



KINGDOM OF CAMBODIA

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SECURITIES AND EXCHANGE
COMMISSION OF CAMBODIA

No...០១១/១៨.....SECC/BB.K.

PRAKAS

on

CORPORATE GOVERNANCE FOR THE LISTED COMPANIES

Deputy Prime Minister

Minister of Economy and Finance

and the Chairman of the Securities and Exchange Commission of Cambodia

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Preah Reach Kret No. NS/RKT/0918/925 on 06 September 2018 on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Preah Reach Kram No. RS/RKM/0618/012 on 28 June 2018 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen the Preah Reach Kram No. NS/RKM/0196/18 on 24 January 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen the Preah Reach Kram No. NS/RKM/0605/019 on 19 June 2005 promulgating the Law on Commercial Enterprise;
- Having seen the Preah Reach Kram No. NS/RKM/1007/028 on 19 October 2007 promulgating the Law on the Issuance and Trading of Non-Government Securities;
- Having seen the Preah Reach Kram No. NS/RKM/0416/006 on 11 April 2016 promulgating the Law on the Accounting and Auditing;
- Having seen the Anukret No. 97ANKR/BK on 23 July 2008 on the Conduct and Organization of the Securities and Exchange Commission of Cambodia;

- Having seen the Anukret No. 54 ANKR/BK on 08 April 2009 on the Implementation of the Law on the Issuance and Trading of Non-Governance Securities;
- Having seen the Prakas No.005/15 SECC/BRK on 10 September 2015 on Public Offering of Equity Securities;
- Having seen the approval by the Securities and Exchange Commission of Cambodia in the plenary meeting on 03 December 2018

HEREBY DECIDES

CHAPTER 1

GENERAL PROVISIONS

ARTICLE 1.- Purpose

The purpose of this Prakas is to ensure the implementation of good corporate governance for the listed companies through the establishment of mechanisms to protect shareholders' rights, the arrangement of the listed companies' structure, the conducts and organization of the board of directors, the establishment of policies to implement corporate governance, the development of controlling system, the protection of stakeholders' rights, and so on.

ARTICLE 2.- Objective

The objective of this Prakas is to set the requirements of corporate governance for the listed companies in accordance with the Law on Issuance and Trading of Non-Government Securities, Anukret on the Implementation of the Law on the Issuance and Trading of Non-Governance Securities, and others applicable regulations in place.

ARTICLE 3.- Scope

This Prakas determines the scope for all public limited companies and permitted entities that make public offering of securities in the Kingdom of Cambodia.

ARTICLE 4.- Definitions

The technical terms used in this Prakas are defined in this article and the glossary annexed to

the Law on Issuance and Trading of Non-Government Securities and Anukret on the Implementation of the Law on the Issuance and Trading of Non-Governance Securities as follows:

1. **Board of directors** refers to a high ranking entity or a group of individuals who are comprised of directors as its members with the obligation to control and oversee the work performance of the listed companies.
2. **Risk management committee** refers to a specialized committee that is established by the board of directors with the obligations to analyze, monitor, evaluate, measure, and report on the risks of the listed companies.
3. **Nomination and remuneration committee** refers to a specialized committee that is established by the board of directors with the obligations to review, evaluate, provide the recommendations on director candidates, and determine the remuneration and allowance for directors and senior officers.
4. **Audit committee** refers to a specialized committee that is established by the board of directors with the obligations to oversee audit task and review the internal controls of the listed companies.
5. **Senior officers** refers to any individual who holds any position from a director of department to a chief executive officer, including a corporate secretary, a head of internal audit, and any other important position in the listed companies.
6. **Minority shareholders** refers to shareholders who hold less than 5% of total shares in the listed companies.
7. **Public share** refers to a portion of state-owned capitals held by state enterprises or publicly owned corporations in the public enterprises.
8. **Public shareholders** refers to the legal entities who hold the public shares in the public enterprises.
9. **Private shareholders** refers to private individuals who hold shares in the public enterprises.
10. **Remuneration** refers to returns that are directly or indirectly granted to the directors and senior officers by the listed companies, such as salary, incentives, overtime-fees,

bonuses, pension, equity securities, and other benefits.

