



**Annual Report Appendix 2023**

**For ROYAL RAILWAY PLC.**

**Annual Corporate Governance Report**

# PART 1 – SHAREHOLDERS

## A. SHAREHOLDERS STRUCTURE (AS OF 31 DECEMBER 2023)

### 1. Shareholder information

Description	Nationality	Types of Shareholders	Number of Shareholders	Number of Shares	Percentage
Less than 5%	Cambodian	Individual	1	20,033	1.0001%
		Legal Person	None	None	None
	Non-Cambodian	Individual	None	None	None
		Legal Person	None	None	None
From 5% to less than 30%	Cambodian	Individual	None	None	None
		Legal Person	None	None	None
	Non-Cambodian	Individual	None	None	None
		Legal Person	None	None	None
More than 30%	Cambodian	Individual	None	None	None
		Legal Person	1	1,983,187	98.9999%
	Non-Cambodian	Individual	None	None	None
		Legal Person	None	None	None

### 2. Shareholder Who Are Director, Senior Officials and Employees of Listed Company

Shareholders	Number of Shareholders	Number of Shares	Percentage
<b>Directors</b>	1	20,033	1.0001%
<b>Senior Officials</b>	N/A	N/A	N/A
<b>Employees</b>	N/A	N/A	N/A
<b>Total</b>		<b>20,033</b>	<b>1.0001%</b>

## B. SHAREHOLDERS' AND PROTECTION OF SHAREHOLDERS' RIGHTS

### 1. Rights of Shareholders

Each shareholder has right as following:

- Rights to attend General Meeting of Shareholders including the right to vote directly or through a proxy at any meeting of shareholders. Each ordinary share of the Company entitles the holder to 01 (one) vote in the General Meeting of Shareholders.
- Rights to receive dividend or benefits declared by the Company.
- Rights to receive the remaining assets of the Company after a dissolution and liquidation.
- Rights to access all kind of information, including business information and the accounting book and record of the Company, and check the Shareholder list at the Company's head office during working hours or at General Meeting of Shareholders.

### 2. Protection of Shareholders' Rights and the Company's Practice of the Protection of Shareholders' Rights

The rights of shareholders are protected by Memorandum and Articles of Association of the Company as stated in Chapter 2 point 17.2, 17.3 and 17.4 as the rights of shareholders under protection as stated:

- Rights to receive dividend or benefits declared by the Company.
- Rights to receive the remaining assets of the Company after a dissolution and liquidation.
- Rights to access all kind of information, including business information and the accounting book and record of the Company, and check the Shareholder list at the Company's head office during working hours or at General Meeting of Shareholders.

### 3. Protection of Minority Shareholders' Rights and the Company's Practice of the Protection of Shareholders' Rights

The rights of minority shareholders are protected by Memorandum and Articles of Association of the Company as stated in Chapter 2 point 17.2, 17.3 and 17.4 as the rights of shareholders under protection as stated:

- Rights to receive dividend or benefits declared by the Company.
- Rights to receive the remaining assets of the Company after a dissolution and liquidation.
- Rights to access all kind of information, including business information and the accounting book and record of the Company, and check the Shareholder list at the Company's head office during working hours or at General Meeting of Shareholders.

## C. GENERAL SHAREHOLDER MEETING

### 1. Procedures of General Shareholder Meeting and Voting

The general meeting of Shareholders shall be held at least once a year and held at such place and at such times as the Board of Directors shall determine.

An extraordinary meeting of Shareholders can be convened at any time by the decision of the Board of Directors or upon request by any Shareholder(s) holding at least fifty-one (51) per cent of the total shares with voting right.

No general meeting shall proceed at any meeting of Shareholders unless a quorum of the meeting is met when the meeting proceeds to business. The quorum at any Shareholders' general meeting shall be the number of Shareholders who together hold more than fifty (50) per cent of the total shareholding entitled to vote.

### 2. Information of General Shareholder Meeting

No.	Date	Type of Meeting	Quorums	Agendas	Resolutions
1	None				

## D. DIVIDEND DISTRIBUTION

### 1. Dividend Policy

The declaration of dividend in accordance with the MOC's law and the Memorandum and Articles of Association of the Company. There is no dividend payment in 2023. The Company also have the policy to pay the coupon on bonds as follow:

- Plain bond: payment of coupon occurred on every 10 October annually starting from 2023 until the bond reaches maturity.
- Guaranteed bonds: payment of coupon occurred on every 23 June and 23 December annually starting from 2023 until the bonds reach maturity.

### 2. Historical Information of Dividend and Coupon Distribution for the Last 3 Years

No.	Detail of Dividend Distribution	2022	2021	2020
1	Announcement Date of Dividend Distribution	None	None	None
2	Record Date	None	None	None
3	Dividend Payment Date	None	None	None

No.	Detail of Coupon Distribution	2022	2021	2020
1	Announcement Date of Coupon Distribution	None	None	None
2	Record Date	None	None	None
3	Coupon Payment Date	None	None	None

# PART 2 – BOARD OF DIRECTOR

## A. BOARD OF DIRECTOR

### 1. Board Composition

No.	Name	Position	Appointing Date	Ending Date
1	Neak Oknha Kith Meng	Chairman	13 April 2015	N/A
2	Mr. Raymond Thornton Yager	Director	2 June 2022	2 June 2025
3	Mr. William Mark Hanna	Director	2 June 2022	2 June 2025
4	Mr. Paul Clements	Director	2 June 2022	2 June 2025
5	Mr. Lun Yeng	Independent Director	2 June 2022	2 June 2025

Note: Each Director shall be limited to three (3) years from the date of appointment until such Director resigns or is removed. But each Director can be re-appointed and shall be limited to nine (9) years only.

### 2. Director Biography

#### Neak Oknha Kith Meng, Chairman

Neak Oknha Kith Meng is the Chairman of the Board of Directors of Royal Railway PLC.. One of Cambodia's most prominent businessmen, Neak Oknha Kith Meng, is a driving force in the transformation and advancement of the national economy. As the Chairman of the Royal Group of Companies, he leads the Kingdom's largest and most diversified portfolio of more than 30 entities. His operations span an array of industries including finance, banking, media, broadcasting, insurance, telecom, information technology, petrochemicals, real estate, property development, transportation, agriculture, and energy, he also play a significant role in Royal Railway both in decision making and work in the company which starting from day 1 of the Company operation which in year 2009. He is a graduate of MBA from the Australian National University.

#### Mr. Raymond Thornton Yager, Director

Mr. Raymond Thornton Yager has a long-time affiliation with Cambodia, arriving in 1992 as a Project Director working with the United Nation as part of the UNTAC. He joined the Royal Group of Companies as Chief Executive Officer of Northbridge Development Company since 2000 until now. During his time with Royal Group, he has developed Northbridge communities and Northbridge International School to be recognized as the premier International School and Gated Community in Cambodia. Beside this, in 2016, he successfully oversaw the design, construction and opened another international school called Southbridge International school (SISC) at Borey Peng Huot Beoung Snor which has over 800 students and a capacity to accommodate over 1500 students. During the same time, he managed the design, construction, sales and operations of a High-end Condominium project, NorthPark Condominiums, grade A buildings with 278 units, swimming pool, gym and facilities. His latest project is a 25 floor High Rise Tower Building situated in the heart of Phnom Penh CBD, with an estimated construction budget of USD30 million, commonly known as Wing Bank Tower. With his value experience on infrastructure, the Company trust him with his guide and trust in order to develop the railway of the Company. He is a registered member of the Master Builder Association of Australia.

### **Mr. William Mark Hanna, Director**

Mr. William Mark Hanna joined Royal Group in 2007 and took the position as Group Chief Financial Officer. Mark has over 30 years of overall experiences from overseas and Cambodia. With his various experiences, he has contributed to the Royal Group substantial growth. Currently Mark is also a director of Royal Railway Plc, a subsidiary company of Royal Group. Prior to joining Royal Group, William was a Chief Executive Officer at Warf Telecom International and Wataniya telecom, Maldives. He was also a Chief Financial Officer at Millicom International Cellular, Cambodia, which is a mobile communication provider to include an ISP, wireless broadband internet access provider, an international voice and data gateway and a commercial television station. Mark also used to be a Finance & IT Director and various roles which are related and advantaged to the current Enterprise Business. He was a graduate from Napier University, majored in accounting. He was also a Zenger Miller Certified Trainer as well as having a Chartered Management Accountant (CIMA).

