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Corporate Governance



Corporate Governance

Being in a food and service business, MK Restaurant Group Public Company Limited operates restaurant chains in Thailand and abroad where the service reaches a large number of customers. The Company has been recognized not only for quality and safe food but also great service which have solidly driven its growth so far. Aside from running the business on this fundamental, the Board of Directors also places an extremely high priority to corporate governance (CG). In other words, as the Company firmly believes in the CG principles, CG rules and regulations have been applied in the operation while CG policy is adopted to manage the business and supervise internal functions. The goal, after all, is to ensure that the business is run efficiently and effectively to achieve its objectives.

The essence of the CG is to commit to integrity, transparency and fairness when doing business to reinforce confidence among shareholders, investors, customers, staff and all stakeholders. Our personnel are encouraged to be aware of the principles and to commit to moral practices when conduct the service business. As this reflects the Company's standards of management, it should be favorable to our business and further enhance our recognition here and abroad. That's why the Board of Directors has adopted the CG policy which corresponds to the CG principles for the business to grow sustainably and for us to remain trusted by our shareholders, investors, customers, staff and all stakeholders.



(Mr. Rit Thirakomen)

Chairman of the Board of Directors

MK Restaurant Group Plc.'s Corporate Governance

To make the Company an efficient organization when it comes to business operation, corporate governance practices and management excellence where shareholders are treated with the best interest and stakeholders are taken into consideration while the Company's business is carried out with transparency and accountability, the Board of Directors has adopted the following corporate governance (CG) policy for itself, the Company's executives and employees to adhere to. Details are as follows:

1. The Board of Directors, executives and employees will perform duty with transparency and integrity towards the organization and other colleagues.

2. The Board of Directors' first priority is customers, to be followed, respectively, by welfare and happiness of employees and best interest of the organization and business partners.

3. The Board of Directors strives to perform its duty with responsibility and independence. Roles and responsibilities of chairman of the Board, Chief Executive Officer and every executive are clearly defined.

4. The Board of Directors strives to be respectable. It will be a leader in ethical practice and a role model for corporate governance compliance.

5. The Board of Directors will devote to the Company without considering their personal interests. Its actions will be mainly based on outcomes affecting the organization and the public at large.

6. The Board of Directors will disclose the Company's financial and non-financial information in an adequate and timely fashion for shareholders and stakeholders to equally access the information.

7. Shareholders will be equally treated for the rights to information and will be offered appropriate channels to communicate with the Company.

8. The Board may appoint a specific committee to carefully screen important matters as deemed appropriate. There will also be an appropriate selection process to recruit important executives of all levels as well as a transparent and fair nomination process.

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The Importance of Corporate Governance

1. To strengthen and standardize the management process while making the process accountable which should enhance the Company's competitiveness, prevent and do away with potential conflict of interest.

2. To bolster confidence of both local and international investors as the CG should let everyone equally share the interest.

3. To become a tool for the Company to measure its performance and examine its work process to improve its efficiency and achieve its goals.

The Corporate Governance Policy

• Section 1: Shareholders' Rights

The Board of Directors is aware of shareholders' rights to own and control the Company through the Board of Directors appointed to perform duty on their behalf and to make decisions on the Company's major changes. That's why the Board of Directors has encouraged shareholders to exercise their rights based on the following fundamental rights of shareholders:

1. Shareholders' Meeting

1.1 The Board will ensure that the Company discloses information, identifies date and time of the meeting

and meeting agendas with supporting explanations and rationale in each agenda in an invitation letter to attend the Annual General Meeting of Shareholders (AGM) and the Extraordinary General Meeting of Shareholders (EGM) as well as posts the information on its website. The Company will refrain from doing anything that will restrict shareholders from studying the Company's information.

1.2 The Board will facilitate the Shareholders' Meeting which will be held at a place large enough to accommodate shareholders in Bangkok or nearby provinces not too far away to deter shareholders from travelling to.

1.3 The Company will allow shareholders to propose meeting agenda or send questions to the Company before the meeting day through available channels such as the Company's website.

1.4 The Company will allow shareholders who are unable to attend the meeting themselves to appoint a proxy who may vote on their behalf where absent shareholders will receive documents and explanations on how to appoint a legal proxy. Simultaneously, the Company will propose independent directors as a choice to be appointed as a proxy.

2. Procedures on the Shareholders' Meeting Date

2.1 The Company will introduce technology at the Shareholders'

Meeting to register shareholders, count votes and present voting results to allow the meeting to proceed fast, correctly and accurately.