11. **Public enterprises** refers to an enterprise that is established in accordance to the Law on General Statute of Public Enterprise.
12. **Self-dealing** refers to the action of trustee, attorney, company staff, or other fiduciary that he or she takes to serve his or her personal interests in any transaction of the listed companies.
13. **Directors** refers to executive directors, non-executive directors, or independent directors, as the members of the board of directors.
14. **Independent directors** refers to the independent members of the board of directors who are not related to the management of the listed companies and do not have any business relationship or any other relationship with the listed companies, intervening the independent judgment in carrying out their roles.
15. **Executive directors** refers to the board members who engage in day-to-day operation of the listed companies.
16. **Non-executive directors** refers to the board members who do not engage in day-to-day operation of the listed companies.

CHAPTER 2

SHAREHOLDERS

ARTICLE 5.- Rights of Shareholders

The fundamental rights of shareholders, as stated in accordance with the Law on Commercial Enterprises and applicable regulations, shall not be revoked.

The rights of shareholders, as stated in applicable regulations and the articles of incorporation, shall be respected and protected by the board of directors of the listed companies.

Shareholders shall have the right to register ownership in the secured manners, right to buy,

sell, or transfer shares, right to dividend, right to obtain truthful, accurate, complete and timely relevant information, right to participate in the shareholders' meeting, right to vote, and so on.

ARTICLE 6.- Rights to Have Access to Corporate Information

Every shareholder shall have the right to inspect the shareholder list during business hours at the registered office of the listed companies, at such other place where secures the shareholder list, or at the shareholders' meeting.

Shareholders shall have the right to receive the annual audited financial report, quarterly financial report, operating results, information related to directors and senior officers, information related to the shareholders' meeting, and other information of the listed companies at their registered office or via their website and/or through mechanisms of the corporate disclosure of the listed companies. Shareholders shall have the right to receive the truthful, accurate, complete, and timely information at the same time as other shareholders from the listed companies, and the listed companies shall not select any information in the favor to any of shareholders or any specific group of shareholders.

ARTICLE 7.- Voting Rights

Shareholders with voting rights shall have the right to propose items on the agenda of the shareholders' meeting.

Shareholders shall have the right to vote either directly or via a proxy in the shareholders' meeting in order to elect, remove, or replace the directors and approve the amendment of the articles of incorporation, the increase or the decrease of capitals, the board remuneration, the significant transactions, the dividend proposed by board of directors, and any other matter as prescribed by the articles of incorporation.

ARTICLE 8.- Rights of Minority Shareholders

All shareholders' rights, specifically minority shareholders' rights and their legal benefits shall be protected by the board of directors.

Minority shareholders shall have the right to seek redress in case their rights are violated either directly or indirectly by the substantial shareholders and/or the controlling shareholders of the listed companies.

The board of directors shall ensure the good communication and appropriate interaction between minority shareholders, senior officers and the board of directors.

The listed companies shall determine the voting system that ensures the protection of the minority shareholders' the rights and interests in the articles of incorporation or a separate internal rule of the listed companies.

ARTICLE 9.- The Equitable Treatment of Shareholders

All shareholders with the same classes and series of shares shall have the same rights. Processes and procedures for general shareholders' meeting shall be set in condition to treat shareholders equitably.

One share is entitled to one vote, and voting rights shall not be restricted by any person.

ARTICLE 10.- The Responsibilities of Shareholders

Shareholders shall be responsible for exercising their own voting rights.

The substantial shareholders and the controlling shareholders shall disclose their share ownership information to public via the listed companies' disclosure mechanism, in case there is any change in share ownership as mandated by Anukret on Implementation of Law on Issuance and Non-Trading Securities, and regulation in relevance to corporate disclosure.

ARTICLE 11.- Shareholders' Meeting

The listed companies shall hold at least 1 (one) shareholders' meeting every year, not exceeding 6 (six) months after the end of each fiscal year.

The details of procedures for conducting the shareholders' meeting shall be stated in the articles of incorporation. In case not stated in the articles of incorporation, the listed companies shall comply with the requirements set by the SECC.