### **Mr. Paul Carey Clements, Director**

Paul with more than 30 years in banking career which has spanned an international coverage of Australia, Indonesia, Cambodia & China. His previous roles have been at the MD and COO level. Experience has been developing the strategic direction, restructuring, establishing, and growing businesses in different geographic and cultural locations utilising leadership, partnering, selling, and business skills. Most of his career was in Australia with Westpac Banking Corporation, ANZ Bank, and JP Morgan. In Cambodia, Paul has been previously involved with ANZ Royal Bank, Cambodia Mekong Bank Public Limited, WorldBridge Outsourcing Solutions Co., Ltd and HCC Group Co., Ltd (EnviroCam). He is currently involved in consulting across a number of sectors. Mr. Paul Carey Clements has a Bachelor of Business (Majoring in Banking and Finance) and a Postgraduate (Majoring in Accounting).

### **Mr. Lun Yeng, Independent Director**

Mr. Lun Yeng is a Cambodian National. He joined Cambodia Rice Federation in 2014 and took the position as a Secretary General. Yeng has over 20 years of overall experiences which were mostly based in Cambodia. With his various experiences, he has contributed to the Cambodia Rice Federation substantial growth. He also the one that help to push the rice companies in Cambodia to use freight service by rail. Prior to joining Cambodia Rice Federation, Yeng was a head of operation, Business and Finance of Artisans Association for Cambodia, and later as a business development consultant at Business Development Link Co. Ltd. He was also an Executive Director and General Manager at Federation of Association for Small and Medium Enterprises of Cambodia (FASMEC) and Daun Penh House Co. Ltd. Later, he worked at the Ministry of Commerce as a Technical Advisor to the government-private sector forum at the Department of International Cooperation Trade Development Support Program, under EU funding program. Furthermore, he used to work as a freelance consultant in various projects such as development the business plan model and management guidebook for water supply business in Cambodia, Fish value change for Non-Timber Forest Project, and others. Yeng was a graduate from Norton University, specialised in accounting. He is also a holder of MBA at Norton University and master degree of private law at the Royal University of Economic and Law. He also had associated degree specialising in Accounting at Banana Centre.

### **3. If Any Director is Director, Shareholder or Co-owner of Other Company**

<b>No.</b>	<b>Name</b>	<b>Company</b>	<b>Director, Shareholders or Co-owner</b>
1	Neak Oknha Kith Meng	Inter Logistic Co., Ltd.	Chairman and Shareholder

#### 4. Board Roles, Duties and Responsibilities and Performance

The Board of Directors shall have the authority and roles which includes inter alia the following:

- Appoint, dismiss, determine the rights and authority of all executive officers and other officers;
- Set the salaries, benefits and other compensations of such officers;
- Fix the salaries, benefits and other compensations for Directors and submit them to Shareholders for approval;
- Propose to Shareholders the amendments or annulments to the Articles;
- Propose to the Shareholders an agreement of merger or consolidation between the company and any other person;
- Propose to the Shareholders the sale of all or major part of the Company's assets;
- Propose to the Shareholders a dissolution or liquidation of the Company;
- Declare dividends in accordance with accounting principles and the dividend policy of the Company;
- Close account books of each financial year and propose the annual profits for submission to the Shareholders and Shareholders' general meeting;
- Determine the management structure of the Company;
- Delegate authorities to the management, and monitor and evaluate the implementation of policies, strategies and business plans;
- Determine the monitoring criteria to be used by the Board of Directors;
- Ensure that internal controls are effective;
- Communicate with senior management;
- Any other common duties of a board of similar company as prescribed by laws.

The Board of Directors may delegate the day-to-day running of the business to the board committees or the management of the Company appointed as per the Shareholders Agreement.

#### 5. Board Meetings

No.	Date	Type of Meetings	Name of Directors Attending the Meeting
1	31 March 2023	Ordinary	- Neak Oknha Kith Meng - Mr. Raymond Thornton Yager - Mr. William Mark Hanna - Mr. Paul Clements - Mr. Lun Yeng
2	14 September 2023	Ordinary	- Neak Oknha Kith Meng - Mr. Raymond Thornton Yager - Mr. William Mark Hanna - Mr. Paul Clements - Mr. Lun Yeng

### B. BOARD COMMITTEES

#### 1. Board Committee Structure

##### 1.1. Audit and Risk Committee

No.	Name	Position	Appointing Date	Number of Attending the Meeting	Total Number of Meetings
1	Mr. Lun Yeng	Chairman	2 June 2022	4	4
2	Mr. Paul Carey Clements	Member	2 June 2022	4	4
3	Mr. William Mark Hanna	Member	2 June 2022	4	4

**Note:** Royal Railway appointed the board of directors and got approval from Council for the Development of Cambodia and Ministry of Commerce on 2 May 2022 and 2 June 2022, respectively and the audit and risk committee appointed on 2 June 2022 accordingly.

## Roles and Responsibilities of Audit and Risk Committee

- a) To review the financial report, audit and risk report;
- b) To review the internal control, internal and external auditing;
- c) To review and oversee risk management processes, including risk identification and risk mitigation;
- d) To report and provide advice to the Board of Directors on the above matters;
- e) To enable the Company to provide the Shareholders and the required institutions with a balanced and clear assessment of the position and prospects of financial of the Company;
- f) To oversee Internal Audit and Senior Officers to ensure that they provide a balanced and understandable assessment, position and prospects and monthly reports on financial position and the material operation of the Company;
- g) To ensure Internal Audits are properly performed;
- h) To act with due care and skill and to take all reasonable steps necessary to ensure the accuracy of reporting of the Company's financial operations; and
- i) To perform other actions as determined by the Board of Directors.

## Results of Audit and Risk Committee Performance

In 2023, the Audit and Risk Committee held two meetings during March 2023 and September 2023 to review and discuss matters related to Royal Railway. Summary of the activities undertaken by the Audit and Risk committee during 2023 are as follow:

- Preparing the Internal audit policy and procedures
- Preparing the Internal audit checklist
- Reviewing the prior year Audited Financial Statement
- Interview Key Personnel to have better understanding of the existing process and operation
- Site visit Dry port in Phnom Penh, Sihanouk Ville and Battambang
- Inspect Passenger Train service from Phnom Penh to Sihanouk Ville and from Phnom Penh to Battambang
- Preparing audit plan for the year 2024

## 1.2. Nomination and Remuneration Committee

No.	Name	Position	Appointing Date	Number of Attending the Meeting	Total Number of Meetings
1	Mr. William Mark Hanna	Chairman	2 June 2022	4	4
2	Mr. Paul Carey Clements	Member	2 June 2022	4	4
3	Mr. Raymond Thornton Yager	Member	2 June 2022	4	4

**Note:** Royal Railway appointed the board of directors and got approval from Council for the Development of Cambodia and Ministry of Commerce and on 2 May 2022 and 2 June 2022, respectively and the audit committee appointed on 2 June 2022 accordingly.

## Roles and Responsibilities of Nomination and Remuneration Committee

- a) To assess and set the requirements, qualifications, and procedures for the nomination of Directors and Senior Officers.
- b) To evaluate the performance of Directors and Senior Officers and to report the same to the Board of Directors.
- c) To set, review and recommend compensation and remuneration for the Board of Directors and Senior Officers.
- d) To review and update the mechanism and evaluate the performance of the Board of Directors, Directors and other committees at least 1 time a year.
- e) Other duties as determined by the Board of Directors.

## Results of Nomination and Remuneration Committee Performance

In 2023, the committee conducted a meeting and advise management to implement the following activities:

- Improved internal policies and guidelines on human resources management including recruitment procedures and staff performance management.
- Executed an extensive training program.
- Reviewed the compliance of human resource management to law and rules of labor law.

