

PROEN Corp Public Company Limited

Policy on Related Party Transactions and Conflict of Interest

1. Definitions

Related Party Transaction means the transaction between the listed company or its subsidiaries and related parties of the listed company or transactions the subsidiaries and the related parties of the subsidiaries.

Agreement to make the transaction means entering into or agreement to make any contract or agreement, directly or indirectly, for acquisition or disposition of assets, lease or rent of assets, provision or receipt of service, giving or acceptance of financial support and issuance of new shares, as well as to generate the rights or waivers of rights to take such actions.

Related Persons means person who has power to control the decision of listed company or its subsidiaries, which are the following person:

- (1) Executives, majority shareholders, controlling persons or persons to be nominated as executives or controlling persons of the Company or subsidiaries as well as related persons and close relatives of such persons.
- (2) Any juristic persons in which the majority shareholders or the controlling persons hold the following positions of the Company or subsidiaries:
 - (a) Executives
 - (b) Majority Shareholders
 - (c) Controlling Persons
 - (d) Persons to be nominated as Executives or Controlling Persons
 - (e) Related persons or close relatives of the persons under (a) to (d)
- (3) Any person whose behaviour can be indicated as a person acting person or being under the influence of a person from (1) to (2) when making a decision, determining a policy, handling management or a significant operation or other persons that the Stock Exchange of Thailand deems as having behaviour in the same manner.

2. Characteristics of related party transactions and conflict of interest can be divided into two cases as follows:

1. In case the Company or its subsidiary enter into a transaction with its executives, majority shareholders, related persons and close relatives of executives or majority shareholders.



2. In case the Company or its subsidiary enter into a transaction with juristic persons whose controlling persons are an executive, majority shareholders, controlling persons or persons to be nominated as executives or controlling persons of the Company or its subsidiary, including related persons and close relatives of such persons.

3. Types of related party transactions and conflict of interest

There are six categories of related party transactions and conflict of interest as follows:

- (1) Normal business transaction
- (2) Supporting normal business transaction
- (3) Transaction regarding rental or lease of immovable property not exceeding three years
- (4) Transaction relating to assets or services
- (5) Transaction on granting or receipt of financial assistance
- (6) Related transactions other than transaction in (1)-(5)

4. Prevention of conflict of interest

The Company places importance on transparent consideration of transactions by taking account of the Company's benefit. Therefore, the Company emphasizes the prevention of transactions that may cause conflict of interest, related party transactions and conflict of interest or connected transactions. The key principles are as follows:

1. Directors and Executives of the Company shall notify the Company of any relationship or related party transactions in the business that may cause conflict of interest.
2. Avoid conducting any transactions which are related to directors, executives, or related persons that may cause the conflict of interest with the Company. If it is necessary to conduct such transactions, shall be presented to the Audit Committee for consideration prior to proposal to the Board of Directors and/or shareholders' meeting (depending on the case) for approval in accordance with the criteria on related party transactions determined by the Stock Exchange of Thailand, the Capital Market Supervisory Board, the Securities and Exchange Commission, and the Corporate Governance Code.
3. Executives and employees shall comply with Articles of Association and Code of Conduct of the Company which is considered important and shall strictly comply with for the purpose of reliability and confidence by all stakeholders. The information will be communicated to all employees for their understanding.



5. Criteria and procedures for conducting related party transactions and conflict of interest

The Company has realized the roles in complying with the announcement on the principles of related party transactions and conflict of interest as specified by the Stock Exchange of Thailand, the Capital Market Supervisory Board and the Securities and Exchange Commission. Therefore, the Company has set the criteria and procedures for conducting related party transactions and conflict of interest as follows.