The listed companies shall provide the SECC with the minutes of the shareholders' meeting within 7 (seven) business days after the end of each meeting.

CHAPTER 3

THE BOARD OF DIRECTORS AND BOARD COMMITTEES

SECTION 1: THE BOARD OF DIRECTORS

ARTICLE 12.- The Board of Directors

The board of directors shall lead and control the listed companies to ensure transparency, accountability, and efficiency for shareholders.

ARTICLE 13.- The Board Composition

The board of directors shall be elected by the shareholders in the shareholders' meeting.

The board of directors of the listed companies shall be composed of at least 5 (five) directors of whom at least 1/5 (one-fifth) are the independent directors.

For the companies listed on the growth board of the permitted securities market, the board of directors shall be composed of at least 3 (three) directors of whom at least 1 (one) member is the independent director. In case the existing board composition consists of 5 (five) directors or more, at least 1/5 (one-fifth) of the total board members are the independent directors.

For the listed public enterprises, the board of directors shall be composed of the number of directors as defined by the Law on General Statute of the Public Enterprises. The board of directors shall consist of at least 1 (one) independent director and at least 1 (one) non-executive director representing private shareholders. In case the listed public enterprise fails to elect a non-executive director representing the private shareholders, the listed public enterprises shall elect at least 2 (two) independent directors. At least 2 (two) nominees of the independent directors shall be proposed and voted by the shareholders at the shareholders' meeting. The nominees of non-executive directors representing the private shareholders are proposed and voted by the private shareholders only. A

chairman of the board of directors shall have procedures and process in place in order to assist the private shareholders to propose and vote the non-executive director representing the private shareholders.

The term of office of the independent directors and the non-executive directors representing the private shareholders shall not exceed 3 (three) years. This term of office can be renewed as needed, and the independent directors and the non-executive directors representing the private shareholders shall not hold office for more than 9 (nine) years.

In case an independent director is a foreigner, he or she shall have working experience at least 6 (six) months in the Kingdom of Cambodia prior to the appointment of the independent director.

In case the number of board members is less than the minimum requirement stated in this article, the listed companies shall elect the directors to fill in the empty seat for not more than 3 (three) months starting from the time that the board composition is less than the requirement, or within a reasonable time permitted by the Director General of the SECC.

ARTICLE 14.- The Board Meetings

The Board of directors shall hold a regular meeting at least once every quarter. In necessary and urgent circumstances, the board of directors may hold an extraordinary meeting at any time upon a request from the chairman of the board of directors or by at least 1/3 (one-third) of the board members.

Directors shall attend at least 60 (sixty) percent of the total board meetings per year, except the case of a force majeure, the sick leave verified by the board of directors, or other reasons as determined by the board of directors. At least 1 (one) independent director shall be present at the board meetings. The chairman of the board of directors may appoint any director as a proxy to chair the board meeting in his or her absence.

The quorum for the board meeting of the listed companies shall be proceeded with only if there is a majority or more of directors being present at the meeting as determined by the articles of incorporation.

The board resolution shall be valid only if there is a majority of votes casted by the directors or the proxy holders presenting at the meeting as determined by the articles of incorporation. In case of the equal votes, the chairman of the board of directors shall have the final voice.

The listed companies shall provide the SECC with the minutes of the board meeting within 10 (ten) working days after the end of each meeting.

The board meeting of the listed public enterprises shall be in compliance with the provisions of the article 12 of the Law on General Statute of Public Enterprises, and the article 8 of the Sub-Decree on the Implementation of General Statute of the Public Enterprises.