### 2. Changes of Committee Member

There is no change in Committee Member as of the date of this report.

## C. REMUNERATION OR COMPENSATION

### 1. Brief Policies of Remuneration or Compensation or Directors and Senior Officers

#### a. Compensation and Benefits for Board of Directors

As of the date of this report, there was no compensation and benefit for Board of Directors. However, it was resolved during December 2022 Board Meeting that directors will be compensated US\$2,500/month and Chairman US\$25,000/month.

#### b. Compensation and Benefits for Senior Officers Reference to Human Resource Policy

Compensation and Benefits for Senior Officers get to received the monthly salary according with employee agreement and another benefits as follow:

- Transportation which requires by work duties both local and abroad: actual invoices
- Accommodation: Actual invoices
- General expenses both local and abroad: actual invoices (for the purpose of meeting)
- All expenses are not included tax
- All expenses to be paid by the Company

### 2. Remuneration and Compensation Receivers

No.	Remuneration and Compensation Receivers	Remuneration and Compensation Amount	Other
1	Directors	Nil	
2	Executive Directors	Nil	
3	Senior Officers	US\$548,766	
4	Top 5 Employees receiving Remuneration and Compensation Receivers (DM)	US\$9,956	



#### D. ANNUAL PERFORMANCE EVALUATION OF BOARD OF DIRECTORS, DIRECTORS, COMMITTEES AND CEO

No.	Description	Evaluation Process	Marking Criteria
1	Board of Directors	N/A	
2	Directors	N/A	
3	Committees	N/A	
4	CEO	By Remuneration and Nomination Committee and Board of Directors	<ul style="list-style-type: none"> <li>- Safety</li> <li>- Revenue Growth</li> <li>- Labor cost increase</li> <li>- High maintenance of wagons due to old equipment</li> <li>- Locomotive maintenance due to old equipment</li> <li>- Infrastructure, Buildings, Track and Bridge and Culvert repairs</li> <li>- Net Profit</li> </ul>

#### E. TRAINING FOR DIRECTORS AND SENIOR OFFICERS

As of the date of this report, there is no training for directors and senior officers occurred.

# PART 3 – CODE OF BUSINESS CONDUCTS PRACTICES

## A. CODE OF BUSINESS CONDUCTS PRACTICES FOR DIRECTOR AND SENIOR OFFICERS POLICIES

### **Conflict of Interest**

To protect Royal Railway's interest when it is contemplating or actually entering into a transaction by ensuring that such transactions will not be adversely affected by any conflicting interest of a Royal Railway employee.

Royal Railway employees must:

- Carry out their responsibilities to the Royal Railway with loyalty and in the best interest of the Royal Railway;
- Conduct their personal and business matters so as to avoid actual, potential or apparent conflict between self-interest and the Royal Railway's interests;
- Disclose to the Royal Railway any actual, potential or apparent conflicting interests;
- Timely disclose to her or his supervisor the nature and extent of any actual, potential or apparent conflicts of interest as they arise.

Employees of Royal Railway should not engage in any activity that jeopardises the interests or reputation of Royal Railway or compromises the employee's integrity or ability to fulfill the obligations of their employment at Royal Railway. Employment by Royal Railway shall be considered an employee's primary occupation and take precedence over all other occupations, as it pertains to the employee's scheduled time. Full-time employees shall not have other employment that presents a "time conflict". Part-time employees are expected to work the agreed upon schedule. No employee, regardless of employment status, shall have other employment that presents conflict of interest with the employee's position or Royal Railway.

### **Conduct of Business and Fair Dealing**

Royal Railway's employee shall always avoid any form of dubious business practice in contradiction to the law and regulations of the country in which business is conducted. They shall also observe and comply with published codes of relevant financial practices in relation to the nature of business transacted.

### **Illegal Business**

Royal Railway avoids engaging in business which is at variance with legal or regulatory requirements. In this case, Royal Railway's employees shall ensure that all business transactions follow the accepted traditions and requirements so as to avoid any actions which might be translated to be associated with or regarded as supportive of illegal or criminal activities such as money laundering.

All business transactions that develop strong suspicion about a customer's operations and therefore raising doubts that funds being transacted stem from money laundering shall secretly and promptly reported to the competent authorities.

### **Books of Accounts**

Shall maintain books and records of accounts with scrupulous integrity conforming to the highest acceptance accounting standards reflecting in an accurate and timely manner all transactions of business in adherence to legal requirements.

### **Frauds and Forgeries**

Royal Railway's employees shall not engage in any acts of frauds, forgeries and thefts. Above all, acts of false or artificial entries or any peculiar attempts leading to obscuring, omission or misrepresentation of material facts shall be condemned. Any instance of behavior which is at variance with the acceptable procedures, legal and regulatory requirements shall immediately be reported to the appropriate authorities in any circumstances.

## **Free Competition**

Royal Railway's employees should respect and uphold the concept of free and fair competition in freight business among its corporate members and business partners. All employees must refrain from collusive, defamatory anticompetitive discussions, policies, practices and agreements such as on interest rates, service charges and other services offered which would injure the reputation of a fellow corporate member and ultimately distort business transactions and confidence of a member.

## **Respect Trade Secret**

Among the basic tenets, the trading system is founded confidentiality. This requires employee utmost professional conduct in respecting and protecting the privacy and secrecy of the Company, customers, fellow employees and any other groups on the understanding that information acquired has been obtained in confidence and merits the same care as protection of funds.

## **Duty on Keeping Confidential Information**

Restrained from divulging information to third parties except with the consent of Royal Railway or customer, or where it is required by law or in conformity with public duty arising in the proper course of business.

## **Inside Dealing/Trading**

Obligated to maintain utmost secrecy regarding members of Royal Railway and Royal Railway's business, financial and personal affairs. Any inside information of any kind must be safeguarded and not made available for any subsequent unauthorized purpose. Information referred to include trading in shares, securities, take-over or merger, potential insolvency, profits or losses, discovery of new product or services, change of management, Royal Railway's plans and methods, policies and procedures and other information prohibits by laws.

## **Declaration of Secrecy**

Required to prevent leakage of information to outsiders by exercising care in the course of communication whether oral, written or otherwise and also ensure that documents such as circulars, manuals, records and internal communication materials especially those classified secret and confidential are not shown to outsiders without proper authority.

## **Access to Documents**

Required to restrict access to any confidential or sensitive documents to only those authorised to handle such information.

## **Use of Company Funds, Assets and Information**

- There are no personnel decisions concerning any term or condition of employment shall be unlawfully based upon race, color, religion, politics, sex, national origin, age, marital status, veteran status, disability and any other characteristic protected by law.
- Obey safety and security rules and guidelines at all times. Whenever travelling by car or motor bike, wear seatbelts and helmet accordingly.
- Shall comply with all Cambodian laws, rules and regulations including internal policies, procedures/guidelines and instructions.
- Shall not consume prohibited drugs or substance either during or outside office hours.
- Shall not bring weapons or any item that is considered illegal under the law like prohibited drugs or substances into the premises of Royal Railway.
- Do not access, reproduce, display, distribute, or store any materials that are sexually explicit, obscene, defamatory, harassing, illegal or otherwise inappropriate when using Royal Railway's assets, or when performing the job, especially over the internet and by electronic materials.
- Royal Railway evaluates and minimize the potential negative effects of its activities, including impact on the environment (e.g., air, water, and land), health and safety, and labor (e.g., child labor).
- Sale Officer and relevant staff shall assess the compliance of every loan with Cambodian environmental laws, exclusion lists, and child labor, health, safety, and other regulations.