2.2 The Company will allow shareholders to pose questions to Chairman of the Board and Chairman of sub-committees in matters relating to the meeting.

2.3 Shareholders are entitled to vote separately in each proposed agenda. For an election of member of the Board, shareholders are entitled to vote for each individual director.

2.4 The Company will appoint an independent person to count or check votes at both the AGM and the EGM before disclosing voting result to the meeting and recording it in the minutes of the meeting.

2.5 Chairman of the meeting shall appropriately manage the meeting session while encouraging shareholders to express their views and ask related questions to the meeting under a relevant meeting agenda.

3. Minutes of the meeting and disclosure of resolutions of the Shareholders' Meeting

3.1 Voting procedures and presentation of counted votes will be explained to the meeting before it starts. Shareholders will be allowed to ask questions or raise an issue. In addition, questions and answers and voting results of each agenda indicating the number of shareholders who have voted yes, no or abstention will be recorded. A list of directors

present at the meeting and absent from the meeting will also be recorded.

3.2 The Company will disclose to the public voting results of each meeting agenda at both the AGM and the EGM on the next business day on the Company's website.

• Section 2: Equal Treatment of Shareholders

Realizing the importance of equal and fair treatment to all shareholders, the Board of Directors has done the following:

1. Giving information prior to the Shareholders' Meeting

1.1 The Board of Directors will have the Company submit a meeting schedule, meeting agendas and the Board's opinions to the Stock Exchange of Thailand (SET) as well as post them on the Company's website at least 28 days before the date of the shareholders' meeting.

1.2 The Board will have the Company notify shareholders all rules and regulations to be applied at the meeting including how to adopt a resolution and voting rights of different classes of shares held by shareholders.

1.3 An invitation letter to attend the Shareholders' Meeting will be entirely made both in Thai and English.

2. Protecting the rights of minority shareholders

2.1 The Board of Directors will adopt clear rules to allow minority shareholders to propose additional meeting agendas in advance prior

to the meeting day for the purpose of fairness and transparency when deciding whether or not the agenda proposed by minority shareholders will be added into existing meeting agendas.

2.2 The Board of Directors will adopt procedures to allow minority shareholders to nominate a person as a director. For example, a nomination can be made through the Nomination Committee 3 - 4 months prior to the Shareholders' Meeting where qualification sheets and consents from the nominee will also be submitted.

2.3 The Board of Directors will proceed with the meeting based on the agendas notified in the invitation letter to attend the Shareholders' Meeting and will not add any meeting agenda during the meeting without notifying shareholders in advance.

2.4 The Board of Directors will allow shareholders to appoint a director on an individual basis.

3. Protection against the use of insider information

To promote equal access to information and to prevent the use of insider information for the benefit of directors, executives and employees including their spouse and children not yet legally matured as well as to strengthen our CG practice, the Company has adopted the insider information policy as follows:

3.1 Directors, executives and employees including their spouses and children not yet legally matured who

have access to material information and the Company's financial statements not yet disclosed to the public are prohibited to disseminate or disclose the information to other persons both in and outside the organization. In addition, there shall be the Chinese Wall among departments to prevent premature disclosure of material information not yet disclosed to the public unless such department is required by its duty to access the information which it shall take a good care of the information the same way the information owner does. This however excludes the disclosure of information to the supervising authorities.

3.2 The Company's directors, executives and employees including their spouses and children not yet legally matured who have access to the Company's material information and its financial statements are prohibited to buy, sell, transfer or take transfer the Company's securities within seven days prior to the disclosure of the Company's financial statements to the public.

4. Director's interest

4.1 At the Board of Directors' meeting, a director having an interest in a meeting agenda must report his interest to the meeting for the Board's acknowledgment. He/she has to leave the meeting room during the agenda.

4.2 The Board of Directors has a duty to review and resolve an issue of potential conflict of interest and connected transactions for the

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benefit of the Company and all stakeholders where it may designate the Audit Committee to review the issue and express an opinion regarding the transaction with potential conflict of interest and any item relating to the Company's transaction. The Audit Committee should inform the Board on a quarterly basis.

• Section 3: Roles of Stakeholders

The Board of Directors has given priority to the rights of all groups of stakeholders; namely customers, suppliers, competitors, the society, employees and shareholders. Realizing its roles and responsibilities, the Board has formulated the Code of Conduct and best practices for employees to be aware of the stakeholders, to be faithful to their duties and to refrain from corruption. In order to protect the interest of all parties in an honest and fair manner, various groups of stakeholders are treated as follows:

Customers The Company commits to make customers satisfactory and confident in us. It will develop quality products and provide excellent services to customers. It will also facilitate customers. The Company is responsible for customers through a department set up to follow up with customers grievances to further improve its services.