ARTICLE 15.- The Board Roles

The board of directors shall have leadership, carry out their responsibilities, and serve the legitimate interests of the listed companies and shareholders by fulfilling the main roles as follows:

1. ensure that the listed companies effectively communicate with shareholders and stakeholders;
2. develop, monitor, and assess the corporate strategic plans and business plans, and ensure that the corporate resources are adequate for the success of listed companies;
3. establish, monitor, and assess the internal control system;
4. establish, monitor, and assess the effectiveness of auditing;
5. establish and monitor the risk management policy;
6. develop the remuneration policy for directors that shall be proposed to the shareholders' meeting for shareholders' approval, and develop the remuneration policy for senior officers;
7. set the criteria and procedures for the appointment of directors;
8. appoint and remove the president/chief executive officer (CEO), the corporate secretary, the head of internal audit, and the corporate disclosure officers;
9. oversee, monitor, and assess the performance of the board of directors, individual directors, and board committees;
10. ensure the financial solvency of the listed companies by striving to perform roles and duties;

11. establish the mechanism and procedure on the protection of the shareholders' rights by ensuring that the minority shareholders are also eligible to run for director candidate or propose their candidates;
12. establish the voting mechanism and procedure at the shareholders' meeting etc., including the cumulative voting system to ensure the protection of the minority shareholders' interests;
13. establish the mechanism that allows the substantial shareholders and the controlling shareholders to disclose their information regarding the changes in share ownership to the public via the listed companies' disclosure mechanism;
14. establish the mechanism and procedure on the related party transactions;
15. establish other policies;
16. recommend the change of a director general of the listed public enterprises to the line ministries;
17. comply with the laws and regulations in place.

ARTICLE 16.- The Code of Conducts

The board of directors shall adopt a code of conducts for directors and senior officers with minimum standards of professional conducts, confidentiality, conflicts of interest, and ensure that the corporate resources are used in proper and responsible manners. This code of conducts shall be publicly disclosed.

ARTICLE 17.- The Remuneration

The board of directors shall ensure that the remuneration is appropriate to attract and retain potential directors and senior officers for the long-term success of the listed companies. The remuneration for the directors and senior officers shall be proportional to the performance or working results, and sustain the business of the listed companies.

ARTICLE 18.- The Board Responsibilities

The board of directors shall carry out their roles with the duty of care and loyalty to promote long-term success and sustain competitiveness of the listed companies, and act in the ultimate

interests for the listed companies and shareholders.

The board of directors shall be liable for any damage incurred as a result of acting illegally, dishonestly or contrarily to the interests of the listed companies and shareholders.

ARTICLE 19.- The Training

The board of directors shall ensure that all directors are trained to update any change of regulations in relevance to corporate governance, laws, and regulations that may affect the business of the listed companies, and they shall attend corporate governance trainings organized by the SECC.

ARTICLE 20.- The Corporate Secretary

The board of directors shall appoint one or more corporate secretaries to assist them with their work. The corporate secretary shall be a senior officer of the listed companies, have Cambodian citizenship, and have good personality and attitude to work in good, care, and loyal manners.

In case, the listed companies cannot select and appoint the corporate secretary who has Cambodian citizenship; the listed companies shall request the approval from the Director General of the SECC prior to his or her appointment.

ARTICLE 21.- Duties and Responsibilities of the Corporate Secretary

The corporate secretary shall have the duties and responsibilities as follows:

1. report to the board of directors through the chairman of the board of directors;
2. provides truthful, accurate, complete, and timely information to all directors;
3. arrange and organize board meetings and shareholders' meetings, and record minutes of the meetings;
4. have the effective working relationship with the board of directors and senior officers;
5. facilitate the effective communication between the board of directors and senior officers in order to support the decision making process;
6. support working process of the board of directors and board committees;

7. attend all board meetings, shareholders' meetings, and board committees' meetings ;
8. keep up-to-date on the change of laws and regulations that may affect the board of directors' decisions and operations of the listed companies;
9. keep all information of listed companies confidential prior to its disclosure;
10. carry out any other task assigned by the board of directors.

ARTICLE 22.- Prohibited Acts

The directors, senior officers, employees, and shareholders of the listed companies shall not engage directly or indirectly in the insider trading or the unfair self-dealing.

SECTION 2: BOARD COMMITTEES

ARTICLE 23.- Board Committees

The board of directors shall set up an audit committee, and a nomination and remuneration committee. The board of directors may set up a risk management committee, and other committees as needed or as directed by the Director General of the SECC.