## **Working Policy and Internal Rules**

To be comply with labor law, Royal Railway developed internal rules and regulations for implementation in Royal Railway. The internal rules and regulations registered with Ministry of labor and vocational training. The contents of internal rules and regulations covered as following:

### **Article 1: Scope**

- 1.1. The RR Code of Conduct applies to all employees, contractors and consultants.
- 1.2. The RR Code of Conduct sets out the principles of performance and behavior required of Royal Railway management, employees, contractors, and consultants.
- 1.3. All employees must be aware of their responsibility and accountabilities as outlined in the Code of Conduct, the relevant Position Description, the Delegation of Authority Manual and the Royal Railway Employee Handbook.
- 1.4. Responsibility requirements will be explained in the employee induction and recorded in the SHREQ MS.
- 1.5. By signing for the receipt of the relevant Position Description and Employee Handbook the participant agrees that they understand and will comply with all lawful instructions.
- 1.6. Employees, contractors and consultants must comply with the Code of Conduct. Breaches of the Code may result in performance management that may include dismissal (employees), or termination of contract (contractors or consultants).
- 1.7. RR employees, contractors and consultants must also comply with applicable Cambodian laws.
- 1.8. Criminal proceedings may result from an individual's behavior in the workplace.
- 1.9. The RR code of conduct, investigation and performance management processes are explained within this procedure.

### **Article 2: Function of the Royal Railway Code of Conduct**

- 2.1. The Royal Railway Code of Conduct outlines the process for Royal Railway management, employees, contractors and consultants to follow in regard to the performance of themselves, the way we all conduct business and toward the treatment of others at Royal Railway.
- 2.2. The Royal Railway Code of Conduct covers:
  - breaches of RR policies and procedures
  - harassment, bullying or discrimination
  - fighting or threatening behavior
  - breaches of the RR drug and alcohol policies and procedures
  - theft, fraud, corrupt behavior, dishonesty and breaches of the corporations and trade practices act
- 2.3. Employees, contractors and consultants should discuss with their relevant line manager if they require more information on any matter associated with the Code of Conduct.
- 2.4. All suspected breaches of the Code of Conduct must be reported as outlined in this do
- 2.5. Terminology is as per Australian Standard AS4292

### **Article 3: Responsibilities**

- 3.1. All RR personnel are obliged, as part of their employment agreement, to abide by Royal Railway and Royal Railway policies, procedures and this Code of Conduct.

- 3.2. Employee responsibilities and accountabilities are described in the Royal Railway Employee Handbook, the Delegation of Authority Manual, Position Descriptions and the Royal Railway SMS.
- 3.3. Employees who do not understand their responsibilities should contact their supervisor or line manager for further explanation.
- 3.4. RR managers and supervisors will:
- treat employees, consultants, contractors, visitors, customers and the public in a courteous, professional manner and deal with their work commitments in a timely manner
  - take all necessary action to prevent breaches from occurring and when appropriate take immediate action to stop breaches or suspected breaches from continuing
  - when assessing a suspected breach of the code of conduct review the occurrence;
    - with an open minded, free of bias
    - in a courteous manner to all concerned
    - advise the Human Resources manager if they believe they cannot be independent in the review
    - record details of the incident for later review
  - ensure that information about a breach or suspected breach is only disclosed as is considered appropriate, on a "need to know" basis, or as required by law
  - ensure that the identity of a person who reports a breach or suspected breach is only disclosed as is considered appropriate, on a need-to-know basis, or as required by law
- 3.5. Employees, Consultants and Contractors should:
- comply with the Code of Conduct at all times
  - report any breaches or suspected breaches of the Code of Conduct as outlined in this manual
  - ensure that information about a breach or suspected breach of the Code of Conduct is only disclosed as is considered appropriate, on a "need to know" basis or as required by law
  - not aid or encourage any reprisal or detrimental action against any person known or suspected to have reported an actual or suspected breach of the Code of Conduct
  - clarify RR requirements with their manager where there is any uncertainty as to the meaning of the Code of Conduct, their Position Description or the RR Employee Handbook

#### **Article 4: Principles of Behavior**

- 4.1. All Royal Railway managers, supervisors, employees, contractors and consultants must ensure that their behavior is at all times compliant with the Royal Railway Code of Conduct and applicable legislation
- 4.2. Appropriate behavior includes:
- Honesty - all individuals must be candid and truthful in their communications with others
  - Respect - all individuals must be courteous and polite in their communications with others
  - Integrity - all individuals must undertake their duties and responsibilities with sincerity
  - Reliability - all individuals must undertake their duties with professionalism and diligence in accordance with their contract of employment and as outlined in their position description
- 4.3. These principles should apply to interactions with employees, contractors and/or consultants whether at work or out of work.
- 4.4. The principles of behavior must also apply at all times when interacting with Royal Railway customers, the public or government officials.

#### **Article 5: Reporting of Suspected Breaches of the Code of Conduct**

- 5.1. All employees are to report actual or suspected incidents of breaches of the Code of Conduct.
- 5.2. Breaches of the Code of Conduct are described within this document and may include improprieties, serious misconduct or management override of established rules and procedures or controls.

- 5.3. When complaints by an employee are made against a supervisor or manager, they are to be directed to the Human Resources manager, the Risk, Safety and Compliance Manager or the Royal Railway Chief Executive Officer.
- 5.4. All reports of inappropriate behavior will be taken seriously and dealt with as outlined in the Code of Conduct.
- 5.5. If an employee is unsure what constitutes a breach of the Code of Conduct, they must communicate immediately with their supervisor or line manager or the Human Resources Manager.
- 5.6. All reports will be treated as confidential and all documentation stored securely in the SHREQ MS.

## **Article 6: Harassment, Bullying or Discrimination**

- 6.1. Royal Railway is committed to ensuring positive working relationships within the workforce when dealing with customers, government officials and the public.
- 6.2. Harassment, bullying and/or discrimination will not be tolerated at any level of the business.
- 6.3. Harassment, bullying and discrimination are unacceptable behavior between managers, employees, contractors and/or consultants whether this occurs at work or out of work.
- 6.4. What do harassment, bullying and discrimination mean? RR defines these terms as follows;
- harassment is unreasonable behavior directed towards an individual or group of individuals that:
    - is unwelcome and unsolicited
    - the individual considers to be offensive, humiliating, intimidating or threatening
    - a reasonable individual would consider to be offensive, humiliating, intimidating or threatening
  - Bullying is unreasonable behavior directed towards an individual or group of individuals which makes people feel intimidated and/or creates a risk to health and safety. Bullying may include:
    - physical violence or threats of violence delivered in any manner
    - impolite, discourteous or offensive language delivered in a way intending to intimidate or frighten
    - harassment, maltreatment, aggressive behavior or abuse
  - discrimination is the direct or indirect less favorable treatment of an individual or group because of differences such as:
    - their ethnicity, gender, marital status, pregnancy, family responsibilities, sexuality, disability, age, religion or political opinion
- 6.5. Examples of harassment include;
- offensive jokes, suggestions or derogatory comments about an individual's racial or ethnic background, sex, sexual preference, disability, physical appearance or age
  - persistent questioning or remarks about an individual's private life
  - persistent and deliberate following or stalking
  - displaying pictures, posters, graffiti or written materials that are considered offensive or obscene
  - phone calls, letters or messages on electronic mail or computer networks which are threatening, abusive or offensive
  - dismissive treatment based on stereotypical assumptions about an individual's racial or ethnic background, sex, sexual preference, disability, physical appearance or age
- 6.6. Examples of unreasonable behavior that amounts to bullying includes overt and covert types of behavior such as;
- abusive, insulting or offensive language
  - threatening or aggressive behavior or language
  - excluding, isolating or marginalising others, deliberately or otherwise
  - humiliating others through sarcasm, belittling an individual's opinions or unjustified criticism, including criticism delivered by excessively loud language
  - teasing or making others the source of practical jokes

6.7. Examples of discrimination include;

- refusing to offer employment, promotions, transfers or benefits to an individual because of that individual's ethnicity, gender, marital status, pregnancy, family responsibilities, sexuality, disability, age, religion or political opinion

6.8. conduct that does not amount to harassment, bully or discrimination includes reasonable action conducted in a reasonable manner.

6.9. The actions of a manager or supervisor leg intimately and reasonably exercising their authority at work should not be confused with workplace harassment or bullying.