- Consideration of related party transactions, the Company will use prices and terms same with general customer. For the transactions on offering or receiving financial assistance shall be conducted based on necessity and reasonableness with fair terms and conditions which earning maximum benefit for the Company.
- In the case that there is no price reference, the Company considers and compares the price of product or service with external price under the same or similar conditions.
- The Company may be utilization of reports from independent financial advisor, the Company might appoint to evaluate and compare prices for related party transactions that important in order to ensure that such prices are reasonable and in the Company's maximum interests.
- Director, executive or related person may enter into any transaction with the Company or its subsidiaries only after obtaining approval from the meeting of shareholders unless such transaction is a commercial agreement in a manner a reasonable person enters into with a general party in a similar circumstance, with a commercial negotiation free of his/her influence as the director, executive or related person, as the case may be, and such commercial agreement has been approved by the Board of Directors or complies with the principle approved by the Board of Directors.
- In case the Company has any connected transactions or other related party transactions that are within the scope of the SET regulations, the Capital Market Supervisory Board and the SEC, the Company must strictly comply with such regulations.
- The Company shall disclose information about transactions that may cause the conflict of interest, related party transactions or connected transactions pursuant to the criteria specified by the Stock Exchange of Thailand, the Capital Market Supervisory Board and the Securities and Exchange Commission (SEC) in the Annual Registration Statement, the Company's annual report or other report (depending on the case). Additionally, the Company shall disclose the related party transactions to the Stock Exchange of Thailand pursuant to the criteria specified by the Stock Exchange of Thailand, as well as the related transactions with the Company in compliance with set accounting standards.



- There must be a review of related party transactions according to the audit plan. The Internal Audit Department shall report the review to the Audit Committee and there should be the control and monitoring standards to randomly review in order to consider whether the transaction is actually conducted and correct according to the contract, policy or condition specified.

6. Important issues to be considered when conducting related party transactions and conflict of interest

- The reasons and necessity to conduct the transactions with related persons or entities or entities that have conflict of interest.
- The reasonableness of price and trade agreement once comparison with conducting transaction with other person(s).
- The opinions of an independent financial advisor.
- The measure of the Company to comply with the requirements and rules properly.
- Has the Company updated information on shareholding proportion, directors and important information of subsidiaries (if any) and affiliates to be current?

7. Approval of related party transactions and conflict of interest

The Company has measures to approve transactions that all parties shall comply with as follows:

- In case the value of a related party transactions and conflict of Interest is small, medium or large and its commercial terms are considered normal as approved by the Board of Directors of the Company, the management is authorized to be the approver.
- In case the value of a related party transactions and conflict of Interest is small or medium, but its commercial terms are not considered normal, the Board of Directors of the Company will be the approver.
- In case the value of a related party transactions and conflict of interest is large, but its commercial terms are not considered normal, the meeting of shareholders will be the approver.

The criteria to consider the size of a connected transaction is as follows:

- (a) Small transaction means the transaction value is less than or equal to 1 million Baht or less than or equal to 0.03 percent of net tangible asset value, whichever is higher.
- (b) Medium transaction means the transaction value is more than 1 million Baht but less than 20 million Baht or more than 0.03 percent but less than 3 percent of net tangible asset value, whichever is higher.



- (c) Large transaction means the transaction value is more than or equal to 20 million Baht or more than 3 percent of net tangible asset value, whichever is higher.

8. Criteria to consider a normal commercial transaction

- Does the character of a transaction a normal business? If a related party transaction occurs during normal operations, shall comply with the normal operating procedures same with other parties, consider the size of transaction and approval authority as shown in the table of authority, it will be considered that normal business or supporting normal business is the reasonableness of conducting the transaction and aims to bring the best benefits to the company by the trade agreement is not different from the transaction with general customers or outsiders.
- Does the price and condition of the transaction fair? If compared to transactions with other persons that is not related persons, will the price or conditions be better than this?

9. Considering the price under general commercial conditions (as regulated by SET)

The transaction under general commercial conditions means the commercial condition having fair price and condition without transfer of benefits as follows:

- Prices and conditions which the Company or its subsidiary receives from or offers to the general persons.
- Price and conditions which a related persons offers to the general persons.
- Price and conditions which the Company can prove to be the prices and conditions that an operator of similar business offers to the general persons.