In case the companies listed on the growth board of the permitted securities market, the board of directors shall set up the audit committee and may set up other committees as needed or as directed by the Director General of the SECC. In case the board of directors are composed of less than 5 (five) members, the board of directors shall not be required to set up the audit committee; hence, the independent directors shall perform the duties and responsibilities on behalf of the audit committee.

ARTICLE 24.- Audit Committee

The audit committee shall be composed of at least 3 (three) members and chaired by the independent director. At least 1 (one) member shall have expertise and experience in finance, and other members shall understand accounting and finance.

Duties and responsibilities of the audit committee shall include the following:

- review financial reporting;

- review internal controls;
- review internal auditing;
- review external auditing;
- review risk management, in case there is no risk management committee in the listed companies;
- report and recommend to the board of directors;
- carry out any other task assigned by the board of directors.

ARTICLE 25.- The Remuneration and Nomination Committee

The remuneration and nomination committee shall be composed of at least 3 (three) members and chaired by the non-executive director.

Duties and responsibilities of the remuneration and nomination committee shall include the following:

- review and recommend the qualifications and procedures for the appointment of directors and senior officers;
- evaluate the qualifications of director and senior officer candidates and propose to the board of directors;
- review and update the mechanism, and assess the performance of the board of directors, individual directors, and board committees at least 1(one) per year;
- develop procedures for reviewing and recommending the remuneration for directors and senior officers;
- carry out any other task assigned by the board of directors.

ARTICLE 26.- The Risk Management Committee

The risk management committee shall be composed of least 3 (three) members and chaired by the independent director. At least 1 (one) member shall have expertise in finance or risk management.

Duties and responsibilities of the risk management committee shall include the following:

- review the analysis of risks including: risk description, risk identification, risk estimation;
- review the risk assessment;
- review risk reporting;
- review risk measures;
- review risk monitoring;
- carry out any other task assigned by the board of directors.

CHAPTER IV

DIRECTORS

SECTION 1: THE NOMINATION OF DIRECTORS

ARTICLE 27.- Qualifications of Director Nominees

The nomination of directors shall be conducted in a formal and transparent procedure to ensure fairness and independence.

The nominees of directors shall possess at least the following qualifications:

1. hold at least bachelor's degree or equivalent;
2. have working experience at least 3 (three) years in relevant field, or in case failed to comply with the requirements of the requirement stated in paragraph 2.1 of this article, working experience shall be at least 5 (five) years in the relevant field;
3. understand the business practices of the listed companies;
4. have a good reputation in business.

The independent directors shall possess the qualifications set out in paragraph 2 of this article, and at least 1 (one) independent directors shall hold a bachelor's degree or an equivalent degree with knowledge and experience in finance or accounting.

ARTICLE 28.- Disqualifications of Director Nominees

The nominees of directors shall be disqualified from being the director of the listed companies in any of the following cases:

1. A person has been finally convicted of an offense related to a prohibited behavior related to securities or any crimes;
2. A person has been finally convicted of misdemeanors, including thievery, fraud, breach of trust, money laundering and financing terrorism, corruption, falsification of documents, falsification of audit reports, or implicated or colluded in any of the mentioned activities with other individuals for the last 5 (five) years;
3. A person has been revoked a license or permit, or banned from the position of a director or an executive of a company for the last 5 (five) years;
4. A person has been declared bankrupt by the court for the last 5 (five) years;
5. A person has been convicted by a foreign court, or has been subject to severe administrative sanctions by a foreign competent authority in connection with any of the above points of this article.

SECTION 2: INDEPENDENT DIRECTORS

ARTICLE 29.- Qualifications of Independent Directors

A person shall not be an independent director if he or she does not comply with any of the conditions set forth in Article 27 or Article 28 of this Prakas, or in case that person:

1. is a significant customer or supplier, or has any significant interest with the listed companies or with the director, the senior officer or the competitors of the listed companies;
2. is a direct family member of a director or a senior officer of the listed companies, or a direct family member of a person who was a director or a senior officer of the listed companies for the last 1 (one) year;
3. holds shares exceeding more than 1 (one) percent of total shares in the listed companies;
4. is affiliated with any non-profit organization or association funded by the listed companies;

5. is a civil servant, only applicable for the independent director nominee of listed public enterprises;
6. the person or the direct family member:
 - a. is working or was employed by the listed companies, a director or a senior officer of the listed companies for the last 2 (two) years;
 - b. has a significant interest with any non-profit organization or association funded by the listed companies;
 - c. is or was employed as an internal auditor of the listed companies, or an external auditor to provide the audit serve for the listed companies for the last 2 (two) years;
 - d. is serving as a senior employee or a director in an insurance company that is providing insurance services to the listed companies or companies that are clients, suppliers or competitors of the listed companies.