6.10. Managers and supervisors may be required to;

- allocate work to an employee, contractor or consultant
- issue reasonable orders and directions to direct and control how work is performed and monitor workflow and work output
- set reasonable goals, standards and deadlines for employees, contractors or consultants
- control workplace behaviour
- discuss unsatisfactory performance with employees, contractors or consultants
- undertake disciplinary action

6.11. Each of the above, and any other reasonable performance management processes and/or feedback process regarding work related behavior relating to an individual or group does not constitute harassment or bullying.

6.12. Instances of harassment, bullying and/or discrimination may result in disciplinary action. Such conduct may also amount to a breach of occupational health and safety, discrimination, equal opportunity or other legislation.

## **Article 7: Royal Railway Resources and Confidential Information**

### **Resources**

7.1. Employees, contractors and consultants must ensure that all RR resources are used appropriately.

7.2. Royal Railway resources include:

- financial resources
- materials, premises, equipment, and vehicles
- documentation and records (including confidential information and electronic records)
- internet, telephone and email facilities
- work time

7.3. Employees, contractors and consultants will safeguard RR resources under their control and take all reasonably practicable steps to minimise risk of theft, damage or misuse of such resources.

7.4. Royal Railway resources must not be used in a manner that may be considered offensive to others.

7.5. Private use of Royal Railway resources may only occur where approved by the Royal Railway CEO, where the cost of Royal Railway is negligible and where the use may not be considered offensive to others.

7.6. All individuals should ensure that they are familiar and compliant with Royal Railway policies and procedures relating to Royal Railway resources before use.

### **Confidential information**

7.7. Employees, contractors and consultants must use confidential information only as they are authorised to do so and must not use confidential information for personal gain.

- 7.8. Confidential information is information which individuals become aware of, create, generate or develop during their engagement by RR and includes documents, records or other information concerning;
- business strategies and/or performance
  - financial and accounting information
  - processes, procedures, and know-how
  - customer and employee records
  - computer records, databases and passwords
- 7.9. Employees, contractors and consultants must ensure that all confidential information remains confidential at all times, unless the information enters lawfully into the public domain.

### **Intellectual Property**

- 7.10. Intellectual Property is the result of creativity of the mind, both artistic and commercial of an employee while conducting research and business duties for Royal Railway.
- 7.11. Intellectual property may include but is not limited to the following;
- patents, trademarks or copyrights
  - equipment infrastructure or documentation that may have been developed by an employee as part of their duties at Royal Railway
- 7.12. RR owns the intellectual property created or developed by its employees, contractors and consultants as a result of their employment or engagement with Royal Railway.
- 7.13. Employees, contractors and consultants must do all things reasonably requested by Royal Railway in order to enable the company to assert its rights in relation to intellectual property.

### **Article 8: Conflict of Interest**

- 8.1. A conflict of interest can arise where the private interests of an employee, contractor or consultant have the potential to influence the employee, contractor or consultant in performing work for and on behalf of RR.
- 8.2. Private interests include interests of a personal or commercial nature and include those of an individual or an individual's household.
- 8.3. Employees, contractors and consultants must do all things necessary to avoid a conflict of interest.
- 8.4. Examples of Conflict of Interest may include;
- Allowing private interests to influence or prevail over commercial decisions including or normal operations of the business
  - owning shares or having any other form of commercial interest in an individual or company that Royal Railway deals with such as a client or supplier, whether owned individually or by a household member
  - not disclosing the full nature of all personal and commercial relationships (including those of a household member) with an individual or company that is, or proposes to become, a client, supplier, employee, contractor, or consultant of Royal Railway or with any other entity who has or proposes to have a business relationship with Royal Railway
  - offering or accepting any kind of payment or gifts to/from clients, suppliers or other business related parties that could influence commercial decisions
  - making decisions about employment, engagement, promotion or termination on the basis of private interests (including personal relationships) rather than merit

### **Disclosing a Conflict of Interest**

- 8.5. Employees, contractors and consultants must disclose to the Senior Legal Counsel/ Company Secretary all actual or perceived conflicts of interest as soon as practical.



- 8.6. They must take all appropriate steps to avoid the situation that has given, or could potentially give, rise to the conflict of interest.
- 8.7. If Royal Railway does not give its express consent, employees, contractors and consultants must take steps to avoid the conflict of interest.
- 8.8. The Royal Railway Financial Controller will maintain a register of declared conflicts of interest.
- 8.9. Conflicts of interest discovered by Royal Railway that are not on this register will be treated as potential breaches of the Code of Conduct.

#### **Article 9: Dress Code**

- 9.1. Employees, contractors and consultants will present themselves for work with clean and well maintained clothing appropriate for the work being conducted.
- 9.2. All individuals must ensure that they wear appropriate Personal Protective Equipment (PPE) as required at any specific work site or activity.
- 9.3. Where PPE is required, the PPE must be utilised in accordance with any instructions and in the manner necessary to protect health and safety.
- 9.4. PPE may include;
  - protective clothing
  - high visibility clothing (e.g. bright orange safety vest)
  - safety footwear
  - task specific personnel protective equipment (e.g. head, hearing or eye protection)
- 9.5. Defective PPE should be reported to the supervisor or line manager for immediate replacement
- 9.6. PPE must be worn as directed by signs, procedures and verbal instructions from the supervisor or line manager of the location. Employee passes must be worn at all times an employee is on duty.

#### **Article 10: Public Relations**

- 10.1. Employees, contractors, and consultants must not speak with the press or media about matters pertaining to Royal Railway unless specifically authorised by the RR CEO.
- 10.2. Unless otherwise advised, all requests for comment or opinion are to be directed to the Royal Railway CEO.
- 10.3. Public relations and public comment including public speaking engagements, comments on radio or television, opinions expressed to newspapers or in books, journals, internet sites or notices should be made only by those employees with the appropriate delegation.
- 10.4. Employees, contractors and consultants are not to represent or claim to represent Royal Railway on any matter without first having been given the relevant authority by the Royal Railway CEO.
- 10.5. Royal Railway will not restrict employees, contractors and consultants from engaging in public debate as private citizens so long as employees do not represent themselves or their view purporting to be that of Royal Railway or use their position to support their opinion.
- 10.6. Employees, contractors and consultants must not disclose information that is particular to Royal Railway or its work activities, other than to authorised persons in the course of their duties.
- 10.7. Employees, contractors and consultants may release official information only after receiving approval in writing from the Royal Railway CEO, or if required by law.

10.8. In these circumstances, employees, contractors and consultants should only disclose factual information and not express an opinion on official Royal Railway policy or practice.

## **Article 11: Health and Safety**

11.1. The Royal Railway Safety, Health, Risk, Environment & Quality Management System (SHREQ MS) is the framework for the management of the safety, quality and efficiency of the business operations of Royal Railway.

11.2. At all times managers, employees, contractors and consultants are to make the safety of themselves, the safety of other employees and the safety of the public their number one priority.

11.3. Any identified safety breaches must be immediately reported to the supervisor or line manager in charge of the work location.

11.4. All tasks must be completed as outlined in the relevant documentation that describes the process.

11.5. All employees, contractors and consultants are required to make themselves aware of, understand and comply with the Royal Railway SHREQ MS and legislative requirements which include;

- understanding and complying with requirements of the SHREQ MS, including local laws
- understanding and complying with rail safety rules and procedures applicable to their task within the business operations
- ensuring that drugs and/or alcohol pose no risk to workplace safety or work performance, as per requirements of the Royal Railway SHREQ MS, rail safety and Royal Railway drug and alcohol policies and procedures
- cooperation with Royal Railway to meet health and safety responsibilities

11.6. If a RR employee has any significant change to their social, medical or physical condition that may affect their ability to complete their present task in a safe and efficient manner they should report the fact to their immediate supervisor/manager or to the Human Resources Manager.

11.7. All reports will be assessed and dealt with in a strictly confidential manner and any assistance that can be provided by Royal Railway may be arranged.