Suppliers The Company commits to create a mutual relationship with suppliers through which both may share reciprocal benefits and which

the Company may honestly maintain supplier's rights in the service business because it places high priority to supplier's integrity. In addition, the Company also focuses at keeping supplier's information confidential.

Competitors The Company aims to compete on quality and service efficiency for the best interest of customers. It will not destroy competitor's reputation just for the Company's interest. Simultaneously, the Company considers other firms both as a supplier and a person sharing the same profession who has mutually committed to the ratification governing the profession.

Society Realizing that the Company is a component in a society, the Board of Directors has instructed the Management to adopt the CSR (corporate social responsibility) policy to provide assistance and support and to create something beneficial for communities and the society. In addition, employees are urged to be aware of their responsibilities to every sector of the society.

Employees Equal opportunity is given to employees at all levels. Human resources management is carried out on the basis of ethics and fairness. Remunerations, welfare and the provident fund will be provided for employee's secured future. The Company also pays attention to the development of human resources regardless of their levels both in terms of knowledge and skill enhancement

as well as work attitude. The Company will take care of safety and healthcare issues of factory workers. All employees will be subject to a competency evaluation system. Besides, the Key Performance Indicators (KPIs) have been introduced to evaluate employee's performance vis-à-vis the Company's goals.

Shareholders The Company commits to maintain the interest of shareholders for their maximum satisfaction through remarkable returns and a steady growth. In addition, information will be accurately and transparently disclosed to investors and shareholders in an accurate and reliable manner. All shareholders are given a chance to equally exercise their rights.

• Section 4: Disclosure of Information and Transparency

1. The Board of Directors has a duty to equally disclose all financial and non-financial information in a timely and reliable manner to shareholders and stakeholders via the Company's annual report, the SET's electronic notification system and the Company's website. Information to be disclosed will cover what's stated in the SET's best practices which requires the Company to disclose significant and necessary information on a regular basis in Thai and English through the SET's communication channels and on the Company's website.

2. The Company has set up the Investor Relations Unit to coordinate with institutional investors, securities analysts and shareholders of the Company to provide them with the Company's performance and investment information through a convenient, fast and easy-to-access channel of communication.

3. Significant information with effect to the Company's securities price or which could affect investment decision or make an impact to shareholders' rights and benefits will only be disclosed after the information has been officially disseminated to the SET.

4. The Board of Directors is responsible for reporting its liability to the financial statements where such report must be published with the Annual Report. It is to report remunerations of each director in the annual report and to disclose the number of meetings held annually.

5. The Board of Directors has entrusted the Audit Committee to oversee the Management Discussion and Analysis (MDA) in conjunction with financial statements on a quarterly basis. This includes reviewing an auditing fee which shall also be disclosed in the annual report.

6. The Board of Director is required to disclose a policy under which remunerations are paid to directors and senior executives that can reflect each individual's roles and responsibilities. The disclosure shall

include nature or characteristics of the remunerations as well as what each director receives from his/her directorship of subsidiary companies.

7. The Board of Directors must report changes in the Company's shareholding ratio based on the regulations of the Securities and Exchange Commission (SEC) and the SET.

8. The Board of Directors requires the Audit Committee to examine and oversee risk management where a risk assessment analysis will be conducted and risk is to be kept at an acceptable level.

• Section 5: Responsibilities of the Board of Directors

1. Components, qualifications of the Board of Directors and appointment

1.1 The Board of Directors shall consist of no fewer than five members but not exceeding 12. This however depends on what the Shareholders' Meeting may determine from time to time. Of this, at least half shall be independent directors.

1.2 Directors shall possess qualifications and shall not have prohibited characteristics as stated in the laws on public limited company. Nor shall they possess any feature that indicates the lack of qualifications to be trusted to manage a business whose shares are held by the public under the laws and the SEC's notification on securities and exchange.

1.3 The Board of Directors shall adopt rules and regulations that carefully allow directors to hold positions at other companies taking into consideration how efficient directors who work for several firms will be and how reassuring that directors can adequately dedicate themselves for the Company. As such, each director may hold position complementary to the nature of the Company's business in no more than five listed companies. In other words, efficiency of a person as the Company director may fall if he/she holds directorship in too many companies. In addition, the rule must be disclosed to the public.