The nominees of independent directors shall submit an affirmation statement on any conflict of interest with the listed companies prior to the appointment of the independent directors. The independent directors shall notify their conflicts of interests to the board of directors of the listed companies.

ARTICLE 30.- Roles and Interests of Independent Directors

The board of directors shall confirm that the independent directors do not have any significant relationship with senior officers or other employees that may affect their independent judgment to serve the best interests of the listed companies.

Independent directors shall fulfill the roles as follows:

1. participate in board meetings in order to bring an independent judgment on matters such as the strategy, policy, performance, accountability, resource, the appointment of senior officers, and standards of conducts;
2. take the lead role in solving and preventing the potential conflicts of interest;
3. serve on the board committees such as the audit committee and other committees;

4. scrutinize and monitor the performance of the listed companies in achieving the corporate goals and objectives.

SECTION 3: RIGHTS AND ROLES OF DIRECTORS

ARTICLE 31.- Information for Directors

Directors shall be provided with complete, adequate, accurate, and timely information and relevant documents prior to the board meetings.

The information provided to directors shall include background, detailed explanation related to matters that will be brought up in the board meetings, copies of disclosure documents, budget matters, forecasting, and monthly financial statements. In regards to budget matters, any gap between the projections and actual results shall be disclosed and explained clearly. In necessary case, each director may request the corporate secretary to provide supplemental materials in order to fulfill their duties effectively.

ARTICLE 32.- Directors' Rights

Directors shall exercise the rights as stipulated in the articles and incorporation and applicable provisions without exercising the power to dominate senior officers or employees to fulfill their functions.

The individual directors shall have the rights to:

1. convene an extraordinary shareholders meeting as necessary;
2. receive the agenda of the meeting, information, and supporting documents in complete, adequate, accurate, and timely manners, to be prepared for the board meetings and board committee meetings;
3. access to up-to-date information about the listed companies;
4. have oral objection or disagree in written with any board action or decision, and record their dissenting vote;
5. place items on the agenda of board meetings;

6. meet with senior officers as reasonably needed, on a mutually convenient basis;
7. seek in-house and outside advice as needed to support decision making;
8. receive transparent and appropriate remuneration.

ARTICLE 33.- Obligations of Directors

Every director shall be independent in judgment and action and take all reasonable steps to ensure the soundness of all board decisions.

Directors shall have obligations to:

1. act in care and loyal manners and use the power only for the corporate goals and success to protect the best interest of the listed companies and shareholders;
2. work with professional, diligent, and care manners;
3. disclose the directors' interests with the listed companies;
4. properly solve any disputes related to the benefits of the listed companies;
5. not dominate the directors contributing to the board decisions making;
6. not appoint the proxy who is not a director to exercise the duties on his or her behalf;
7. not take any personal interest from the position of directors;
8. not accept gifts for the personal benefit or the benefit of any person who is a direct family member or a business or financial partner, causing disloyalty in carrying out their duties;
9. not make unauthorized use of the corporate information;
10. comply with the articles of incorporate, board resolutions, shareholders' resolutions, applicable laws, and regulations in place.

CHAPTER V

AUDITING

ARTICLE 34.- Board Roles in Internal Audit

The board of directors shall be accountable to the shareholders, and the senior officers shall be accountable to the board of directors.

The board of directors shall provide shareholders, on the regular basis in accordance with the listing rules or as determined by the Director General of the SECC, with a balanced and understandable assessment of the corporate performance, position, and expectations.