11.8. Drug and alcohol noncompliance will be managed as outlined in the Royal Railway Drug & Alcohol Procedure. (RRP 024)

11.9. Employees, contractors and consultants must clarify SHREQ MS requirements with their Royal Railway manager where there is any uncertainty.

## **Article 12: Breaches of the Code**

12.1. Suspected breaches of the Code of Conduct involving a person dishonestly using their position in the company for gain or to the detriment of the company, such as fraud, corruption, dishonest conduct or illegal activity affecting the company must be reported to a senior manager at the time of discovery.

12.2. Any manager who receives such a report, or suspects, or become aware of a reportable breach of the RR Code of Conduct must treat the matter as strictly confidential and immediately refer the individual to the Royal Railway Chief Executive Officer.

12.3. All other suspected breaches of the Code of Conduct, such as non compliance to policies and procedures or matters other than financial, must be reported to an employee's line manager, the Human Resources & Administration Manager or the Risk Safety & Compliance Manager.

12.4. The process for investigating and determining whether an individual has breached the Code of Conduct will be carried out in a timely manner with proper consideration of the circumstances.

- 12.5. Formal investigations will be initiated at the discretion of senior management if they consider that such an approach is warranted having regard to the seriousness and gravity of the actual or suspected breaches.
- 12.6. If a RR manager suspects or receives a report of a suspected breach of the Code of Conduct and considers that their involvement in the investigation and determination of the matter may lead to a conflict of interest, the manager should refer the matter to the next highest level of management or another appropriate manager as soon as is possible.
- 12.7. Where a RR manager suspects or receives a report of a suspected breach of the Code of Conduct (or has had such a matter referred to them) and where the allegation does not relate to a reportable breach of the financial Code of Conduct, they will implement any measures as required to ensure that:
- the matter is kept confidential and only disclosed as is considered appropriate, on a "need to know" basis or as required by law
  - the identity of the individual who has reported the breach or suspected breach is kept confidential and only disclosed as is considered appropriate, on a "need to know" basis or as required by law
  - the individual who has reported the breach is not subjected to detrimental action for having done so
- 12.8. The process for the investigation and performance management is outlined in the following sections of this procedure.

### **Article 13: Code of Conduct Investigation**

- 13.1. RR senior management will appoint a lead investigator who will be responsible for the management and documentation process of the investigation.
- 13.2. The lead investigator must be independent of the investigation and have competence to conduct the investigation.
- 13.3. The lead investigator must ensure that they:
- have an agreed objective and focus for the investigation including the level of authority
  - have a plan and are systematic in the approach to the investigation
  - have sufficient resources to complete the task
  - are independent and open minded
  - collect and record evidence
  - prepare draft and final reports and recommendations
- 13.4. The lead investigator must document each stage of the investigation, including copies of emails and other communication that is relevant.
- 13.5. Verbal communication must be backed up with written and recorded confirmation.

### **Initial Investigation**

- 13.6. The lead investigator should initially consider informal approaches to the investigation of the matter (e.g. informal discussion with the individual against whom the allegation has been made) and, if possible, resolve the matter on this basis.
- 13.7. If the allegation or noncompliance is found to be of a low level the matter may be finalised and the relevant documentation reviewed and approved by senior management and retained in the Royal Railway SHREQ MS.
- 13.8. Any performance management initiated, recorded and stored in the SHREQ MS as outlined in the Performance Management process.

## Formal Investigation

- 13.9. If the allegation or noncompliance cannot be resolved or is found to warrant further investigation the lead investigator reviewing the situation will inform the Chief Executive Officer.
- 13.10. In consultation with the Chief Executive Officer consider initiating a formal investigation having regard to the seriousness and gravity of the suspected breach/s.
- 13.11. The lead investigator and the Chief Executive Officer will communicate with senior management and obtain an agreement that a formal investigation should be initiated.
- 13.12. If it is decided that a formal investigation is warranted, then the following steps must be taken:
- the lead investigator will ensure that the individual suspected of breaching the Code of Conduct is given a reasonable opportunity to provide a response to the allegation within a realistic time
  - the lead investigator may ask for this response to be provided in writing within a reasonable time
  - the lead investigator may seek any additional information as required to determine whether breach of the Code of Conduct has occurred. This may include speaking with other Royal Railway employees, contractors or consultants, or obtaining further written statements
  - the lead investigator must ensure that the investigation, the matters arising from the investigation, and the identity of individuals involved in the investigation (including the identity of the individual who reported the suspected breach) are kept confidential and only disclosed as is considered appropriate, on a "need to know" basis or as required by law
- 13.13. The lead investigator will propose, on the balance of probabilities, whether a breach of the Code of Conduct has occurred.
- 13.14. The lead investigator will complete a written record of the determination and the reasons for them, and provide this to the relevant RR senior management and the Chief Executive Officer.
- 13.15. The relevant RR senior managers and the Chief Executive Officer will then decide, having regard to the lead investigator's determination, what action (including disciplinary action) should be taken.
- 13.16. Notice of the decision will be provided in writing to the person suspected of breaching the Code of Conduct.
- 13.17. Resolution of this type may include (without limitation) an apology, a joint agreement between relevant individuals, informal or formal counselling; performance management or the provision of appropriate training.
- 13.18. In conjunction with the relevant manager and the Chief Executive Officer consider suspension of employment (with pay), or contract (without pay) or temporary re-assignment of duties of any of the relevant parties involved in the matter.
- 13.19. The performance management decision process is outlined in the Performance Management Procedure.
- 13.20. The appeal process is outlined in the Performance Management Procedure and the Royal Railway Employee handbook.
- 13.21. If the suspected breach is a criminal offence referral to the Police may also be necessary.

## Article 14: Performance Management

- 14.1. Royal Railway expects high standards of performance from its employees in order to ensure that the best possible service is provided to its customers, the public and other employees.
- 14.2. Royal Railway employee performance and behavior is expected to contribute toward the achievement of company goals and objectives to provide a safe, efficient and quality service to its customers.
- 14.3. Where an employee's performance does not meet these expected standards, assistance will be offered in order to improve the individual's performance.

- 14.4. When an employee's performance or behavior is unsatisfactory correction in an appropriate time frame action will be taken.
- 14.5. corrective action will follow the process of processive performance management when the situation is a result of inappropriate behavior or unsatisfactory performance when employee has the ability to perform at an acceptable level but chooses not to do so.
- 14.6. Performance management provides a framework for dealing with loss of capability on a fair and consistent basis.
- 14.7. Performance Management aims to explore possible options to overcome the problems to improve the individual's effectiveness by adopting a supportive approach.
- 14.8. The process for conducting the performance management process is outlined in RR's Performance Management document.
- 14.9. All documentation employed in the performance management process will be stored in the individual's personal file within the SHREQ MS.
- 14.10. Exceptional performance displayed by an RR employee will also be recorded in their personal file in the SHREQ MS.

#### **Article 15: Documentation**

- 15.1. All documentation employed during any phase of a breach of the Code of Conduct will be stored in the relevant employees' file in a secure location.
- 15.2. The documentation may be obtained strictly on a need-to-know basis.
- 15.3. Royal Railway employees may view their personal file in the presence of the Human Resources Manager.

#### **Whistle Blower**

Management shall devise a whistle blowing procedure where all complaints/red flags/alerts raised shall be fully investigated by Internal Audit and Risk Department, any other related department as otherwise directed by the Directors. Royal Railway shall put in place various channels of communication to comply with the whistle blowing policy and to ensure anonymity and guarantee non victimisation of the whistle blower. The Internal Audit and Risk Department in charge of investigations shall accept all complaints irrespective of their source, including from anonymous or confidential sources.

When a complaint is raised regarding corruption, an investigation by the Internal Audit and Risk Department in charge of investigations shall be commenced to determine whether fraud, corruption, or abuse under Royal Railway's Policy has occurred. The Internal Audit and Risk Departments Department in charge of investigations shall gather sufficient evidence, design investigation procedures or program, determine if controls need to be implemented or strengthened to reduce vulnerability and design mechanisms to help disclose the existence of similar fraud, corruption or abuse.

Where practicable, the Internal Audit and Risk Department in charge of investigations will acknowledge receipt of all complaints. All complaints shall be registered and reviewed to determine whether they fall within their jurisdiction.

#### **Conflict Resolution**

Royal Railway sets up many tools and channels to receive customer complaints. Royal Railway provides various and up-to-date channels of complaint for all clients and the public. All tools and channels for collecting the complaints are fully disclosed and encourage clients to provide their feedback, suggestion and complaints if any.

## **Direct Complaint to Royal Railway**

### **1. Call Center or Hotline Number**

The hotline numbers have been written on a wide range of marketing collaterals such as flyer, brochure, TV commercial, promotional artworks, train station hall, and social media. Three lines are equipped for the call via 078 888 582, 078 888 583 and 093 854 463.

### **2. Facebook**

The Royal Railway's official Facebook page is installed to allow clients and public to interact or inquiry or complaint through comments or sending text or voice through the messenger. The formal name of Royal Railway's Facebook page is "Royal Railway Cambodia".

### **3. Website**

The official Royal Railway's website is "www.royal-railway.com.kh" where clients are able to access the information and updated news.

### **4. Email**

Clients can make a complaint or feedback via the formal email address of Royal Railway: admin@trrcambodia.com

### **5. Direct Complaint or Walk-in**

Clients can visit or walk in for making a complaint at passenger ticket sale place. All such kind of the complaints will be recorded by assigned staff at the passenger ticket sale place for reporting to admin department.

## **Duration for Action on Customer Complaint**

Royal Railway takes seriously activities for giving the proper and win-win solutions to clients by following the internal policies, best practices and norms within the industry. Customer complaint will be resolved within 48 hours.

## **B. PUBLISHING OF CODE OF BUSINESS CONDUCTS PRACTICES**

All Directors, Senior Staffs and all employees shall read, understand, and comply with Royal Railway's Code of Conduct as summary in "Working Policy and Internal Rules".

## **C. MECHANISMS AND PROCEDURES TO ASSESS CODE OF BUSINESS CONDUCTS PRACTICES**

This code of conduct forms part of the terms and conditions of employment and governs staff activities at Royal Railway. Royal Railway's employees are required to read, understand and abide by the code of conduct. Royal Railway's employees are not abiding the code of conduct, it will take disciplinary including terminations. The disciplinary committee is described in HR policy.

## D. RELATED PARTIES TRANSACTIONS

### 1. Related Parties Transactions Policies

No.	Related Parties	Policies
1	Holding Company	None
2	Joint Venture	None
3	Subsidiary	None
4	Majority Shareholders and Controlling Shareholders	Refer to M&AA
5	Directors and Their Family	None
6	Employees and Their Family	None
7	Other	None

### 2. Important Transactions with Related Parties

No.	Name	Type of Transactions	Transaction Size	Transaction Summary
1	Neak Oknha Kith Meng	Borrowing	US\$3,207,700	For general corporate purposes of the business and liquidity backup. The borrowing is unsecured, interest free and repayable on demand.
2	Neak Oknha Kith Meng	Borrowing	US\$2,000,000	For general corporate purposes of the business and liquidity backup. The borrowing is unsecured, interest 7% per annum and repayable on 8 December 2024.

# PART 4 – RISK MANAGEMENT, INTERNAL CONTROL AND AUDITING

## A. BRIEF RISK MANAGEMENT SYSTEM OR RISK MANAGEMENT POLICIES

To maximize a return or to achieve the target, the audit and risk management system of Royal Railway were established as the following:

- **Audit and Risk Management Function**
  - Audit and Risk Department is an independent department which combine with the internal audit department that clearly defined with structure/functions/Roles and Responsibilities/reporting line. Audit and Risk department will report directly to the BoD risk and internal Audit and Risk committee in quarterly basis with the clear agendas setting up in the term of reference. Audit and Risk Department presents the keys risk to all directors in the BoD Audit and Risk Committee.
- **Management Committee Level**
  - Executive Committee: Support by clear term of reference/Roles and Responsibilities/Frequency of the meeting/Reporting template.
- **Board Level**
  - BoD Committee: Support by clear term of reference/Roles and Responsibilities/Frequency of the meeting/Reporting template.
  - BoD Audit and Risk Committee: Support by clear term of reference/Roles and Responsibilities/Frequency of the meeting/Reporting template.
  - BoD Nomination and Remuneration Committee: Support by clear term of reference/Roles and Responsibilities/Frequency of the meeting/Reporting template.
- **Policies**
  - Employee Use of Company Vehicle
  - Conflict Of Interest Policy
  - Mission Statement
  - Fatigue Policy
  - Training Policy
  - Drug and Alcohol Policy
  - SHREQ Policy
  - Documentation Policy
  - Risk Management Policy
  - HIV - AIDS Policy
  - Covid Policy
  - Anti money laundering
  - Attendance Record of Employees



## B. BRIEF INTERNAL CONTROL SYSTEM

### 1. Control Environment:

- The Board of Directors (BoD) has responsibility for approving business strategies and critical policies of the Company. BoD established three committees such as, Remuneration Committee, Risk Management Committee and Audit Committee. These committees conduct meeting regularly at least on quarterly basis.
- The organizational structure clearly assigns responsibility, authority and reporting lines which are key parts of internal control system.

Human Resource Management Policy, Internal Rule and Code of Ethic are put in place to promote integrity and ethics of all staff. The Company has zero tolerance for frauds.

### 2. Audit and Risk Assessment:

- The Company has established Audit and Risk management department to facilitate and monitor the implementation of Risk management practices by the 1st line and Audit Department to monitor compliance to law and regulations.
- The Company conducts risk and control self-assessment for each business unit/process to effectively manage risks.
- KPIs are set for each position which is comprised of both qualitative and quantitative.

### 3. Control Activities:

- Royal Railway's policies and procedures are embedded in the internal control system to prevent risks.
- Proper segregation of duty and dual control means that an employee cannot process the whole transaction.
- Every staff member takes responsibility to obey and apply the internal control policies.

### 4. Information and Communication:

- To support effective implementation of control, the Company has been equipped with strong information system such as Conical Hat (Core System), HR system, Sale and Purchase Management System, Fixed Asset Management System ...etc.
- The Company has created a whistleblowing channel for internal staff to report suspected fraud, corruption, and any misconduct.
- Staff must communicate upwards about any problems of non-compliance or policy violations.

### 5. Monitoring

- **Ongoing monitor** the effectiveness of internal controls in the ordinary course of operations. The controls are daily implemented by Train Control Team, Audit and Risk Management Department, CCTV team and related departments.
- **Separate Evaluations** of internal controls carried out by Internal Audit Department are reported directly to Board Audit Committee. As of December 2023, the department has 1 professional audit staff which is also the manager of the department.

## C. AUDITING

### 1. Internal Audit

#### 1.1. Roles and Responsibilities of Internal Auditors

Roles and Responsibilities of Internal Audit Department are clearly stated in Internal Organisational Chart:

##### **Audit Planning**

- Develop a long-term and annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management or the Board Audit and Risk Committee, and submit that plan to the Board Audit Committee for review and approval as well as for periodic updates.
- Assure the implementation of the annual audit plan, as approved by the Board Audit Committee, including any special tasks or projects requested by the Board Audit Committee and management if appropriate.

##### **Audit Scope:**

**The scope of internal auditing shall include but shall be not restricted to:**

- Reviewing the reliability and integrity of financial reporting in close cooperation with the external auditors as well as of reporting systems.
- Reviewing the system(s) established to manage Royal Railway's compliance with relevant laws and regulations as well as internal regulation like policies and procedures.
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Reviewing and appraising operational effectiveness and efficiency of all relevant processes and systems, including reasonable use / employment of resources.
- Reviewing the effectiveness and efficiency of the internal control system and ascertaining whether it is functioning as designed.
- Reviewing operations or specific functions and projects to ascertain whether results are consistent with established objectives and goals and whether the operations, functions and projects are being carried out as planned.
- Reviewing specific operations as requested by the Audit and Risk Committee or management, as appropriate.
- Reviewing and evaluating the effectiveness of Royal Railway's risk management and fraud management system.
- Reviewing and evaluating the effectiveness of Royal Railway's compliance management system.
- Conducting special investigations into particular areas, for example suspected fraud cases.

##### **Fraud and Corruption**

- Managing fraud risk and corruption is the sole responsibility of the senior management. Internal Audit cannot – even when performed with due professional care – assure the detection of fraud and corruption.
- Internal Audit can also carry out fraud investigations at the request of management.

## Audit Reporting and Follow Up

- For each audit or group of audits, a written audit report will be prepared and issued on a timely basis to the management of the audited unit(s) and Board Audit and Risk Committee-based on type of audit reports which was clearly stated in the internal audit manual.
- The reports shall contain practical recommendations relating to the findings and remedial action agreed upon with the auditee.
- IAD shall make follow-up audits if considered necessary, depending on the risk level of the finding.
- IAD will report immediately to the Board Audit Committee and management on fraudulent activities.
- IAD will report quarterly to the Board Audit Committee on progress made against the annual audit plan and the summarised outcomes of audits.
- IAD will provide an annual internal audit report to the Board Audit Committee and senior management.

### 1.2. Appointment and Removal / Resignation of Head and/or Deputy of Internal Auditors

No	Name	Appointment Date	Resignation Date	Reasons
1	Mr. Bun Puthearoth	2 June 2022	1 October 2023	New career opportunity

### 1.3. New Appointment of Head and/or Deputy of Internal Auditors

No	Name	Appointment Date	Removal/Resignation Date
1	Mr. Ey Muny, Internal audit Manager	2 October 2023	N/A

## 2. External Auditors

No	Name	Agreement Date	Auditing Fees	Non – Auditing Fees
1	KPMG Cambodia Ltd	28 December 2022	2022: US\$31,350 2023: US\$51,590 2024: US\$53,889	None

### Reasons for the Change, Suspension and Termination of Audit Firms in Securities Sector

N/A

# PART 5 – STAKEHOLDERS

## A. IDENTIFY POLICIES AND ACTIVITIES RELATED TO THE FOLLOWING:

No.	Content	Policies	Actions
1	Customer Welfare	<ul style="list-style-type: none"> <li>- Code of Conduct</li> <li>- SHREQ Policy</li> </ul>	<ul style="list-style-type: none"> <li>- Royal Railway's employees shall strictly implement the code of conduct and serve customers with professional means.</li> <li>- Align SHREQ issues with other organisational policy to achieve a safe and quality customer service</li> </ul>
2	Suppliers and Subcontractors Selection	<ul style="list-style-type: none"> <li>- Procurement Policy</li> </ul>	<ul style="list-style-type: none"> <li>- By policy, any purchase of more than US\$500 requires at least two quotations and selection will be decided and approved by CEO/CFO.</li> </ul>
3	Management and Protection of Employees	<ul style="list-style-type: none"> <li>- Fatigue Policy</li> <li>- Training Policy</li> <li>- Drug and Alcohol Policy</li> <li>- SHREQ Policy</li> </ul>	<ul style="list-style-type: none"> <li>- Determining the extent to which fatigue may contribute to accidents and injuries in the workplace.</li> <li>- Provide employees with the necessary training to perform their duties in a safe and competent manner.</li> <li>- Attending workplace with no alcohol and any illicit drug</li> </ul>
4	Environment Protection	<ul style="list-style-type: none"> <li>- Safety, health, risk, environmental and quality (SHREQ Policy)</li> </ul>	<p>SHREQ Policy developed with following purposes:</p> <ul style="list-style-type: none"> <li>- Reduce negative effect on the client's businesses</li> <li>- Maintain the good environment, dignity and health for the community from using the railway service</li> <li>- Reduce or no child labor</li> <li>- Educate clients to understand importance of social and environmental and social protection</li> </ul>
5	Community Interaction	<ul style="list-style-type: none"> <li>- Code of Conduct</li> </ul>	<p>Company evaluated the potential for community impacts, considering:</p> <ul style="list-style-type: none"> <li>- Infrastructure and equipment safety</li> <li>- Hazardous material and safety</li> <li>- Trains operate their whistles regularly when in encroachment zones</li> </ul>
6	Creditors' Rights Protection	Bondholders Representative Agreement and Guarantee agreement	<ul style="list-style-type: none"> <li>- Stipulates the rights and obligations of bondholders on bonds that comply with SERC regulations on the settlement date, including any other modifications that are in accordance with this Agreement. If there is a discrepancy between the terms of the bonds and the Bondholders Representative Agreement, the Bondholders Representative Agreement will be implemented.</li> <li>- The creditors were protected by Guarantee Agreement between Royal Railway and GuarantCo.</li> </ul>
7	Anti-Corruption Program	Anti-bribery and corruption Policy	Royal Railway recognises that bribery and corruption have an adverse effect on society wherever they occur and is committed to enforcing its ethical standards in all its business activities. Royal Railway's Anti-Bribery and Corruption policy serves to reinforce this commitment in line with its Royal Railway core value and culture.

## B. DESCRIBE THE CORPORATE SOCIAL RESPONSIBILITIES OF LISTED COMPANIES

No.	Beneficiaries	Amount	Purposes of CSR
1	Clients and Communities	Since Royal Railway still generates net loss during the last financial year. The Company has not planned out the particular amount for the CSR program. Once the Company generates net profit the Company will consider to contribute back to the community.	None

# PART 6 – DISCLOSURE AND TRANSPARENCY

## A. IDENTIFY THE FOLLOWING INFORMATION IN THE ANNUAL REPORT:

No	Information	Yes/No
1	Visions / Missions / Objectives	Yes
2	Financial Indicator	Yes
3	Non-financial Indicator	Yes
4	Main Risk Factors	Yes
5	Dividend Policy	Yes
6	Biography of Directors	Yes
7	Training for Directors	Yes
8	Number of Board Meeting	Yes
9	Attendance of Directors in Board Meetings	Yes
10	Remuneration or Compensation for Directors and Senior Officers	Yes

## B. DESCRIBE THE MECHANISM OF DISCLOSURE INCLUDING MEANS, PROCEDURES AND RESPONSIBLE PERSON IN CHARGE OF DISCLOSURE

According to SERC's Prakas No. 007/18 K.M.K./BB.K. dated 30 October 2018 on Corporate Disclosure, Royal Railway has appointed the following Disclosure Officers and Disclosure Assistant Officers:

### Person in Charge of Disclosure

No	Name	Position
1	Ms. Tauch Sothyda	Chief Finance Officer
2	Ms. Bunny Sonyka	Chief Accountant
3	Ms. Sith Socheata	Corporate Bond Manager

## C. Investor Relations

### 1. Demonstrate Mechanisms and Procedures for Investor Relations

Royal Railway welcomes investors and provides the necessary information on its activities and financial performance on CSX website: <http://csx.com.kh/company/announce/listPosts.do>. Also can visit the Company website: <https://www.royal-railway.com.kh/report>.

### 2. Briefly Describe Investor Relations for the Last Year

Royal Railway has disclosed information to investors as following:

Date	Title
14 February 2023	Notification on the delay in releasing the 4th Quarterly report in 2022
17 February 2023	Fourth quarterly report of Royal Railway Plc. in 2022
13 April 2023	Annual report of Royal Railway Plc. in 2022
24 April 2023	Notification On Error correction in the 4th Quarterly Report in 2022 Of Royal Railway Plc.
18 May 2023	First quarterly report of Royal Railway Plc. in 2023
14 August 2023	Notification on the delay in releasing the 2nd Quarterly report in 2023
31 August 2023	The second quarterly report 2023 of ROYAL RAILWAY PLC.
15 November 2023	The third quarterly report in 2023 of ROYAL RAILWAY PLC.
04 January 2024	Information on Coupon Payment
15 February 2024	The fourth quarterly report of Royal Railway Plc. for Q4-2023