1.4 The Board of Directors will assign Company Secretary to inform legal and regulatory advice that it had better learn. The Company Secretary will oversee the Board's activities and coordinate with other parties to ensure compliance with the Board's resolutions. The Company Secretary shall be a law or accounting graduate or has attended training relating to the Company Secretary's functions.

1.5 The Board of Directors may appoint an unlimited number of sub-committee as necessary to help it screen and oversee work under its responsibility.

1.6 Members of the Board shall be appointed with transparency. The Nomination Committee shall start a nomination process where a person with appropriate qualifications will be nominated as the Company's director together with detailed resume. The

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Nomination Committee will then submit a list of nominees to the Board who will propose them to the Shareholders' Meeting for approval and appointment.

1.7 Resumes of all directors will be posted on the Company's website.

1.8 Newly-appointed directors will attend an orientation session within three months after the appointment in which information proven beneficial and necessary to their performance will be presented to them.

1.9 The Board of Directors will clearly adopt a policy and procedures governing the way the Company's CEO and senior executives hold directorship at other companies. This will include types of directorship and a number of companies they may sit at. All of this is subject to the Board's approval.

1.10 The Board of Directors has designated the Company Secretary to summarize and brief new information to new directors via the Board of Directors' Manual. New directors will make a company visit to better understand the Company's business.

2. Roles and responsibilities of the Board of Directors

The following are major roles and responsibilities of the Board of Directors:

2.1 To manage the Company in accordance with the laws, the Company's objectives, its Articles of Association and resolutions of the Shareholders' Meeting with integrity

and care to protect the Company's interest.

2.2 To consider and approve key business matters such as vision and mission of the Company, strategy, financial targets, risks, major plans of action and budget.

2.3 To monitor and follow-up the compliance of management on approved policies and plans.

2.4 To govern long-term business operations, including executive development plan and management succession plan.

2.5 To set and approve a written corporate governance policy for the Company and review and enforce the policy regularly, at least annually.

2.6 To ensure that a written code of business conduct be in place and all directors, executives and employees understand business ethical standards of the Company. To closely monitor the enforcement of the code of business conduct.

2.7 To consider any conflict of interest thoroughly. There should be clear guidelines on the approval of transactions with conflict of interests so that the transactions are conducted for the best interests of the Company and all shareholders. The person who has conflict of interest should not participate in decision-making process. The Board should also monitor the regulation regarding criteria, procedures

and disclosure of transactions with conflict of interests.

2.8 To oversee and ensure that the Company has efficient risk management and to review and evaluate the efficiency of risk management regularly and wherever there is change in risk level.

2.9 To ensure that an internal control system is in place, including financial, compliance, and policy controls, and to assign an independent person or department to audit and report at least annually.

2.10 The annual report should contain a statement from the Board of Directors or the audit committee on the adequacy of the Company's internal controls and risk management.

2.11 To set up the clear procedures on whistle-blowing for related parties or stakeholders and publish them on the Company's website or directly report to the Company. One channel is via independent directors or the audit committee, who should arrange an investigation and report findings to the Board.

2.12 To have clear procedures on governing its subsidiaries in order to protect investor benefits including assigning directors of its subsidiaries to be the director of its subsidiaries to ensure the alignment of the parent company's policy and under the Securities and Exchange laws or SET regulations.

2.13 To attend the meeting of Board of Directors and Shareholders

unless in case of force majeure where absent directors shall notify Chairman of the Board or Company Secretary before the meeting.

2.14 To evaluate once a year of its work, functions and performance.

3. Specific committee

One of the Board of Directors' duties is to thoroughly and effectively review and approve important matters relating to the Company's operation. As a result, the Board has decided to set up the following specific committees:

3.1 The Audit Committee – At least three independent directors are appointed as members of the Audit Committee, one of whom must be knowledgeable in finance and accounting. They shall be independent as defined in the SET's announcement and according to the definition of independent director specifically for company. The Audit Committee will audit internal control system, financial reporting system and risk management and will select and appoint auditor.

3.2 The Corporate Governance, Nominating and Compensation Committee – All members are appointed from the Board of Directors. At least three of them shall be independent non-executive directors and at least 50% of them as well as the chairman of the committee shall be the independent directors. Moreover, the chairman of the Board of Directors should not be the chairman or the member of the

Corporate Governance, Nominating and Compensation Committee.

4. The Board of Directors' Meeting, information and documents

4.1 The Board of Directors will schedule meeting dates of the Board of Directors in advance on an annual basis. The Company Secretary will inform each director accordingly.