The senior officers shall regularly provide the board of directors with a balanced assessment of the corporate performance, position, and expectations, and shall report to the board of directors on monthly basis on the financial and material operational performance of the listed companies.

ARTICLE 35.- Obligations and Responsibilities of Internal Auditors

The listed companies shall have an internal audit function which is under the direct supervision of the audit committee or the independent director who perform the duties and responsibilities on behalf of the audit committee. The internal auditors shall report directly to the audit committee or the independent director.

The obligations and responsibilities of the internal auditors shall include:

1. present a balanced and understandable assessment of the listed companies' performance, position, and expectations;
2. report on the business processes and any potential problems of the listed companies;
3. maintain a sound system of internal controls to safeguard shareholders' interests, stakeholders' investments, and the listed companies' assets;
4. carry out the internal audit investigation covering the adequacy and effectiveness of governance, operations, and information systems, including asset protection and regulatory compliance;
5. provide the audit committee or the independent director and senior officers with annual reports related to the auditing plan and strategy approved by the audit committee or the independent director. This annual report shall be made public including risk matters, review matters, corporate governance matters, and other matters proposed by the board of directors or senior officers.

The audit committee or the independent directors shall ensure that the internal auditors have full access to the records of the assets and employees in relevance to the audit activities, and that the

internal audit activities are free from interference in determining the scope of the internal audit examination, performing work, and communicating results.

ARTICLE 36.- Qualifications of the Head of Internal Audit

The head of the internal audit shall have the following qualifications:

1. have at least bachelors' degree, training and working experience in the field of auditing;
2. have competence in leading and managing auditing staffs;
3. have knowledge of technical standards and regulations related to the operations of the listed companies;
4. comply with the auditing standards;
5. have a good communication, honesty, and ethical conduct at work.

ARTICLE 37.- Duties of the Head of Internal Audit

The head of internal audit shall not exercise any duty leading to conflicts of interest. The head of internal audit shall perform duties as follows:

1. provide all internal audit reports for the audit committee or the independent directors and seniors officers;
2. provide the audit committee or the independent director with significant findings which affect the business operations of the listed companies;
3. have meetings with the audit committee or the independent directors at least once a year without the presence of senior officers;
4. carry out any other task assigned by the audit committee or the independent directors.

ARTICLE 38.- External Audit

The financial audit shall be carried out by the external auditors appointed by the board of directors through the request of the audit committee among the audit firms accredited by the SECC in securities sector. The interaction between the listed companies and the external auditors shall be overseen by the audit committee.

In order to limit the risk of possible conflict of interests, all audit services, non-audit services, and fees paid to the external auditors shall be approved by the audit committee in advance and disclosed in the annual report.

The listed companies shall not use the audit service of the audit firms exceeding 5 (five) years consecutively, and shall not re-use the auditing service of the same audit firms within the period of 3 (three) years after the service contract ends.

ARTICLE 39.- Suspension, Dismissal, or Change of the Audit Firm

The reasons for any resignation, dismissal, or suspension of auditing service of the audit firm shall be disclosed in the annual report of the listed companies, and timely disclosed in accordance with the provisions related to corporate disclosures.

CHAPTER VI STAKEHOLDERS

ARTICLE 40.- Protection of Stakeholders' Rights

Creditors or individuals who have an interest or have a contract with the listed companies shall be considered as stakeholders of the listed companies.

All stakeholders of the listed companies shall be protected by the listed companies as follows:

1. set up a clear strategic management policy to support and protect stakeholders' rights;
2. ensure the compliance with the Labor Law of the Kingdom of Cambodia;
3. recognize and protect the rights of stakeholders separately from the rights of shareholders;
4. not neglect the corporate social responsibility such as consumer protection and environmental protection.

ARTICLE 41.- Stakeholder Information and Monitoring

The listed companies shall provide stakeholders with the necessary information to monitor the listed companies and protect their rights.

CHAPTER VII
DISCLOSURE AND TRANSPARENTCY

ARTICLE 42.- Disclosure and Transparency

The listed companies shall provide truthful, complete, accurate, and timely information, including corporate governance information in accordance with the provisions related to corporate disclosure.

