Corporate Governance structure and Key Information on Board of Directors, Subcommittee, Executives, Employees, and Others

7.1 Corporate Governance structure

The company's managerial structure as at December 31, 2020, comprises of 5 groups of committees which are: The Board of Directors, The Audit Committee, The Corporate Governance Committee, Risk Management, Nomination and Compensation Committee, The Executive Committee and The CSR Committee with the details as follows:

