



Anti – Corruption Policy

Prepared by: The Board of Directors

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1. Principle and rationale

With confidence in the ideology toward the business conduct with transparency, fairness and integrity to all parties, Principal Capital Public Company Limited (the Company) has complied with the laws and code of business ethics with transparency and accountability, having responsibility to the society and all stakeholders according to good corporate governance. In order to develop toward the sustainable organization, the Company has joined as a part of “Private Sector Collective Action Coalition Against Corruption” project to show the intention and the commitment to anti all forms of the Company’s fraud and corruption.

Therefore, the Board of Directors deem as necessary to formulate the “Anti-Corruption Policy” as a written document to be used as a guideline for all directors, executives and employees of the Company or third parties in their relationship with the company to comply with strictly, so that the Company’s business operations in the areas that exposed to fraud and corruption are considered and treated carefully.

2. Definitions

The Company means Principal Capital Public Company Limited and its subsidiaries and associated companies.

Fraud means an act of wrongfully exploitation by using the Company’s position, laws, policies or regulations to seek benefits for themselves or others

Fraud on performing duties means wrongfully acting or refraining from performing any positions or functions or wrongfully acting or refraining from performing any behaviors that might make others believe that they have positions or duties that they do not belong or misuse of power or position in order to secure unfair or unlawful gain for self or others.

Corruption means bribery, using the position and/ or using the company’s information obtained from rules or duties to perform any conducts for the benefit to his/her own, its ally and/or other person and government officers in order to acquire properties or any other interests inappropriately or any illegal interests

even direct or indirect way, including any illegal conducts which are against the business ethics, with the exceptional of law, regulation, notification, local customary, or commercial tradition is allowed to do so.

Political Contribution means a contribution in cash or in kind and/or encouraging employees to participate in political activities on behalf of the company, in order to support political parties, politicians, politically exposed persons or political power groups even direct or indirect way that shall lead to disagreement within the company or the country; or in order to obtain undue privileges, interests or business advantages but not including the case of employees participating the activities under their personal freedom.

Aids means money paid to or received from customers, suppliers and business partners reasonably, with the purposes on business, branding and reputation of the company as well as creating the commercial reliability, strengthening the business relationship and being appropriate for the occasion.

Risk management on fraud means the formulation of guidelines and processes on identifying, analyzing, evaluating, managing and monitoring the company's procedures that are at risk of fraud or intentionally omission of duties. The evaluation's results shall be used in revising current measures and formulating the guidelines to prevent fraud and wrongful conduct as well as building the transparency in the company's administration and operation so as to help the company to minimize loss and maximize positive opportunity.

3. Policies

3.1. The board members, executives and all employees of the Company or third parties in their relationship with the company shall not perform or accept or support any form of fraud and corruption practices, whether direct or indirect to any related persons or entities, whether in a form of offering, promising, soliciting, demanding, giving or accepting bribes or having behaviors implied in fraud and corruption. The Company shall support all relevant entities, customers, suppliers, contractors, sub-contractors and government officers to follow the Company's policies as well as to review all guidelines to be in line with policies, regulations, notification, laws and the business change.

3.2. The Company adopts a political neutrality policy and shall not participate in any activities that might bring the understanding that the Company has a relation with or provide political contribution to any political party or political power group. The Company shall be neutral and not concentrate on any political party or political power group and shall not use the Company's resources to support any political party or to assist any political candidate. However, the Company recognizes that its employees have the freedom on their rights as a good citizen under the terms of the Constitution, related laws and regulations.

3.3. Regarding the Company's operations, the Company does not have the policy to give or accept all form of bribery. The Company shall operate its businesses and contact with governmental and private agencies with transparency, integrity and complying with relevant laws and regulations.

3.4. The Company shall control the process of charity contribution, sponsorship, giving the business gift and supporting all activities to be transparent and legally.

3.5. The Company shall provide the control and the inspection on internal control properly and consistently, in order to prevent all employees act in contrary to this policy.

3.6. The Company shall arrange the trainings to provide knowledge on countering fraud and corruption to the Board, executives and all employees of the Company or third parties in their relationship with the company, in order to promote their integrity and responsibilities on duties as well as to be acknowledged on the Company's intention.

4. Duties and responsibilities

4.1. The Board of Directors has duties and responsibilities, as the follows:

1) To outline the policy and regulate to ensure existence of a system in the Company that not only promote efficiency of anti-fraud and anti-corruption practices but also signify how everyone in the Company realizes and attaches great importance to combat corruption.

2) To consider reviewing an appropriateness of changes in the Anti-corruption policy derived from the executives to be proper to the business model, the Company's environment and the organizational culture.

3) To clearly understand the factors and the reasons that may cause major risk of fraud and corruption to the Company as well as to ensure the risk management's approaches used by the executives.

4) To act as a role model by showing honesty and integrity to against all forms of fraud.

5) To develop and cultivate the organizational culture toward good corporate governance in order to prevent and to counter the corruption.

6) To support independent parties to operate the functions on countering the fraud and corruption, which are the Audit Committee, Risk Management Working Group, internal auditor and other related parties as well as external regulators.

7) To communicate and emphasize the expectation of the Board of Directors and executives on countering fraud and corruption to all level of employees to be acknowledged and taken seriously.

4.2. The Audit Committee has duties and responsibilities, as the follows:

1) To review the Anti-corruption policy derived from the executives to be proper to the business model, the Company's environment and the organizational culture.

2) To review an appropriateness of changes in the Anti-corruption policy derived from the executives.

3) To review the accounting and financial reporting system as well as review the examination reports on internal control system and the risk assessment on fraud and corruption prepared by the internal auditor, to ensure that those systems which are exposed to potential fraud and corruption shall have minimal impact to the Company's financial status and results of operations, as well as they are designed properly to the Company's business model according to international standard concisely, appropriately, modern and efficiently.

4.3. The Risk Management Committee has duties and responsibilities, as the follows:

1) To consider the Anti-Corruption Risk Management policy and framework.

2) To monitor the process of identifying and evaluating fraud and corruption risk in order to report about risk and risk management to the Board of Directors

4.4. Executives

1) To act and promote ethics as the model for the employees, to formulate the system and supporting the Anti-Corruption policy to communicate to employees and all related parties as well as to review the appropriateness of various systems and measures, including to formulate the operational procedures to protect fraud and corruption such as the separation of duties in order to confirm the accuracy and the completeness of evidence document.

2) To arrange the internal control on fraud and corruption protection in each division as well as responsible operational process.

3) To review and monitor the employee's performance to ensure that they act in compliance with the Company's policies, rules, regulations, notifications and instructions.

4) To report the case of fraud and corruption to the Audit Committee or the Board of Directors as appropriates for each case.

5) To promote and encourage the employees to perform their duties with honesty, devoting to the common interest, admiring good practices and countering fraud and corruption.

6) To build the recognition and the communication of reporting channel or whistle-blowing on fraud and corruption to the employees.

7) To encourage the Company to have the culture of free fraud and corruption, to protect the employees who refuse fraud and corruption, such as no reducing their positions or responsibilities, no punishment or no negative effect to such employees who refuse fraud and corruption, even the Company shall loss of business opportunity from such action.

4.5. Employees

1) To comply with policies, regulations and instructions related to anti-fraud and anti-corruption of the Company.

2) To report suspicious events or corruption behaviors of the Board of Directors, executives and employees, including external parties such as suppliers, customers and related parties, etc.

3) To support and provide cooperation in preventing and countering fraud and corruption.

4) To build the organizational culture to be free of fraud and corruption as well as recognize the value of behaving according to moral and ethical principles.

5) All employees must disclose any transactions that may have the conflict of interest with the Company.

5. Guidelines

5.1 All Board members, executives and employees must comply with the Company's Anti-Corruption Policy, Code of Business Ethics, Director Code of Conduct, Executive and Employee Code of Conduct and Good Corporate Governance Policy, including related regulations and work manuals of the Company as well as any other guidelines that the Company shall stipulate in the future.

5.2 Employees must not neglect or ignore whenever encounter an act of possible fraud and corruption related to the Company and must notify the incident to the superior or the responsible person or the Audit Committee and provide good cooperation when fact findings are needed. In case of any doubts, employees shall consult the superior or the Human Resource and Organizational Development department through various available channels of the Company.

5.3 The Company shall ensure fairness and protection of the employees who refuse to cooperate or act as whistleblowers who report about fraud and corruption involving the Company. In this regard, the employees who refuse or report clues shall be protected without being punished, changed job or responsibility unfairly or persecuted. The Company shall appoint a responsible person to examine every clue and evidence being notified.

5.4 The person who acts of fraud and corruption related to the Company shall punished according to disciplinary hearing regulated by the Company. If the action is illegal, the law penalty will also apply.

5.5 Sponsorships paid or received must comply with the Company's policy and have been conducted with correctness, transparency and having proper evidence for recording. In this regard, the control and monitoring shall be put in place to ensure the sponsorships do not deal with any fraud and corruption, have proper authorization and the sponsorship usages are in line with internal control process.

5.6 The Company shall contribute for charity both in a form of cash or in kind as a part of the Corporate Social Responsibilities activity, including promoting and strengthening the Company's positive image without the aim on business return.

5.7 The Company's charity contribution and sponsorship must get the approval from the authorized persons according to the following criteria;

- 1) The activities must be consistent with and relate to the Company's plan and policies.
- 2) Having specific persons or entities to receive the charitable contribution or sponsorship with clear purposes
- 3) Having clear purposes for spending the charitable contribution or sponsorship, which can be implemented and evaluated.
- 4) The activity must specify clearly the starting and ending period.
- 5) The places where the charitable contribution or sponsorship shall be spent must be specified clearly.
- 6) The expected benefits from spending the charitable contribution or sponsorship as well as the direct and indirect beneficiaries must be identified.
- 7) The evidence and receipts that can be examined the spending of money and the related operations must be provided.

5.8 All executives and employees must comply with the Code of Conduct on giving or accepting gifts or any other assets or benefits.

6. Term of Operations

6.1. This Anti-Corruption policy covers human resource management process starting from recruitment and selection, promotion, training and development, performance evaluation and compensation process. The superiors at every level must communicate clearly with their subordinates in order to perform correctly and supervise their practices effectively.

6.2. Any operations according to the Anti-Corruption policy shall apply the guidelines specified in the manuals of Code of Business Ethics, Director Code of Conduct, Executive and Employee Code of Conduct, Good Corporate Governance Policy, Internal Controls and Risk Management, Code of Conduct on giving or accepting gifts or assets or other interest, including other policies and operational guidelines that the Company shall specify in the future.

7. The internal and external communication

7.1 The Company recognizes an importance of internal communication by various medias, such as internal network within the organization (intranet), bulletin board and human resource management of the Company in order to implant, pass on and strengthen ethical behaviors of employees and executives, including to build awareness on the importance of good corporate governance, risk management and internal control to prevent fraud and corruption as well as to notify fraud and corruption to the executives.

7.2 The Company shall disclose information to shareholders, executives, customers, employees, stakeholders and related parties through the Company's annual report and website or any other appropriate methods to ensure that the Company operates the business with transparency and verification.

8. Risk Management and Assessment

The Company recognizes an importance of risk management process to identify fraud risks relevant to the Company's business operations such as asset misappropriation, fraudulent financial report and other frauds, by considering both the possibilities of events and relevant effects, so as to specify the measures to respond and manage those risk. The Company also considers the control

activities and the monitoring process on the results of internal control that includes the monitoring and evaluating the ability to prevent and search for fraud, error and compliance or non-compliance to rules and regulations in order to reduce and prevent those risks. Examples for fraud in various processes of the Company, such as financial fraud, sales, marketing, other services, cash on hand and important documents as well as the procurement process, etc.

9. Monitoring procedures

The Company recognizes an importance of the internal control process and the assessment on adequacy of internal control system by self-assessment method, as well as supports the use of technology in examining fraud and corruption continuously and completely.

The internal auditor has duties and responsibilities in examining and reviewing the operations in accordance with policies, guidelines, authorities to perform, regulations, laws and requirements of regulators, to ensure that the Company has proper and adequate control system on possible corruption risk and report the incident to the Audit Committee.