10. Proposal method to the audit committee regarding to related party transactions and conflict of interest

1. Related party transactions under the approval authority of the Management

In the case of conducting a related party transaction under the approval authority of the Management, the Management is responsible for making a decision. Related parties such as the Accounting and Finance Department, the Sales Department, the Purchasing Department or related executives are responsible for considering transactions based on the procedures for approval in the operating procedures and the authority of the Company. After the Management grants an approval, the transaction must be submitted to the Audit Committee to review the reasonableness of the transaction and disclose the report in the Annual Registration Statement and annual report. In addition, stakeholders in related party transaction shall not attend the meeting on this agenda and do not have the rights to vote in the meeting.



2. Related party transactions under the approval authority of the Board of Directors

In the case of conducting a small and medium related party transaction which does not comply with a normal trade agreement and is under the authority of the Board of Directors, the responsible party must present details, necessity and reasonableness of the transaction to the Audit Committee. The Audit Committee will give an opinion on such transaction before presenting it to the Board of Directors for processing such transaction. The procedures are as follows.

- The responsible party summarizes transaction details, prepares related information and presents it to the Chief Executive Officer.
- The Managing Director assigns the Audit Department or the Secretary of Audit Committee to inspect and coordinate with the Audit Committee to prepare the meeting agenda.
- The Audit Department or the Secretary of Audit Committee coordinates with related departments to prepare meeting documents consisting of important summary for the Audit Committee to consider.
- Upon receiving the resolution of the Audit Committee meeting, the Secretary of the Company compiles the information to be presented to the Board of Directors for further consideration and approval on conducting transaction. For this purpose, the Directors who are the stakeholders in related party transaction shall not attend the meeting on this agenda and do not have the rights to vote in the meeting.
- Disclose the transaction in the Annual Registration Statement and annual report as well as disclosing the resolution of the Board of Directors' meeting to the Stock Exchange of Thailand with the minimum information specified by the Stock Exchange of Thailand.

3. Related party transactions under the approval authority of stakeholders

In the case of conducting a related party transaction under the approval authority of the stakeholders, the responsible party shall present details, necessity, and reasonableness of the transaction to the Audit Committee to request for an opinion on such transaction before presenting it to the Board of Directors in order to give an approval and further propose to the meeting of shareholders to consider and agree with the entering into the transaction. There are procedures as follows, the proposing division summarizes details of the transaction and prepare all relevant information and propose to the Managing Director.

- The Managing Director assigns the Audit Department or the Secretary of Audit Committee to inspect and coordinate with the Audit Committee to prepare the meeting agenda.
- The Audit Department or the Secretary of Audit Committee coordinates with related departments to prepare meeting documents consisting of important summary for the Audit Committee to consider.



- Upon receiving the resolution of the Audit Committee meeting, the Secretary of the Company compiles the information to be presented to the Board of Directors for further consideration and approval on conducting transaction. For this purpose, the Directors who are the stakeholders in related party transaction shall not attend the meeting on this agenda and do not have the rights to vote in the meeting.
- Upon receiving the resolution from the Board of Directors, the Secretary of the Company shall prepare meeting documents and requesting the approval from the shareholders, sufficient information must be provided to support the decision specified by the Stock Exchange of Thailand, the Capital Market Supervisory Board and the SEC and shall show the name list and the number of stocks of related parties who do not have the rights to vote. The Company is in charge of calling for a stakeholder meeting according to the method, procedure and rules as prescribed in the regulations concerning related party transaction.
- Disclose the transaction in the Annual Registration Statement and annual report as well as disclosing the resolution of the Board of Directors' meeting to the Stock Exchange of Thailand with the minimum information specified by the Stock Exchange of Thailand.

11. Effective Date

This Policy on Related Party Transactions and Conflict of Interest has been approved by the Board of Directors at the Board of Directors Meeting No. 5/2019 on 14 August 2019. It will be effective from 15 August 2019 onwards.

Mr. Kittipan Sri-bua-iam
Chief Executive Officer