4.2 The Board of Directors will receive information relating to the meeting in advance. The Company Secretary will prepare an invitation letter to attend the meeting plus meeting agendas and supporting documents at least five days before the meeting date to allow the Board enough time to study the information before attending the meeting unless it's an emergency meeting.

4.3 Chairman of the Board shall approve meeting agendas where he is to consult with the CEO. Each director has liberty to propose a matter into the meeting agendas. The Company Secretary will gather proposed agendas from each director.

4.4 Directors having an interest in an agenda are required to abstain from voting or refrain from expressing opinion in the agenda. At the Board of Directors' meeting, if a director is having an interest in an agenda, Chairman of the Board will ask the director to comply with the policy by acknowledging his interest in the agenda to the meeting before he/she is invited to step out of the meeting during the agenda.

4.5 The Board of Directors has designated the Company Secretary to record a minutes of the meeting in a complete, accurate and timely fashion. The minutes must be clear in terms of meeting results and opinions of the Board for further use as reference.

5. Remunerations of the Board and CEO

The Board of Directors and CEO may not set their own remunerations since this is obviously a conflict of interest. To do so, Corporate Governance, Nominating and Compensation Committee will determine the rates and propose them for the Board to approve before the matter is presented to shareholders for their approval based on the Board's performance.

5.1 Corporate Governance, Nominating and Compensation Committee has a duty to provide advice regarding remunerations of the Board and CEO to the Board of Directors. Other advice includes structure/components of the remunerations proven fair to the Board's responsibilities and in line with its performance at an amount that can effectively retain qualified directors in the same industry. Meanwhile, structure/components of the remunerations shall be clear, transparent and easy to understand.

5.2 Shareholders are entitled to review rules and policies regarding remunerations of each director annually. The Board of Directors is to submit director's remunerations to shareholders who will review the

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information as part of the meeting agendas at the Annual General Meeting of Shareholders (AGM).

5.3 The Board of Directors and senior executives are required to report principles and rationale regarding director's remunerations in the Company's Annual Report and its financial statements.

6. Evaluation of the Board and CEO

6.1 The Board of Directors will evaluate itself on an annual basis. Directors will discuss what they have achieved and problems they are confronting for further improvement. An evaluation of the Board of Directors' performance will be based on evaluation guidelines as suggested by the SET. Improvement will be made to suit the Company's nature of business.

6.2 The Board of Directors will evaluate CEO's performance and compared it with the Board's performance. The evaluation will be made on the basis of performance. Chairman of the Board is designated to inform evaluation result to CEO and the Board of Directors.

7. Succession plan

7.1 The Board of Directors has entrusted CEO and the management to adopt a succession plan for executives and positions in line operation.

7.2 The Board of Directors has designated CEO to regularly report actions under the development and succession plan so that the Company is constantly ready for a successor in

case the CEO could no longer perform his duty.

7.3 The Board will ensure that a system is in place to properly select responsible personnel.

8. Enhancement of directors and executives

8.1 The Board will promote and facilitate CG training to enhance knowledge on this subject.

8.2 The Board will regularly attend knowledge-enhancement courses organized by supervisory agencies where the Company Secretary is designated to coordinate with directors to inform them of relevant courses.

9. Roles and Responsibilities of Company Secretary

9.1 To perform duty with care, prudence and integrity for the best interest of the Company and to comply with the laws, objectives and Articles of Association of the Company and resolutions of the Board of Directors and Shareholders' meetings.

9.2 To manage the meetings of the Board of Directors and Shareholders so that they are in compliance with the laws, the Company's regulations and its best practices.

9.3 To record the minutes of the meetings of the Board of Directors and Shareholders including to inform resolutions of these two meetings to the management and monitor the

compliance with such resolutions through CEO.

9.4 To prepare and keep the following documents:

- (a) Registration of Directors
- (b) Invitation letter to attend the Board of Directors' meeting, minutes of the Board of Directors' meeting and the Company's annual report
- (c) Invitation letter to attend the Shareholders' meeting and minutes of the Shareholders' Meeting.

9.5 To keep and maintain a report of interest as filed by directors and executives.

9.6 To disclose information and reports under his responsibility to supervisory agencies based on the authorities' regulations.

9.7 To communicate shareholders' rights and the Company's information to shareholders.

9.8 To provide recommendations and information relating to laws and regulations that the Board is required to know and comply with; and to regularly monitor accurate compliance.

9.9 To oversee activities of the Board of Directors to ensure that directors can effectively perform their duties.