ARTICLE 43.- Report on Corporate Governance

The listed companies shall submit the report on corporate governance to the **SECC** as the appendix of the annual reports, formulated by the **SECC** with at least the following information:

1. Board of directors
2. Board committees
3. Remunerations
4. Performance assessment of board of directors, individual directors, board committees, and CEO
5. Risk management system
6. Internal audit and internal controls
7. Shareholders' rights
8. Stakeholders
9. Implementation of the code of conducts
10. Investor Relations
11. Corporate social responsibility initiatives
12. Disclosure and transparency.

CHAPTER VIII

PENALTIES

ARTICLE 44.- Administrative Sanctions

The listed companies or any related individuals who violate the paragraph 2 of article 5, the article 6, the article 8, the second sentence of paragraph 1 of article 9, the article 10, the article 11, the article 13, the article 14, the article 15, the article 16, the paragraph 1 of article 18, the article 19, the article 20, the article 21, the article 22, the article 23, the article 24, the article 25, the article 26, the article 27, the article 28, the article 29, the article 30, the paragraph 1 of article 32, the article 33, the article 34, the article 35, the article 36, the article 37, the article 38, the article 39, the article 41, the article 42, or the article 43 of this Prakas shall be subject to administrative sanctions set by the **SECC**.

The General Director of the **SECC** may give the administrative sanctions as follows:

1. a warning or exhorting;
2. a request for memorandum.
3. a public remark and an order to make corrections.
4. a restriction on the issuance of securities.
5. a recommendation on the dismissal of a director or a senior officer.
6. a proclaim on the punishment of a person who violates the laws and the regulations in place.
7. a suspension or a ban on the issuance of a securities or subsequent security distribution.

ARTICLE 45.- Transactional Fines

The listed companies and individuals who disobey the instruction given by the Director General of the **SECC**, or continue to repeat the same offense shall be fined the amount from 5.000.000 (five millions) to 50.000.000 (fifty millions) Riels.

CHAPTER IX
TRANSITIONAL PROVISIONS

ARTICLE 46.- Transitional Period for Reorganizing the Board of Directors of the Listed Public Enterprises

The listed public enterprises shall reorganize the board structure as stipulated under article 13 of this Prakas within the period not exceeding 6 (six) months after listing at permitted securities market. The listed public enterprises shall comply with the all requirements set in this Prakas within the period not exceeding 18 (eighteen) months after listing at permitted securities market. In the necessary case and at the request of the listed public enterprise, the Director General of the SECC may provide extended time for the listed public enterprises to comply with the requirements, as stipulated of this article.

CHAPTER X
FINAL PROVISIONS

ARTICLE 47.- The Adoption of Guidelines

The SECC may adopt guidelines in accordance with the Law on the Issuance and Trading of Non-Government Securities, the Anukret on the Implementation of the Law on the Issuance and Trading of Non-Government Securities, and this Prakas for the purpose to facilitate understanding and implementing the requirements of this Prakas and guide the listed companies, stakeholders, related parties, permitted securities market participants, and the public.

ARTICLE 48.- Abrogation

This Prakas shall be substituted for the Prakas No.002 SECC on 15 January 2010 on Corporate Governance for the Listed Companies and Prakas No. 013/10 SECC BRK on 15 December 2010 on Corporate Governance for the Listed Public Enterprises.

ARTICLE 49.- Application

The Director General of the **SECC**, Director Department of Securities Issuance Supervision, Director Department of Legal Affairs, Director Department-unit of the **SECC**, and related parties shall effectively implement this Prakas starting from the signing date onwards.

Phnom Penh, 19 December 2018

Signature and Seal

Copy and Distribution:

- Council of Minister
- Ministry of Economy and Finance
- Ministry of Commerce
- Ministry of Justice
- National Bank of Cambodia
- Cabinet Samdech Akka Moha Sena Padei Techo HUN SEN
Prime Minister of the Kingdom of Cambodia
- Cabinets of His / Her Excellencies Deputy Prime Ministers "To Inform"
- As prescribed in Article 49 of this Prakas "To Implement"
- Royal Gazette
- Archives-Records